

1923

KENYA

136

39954

REF
RE 10 AUG 53

Mr. Bogy, Northwest 1664

DATE
5th. July 1923

SUBJECT

ADVANCE OF £25,000 TO NAIROBI MUNICIPALITY

Reports history of negotiations from beginning of 1920 to present time and requests sanction to the settlement effected

Mr. CIRCULATION:—

Mr.

Mr.

Mr.

Asst. U.S. of S.

Permit U.S. of S.

Par U.S. of S.

Secretary of State.

Previous Paper

MINUTES

The negotiations between the Govt. and the Municipality of Nairobi have always been laboured a hard one. As regards the previous arrangements summarised in para 10 of the dispatch we have already approved by me let. of 13 Aug. on only 30,000/- of items (2) (3) & (4) wh. were included in the 1st Supplementary Est. 1923. Item (1) - 2,000/- from rents to be handed over to the Municipality - will be dealt with in the 2nd Supplementary Est. 1923. As regards this item, it may be noted that the total estimated revenue from

N
16843
120

Ans a 132 ems 27 Aug 23
Rm. L. G. Kye 234 com 21 FEB 1924

Subsequent Paper

205
71332
24

for notes of loans
in 1911-12 (Reserve
Fund U.C.I. - 1911) in
£60,300.

As a loan, nothing can
be completed pending
issue of the £5,000,000
loan which is in com-
pletion: but so far,
Govt. has advanced
the Municipality

(1) £25,000 on wh.

"interest" is being paid

and (2) £15,000, on wh.

Presumably interest
will be paid, with the
margin that if the Govt.
is not to advance
in realising securities

to get the cash.

The Municipality will
pay

It is a pity, esp. in view

of 216/70, that the Govt.
will not tell us what interest

is being charged, even
though terms for loan

generally are in response.

The arrangements
described in para 4

MINUTES.

MINUTES NOT TO BE WRITTEN
ON THIS SIDE.

for sale of lands
in D.P. No. 211 (Revenue
Habit 111 - 111) in
L 60,300.

to loan, nothing can
be completed, pending
issue of the £5,000,000
loan which is in com-
pletion: but so far,
Govt. has advanced
the Municipality

(1) £15,000 on the
"interest" is being paid
and (2) £15,000, on which
presumably interest
will be paid, with the
 proviso that if the Govt.
is not to advance
in satisfying securities
to get the cash,
the Municipality will
pay.

It is a pity, esp^y in view
of 216/70, that the Govt.
will not allow what interest
is being charged, even
though terms for the loan
generally are in response

The arrangements
described in para 4

seem to be reasonable.
The Govt. will properly 137
manage the unincorporated
land. But it is now
stated that the Municipality
all public services shall
be controlled by the
Municipal Council.

See in this C. C. No. 10
20.1.20 in N 253/20 -
+ Adj. Tel. in 1648/20
in which it is agreed that
Govt. must control
sanitary services.

The position seems, however,
to be covered adequately
by the provisions of the
Public Health Order
1921. see esp^y Part II
of the Ord^y.

On para 5, the
contributions by Govt. to
the Municipality
were in 1920-21
fire brigade, £150
lighting, £240
These contributions disappeared
from the Tot. Subsequent^y
Govt. now have only an
item showing the Govt.

grant on line of rails.

Warrant for comm

acc?

W. F. 23

~~W. F. 23~~
G. F. 22.5.22

Remind Gov. LF.

W. C. S.

19. 2. 24

at home

KENYA.
NO. 1064.



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

39954

6th July, 1923.

N 2516 / 20
N 16873 / 20

My Lord Duke,

With reference to Viscount Milner's telegrams of January 20th and April 8th, 1920, relating to an advance of £25,000 to the Nairobi Municipality, I have the honour to submit for Your Grace's information a report on the various negotiations which have ensued from that date up to the present time and I trust Your Grace will approve of the measures which have been taken.

2. When in 1920 the offer of a loan of £25,000 was made to the Municipality it was declined on the ground that the sum was insufficient for the requirements of Nairobi. An alternative suggestion was made by the Municipality that in lieu of the loan the Government should grant lands within the Nairobi area except such as were required for Governmental purposes. The Government should cover by Government grants to the Municipality and also the rentals from the Municipal lands all alienated lands within that area should be transferred to the credit of the Municipality. Further, in order to provide funds for municipal undertakings such as plant for the maintenance of roads, water supply, sanitation improvements, offices and Town Hall, the Municipality proposed the flotation either in London or through the local Banks of a loan of £100,000.

GRACE
THE DUKE OF DEVONSHIRE, K.G., P.C., G.C.M.G., G.C.V.O.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S. W.

3. These proposals were carefully considered in July 1920, and it was thought that Government could undertake to lend to the Municipality the sum of £100,000 out of the £5,000,000 Loan, the flotation of which was then anticipated. This sum could not be provided, however, out of the £5,000,000 loan and the Loan unavoidably was reduced to £60,000 in the £5,000,000 Loan, vide Item (f) in the Schedule of Ordinance No.2 of 1922. Pending flotation of that loan Government agreed to advance an instalment of £25,000 to the Municipality for urgent requirements.

Interest is being charged on this advance, but the terms of the Loan await final settlement as they are to be identical with those on which the Colony's Loan of £5,000,000 is raised and to such special conditions as may appear necessary. During the present year the Municipality represented that its programme of urgent works was being held up by lack of funds and asked Government to agree to advance at call a further sum of £15,000. This Government has agreed to do with the proviso that any cost to which it is put in realising securities for cash at short notice will be borne by the Municipality which was unable to state at what interval cash would be required.

4. With regard to the Municipality's proposals relating to alienated and unalienated lands in the Municipal area, Government agreed that control of all public services in the Municipality should be in the hands of the Council and that such works which had been undertaken by Government out of public funds should, in future, be performed by the Municipality's staff. In order that the Municipality should be in a position to take over and maintain satisfactorily these services Government agreed that stand premia from future sales of Crown land in the municipal area and rents from alienated lands within that

area should be handed over to the Municipality from the date on which control was assumed.

The conditions attached to this arrangement were that stand premia receipts should be devoted to capital works and revenue from rents to works of a recurrent nature, i.e. maintenance of roads and drains, and that neither source of revenue should be devoted towards the reduction of rates leviable under the Nairobi (Rating of Unimproved Site Values) Bill when it became law. It has been made perfectly clear to the Municipality that Government will retain its proprietorship over unalienated Crown lands and for the present rents will be collected by the Land Department and handed to the Municipality after a deduction has been made to cover the cost of collection; sales will be arranged by that Department in accordance with the wishes of the Municipality and subject to the veto of the Governor in Council. It was agreed that this arrangement should be subject to re-consideration after a term of not less than 2 years, should this prove to be necessary.

5. Further, in lieu of rates leviable under the above quoted Ordinance (No. 19/21) when it became law, and also in lieu of those contributions towards street lighting and a Fire Brigade which had in previous years been made to the Municipality under "Miscellaneous Services", an annual grant was agreed upon.

This grant is based upon the Municipality's valuation of lands and the rate for the year assessed on that valuation and is in respect of occupied Crown lands. The conditions attached to the grant are:

- (1). that the annual rate struck by the Municipality is a general purposes rate and that rates for actual services rendered will be levied and
- (2). that Government is satisfied that the valuation is reasonable and that the amount to be raised by means of such

such general purposes rate plus the Government grant is necessary for legitimate purposes and does not exceed reasonable requirements.

6. The Municipality concurred in this arrangement, with the suggested modification that the use of stand premises should be extended to the redemption of loans raised to carry out capital works. To this suggestion Government found no objection, but withheld its definite approval until the terms became known on which the Colony's loan of £3,000,000 which governs the loan of £50,000 to the Municipality, is raised. This point therefore is still in abeyance.

7. For a variety of reasons the Municipality was unable to assume control of roads and drains until this year and it will have been observed that in the Colony's current Estimates provision for the maintenance of Nairobi roads has been deleted, vide Expenditure Head 28, Item 1.

The sums spent in the last two years for maintenance of Nairobi roads were in 1921 (9 months) £5,351 and in 1922 £3,423. It was considered only equitable that the Municipality should be reimbursed for the additional liability now shouldered and this adjustment is to be made by the transfer of land rates which are estimated to amount to some £4,500, together with a contribution by Government towards the maintenance of trunk roads. It was recognised that public funds should clearly bear part of the cost of maintaining the main entrances from the country into Nairobi. The amount of Government's contribution has been fixed at £780. This figure was based on the computation that one third of the traffic on trunk roads comes from the country and that the estimated expenditure on trunk roads by the Municipality during the next few years would not fall below £2,340. These two

items of expenditure are practically counter balanced by the saving on Head 28 of the Estimates; the first item (£4,800) will be included in the 2nd Supplementary Estimates and the second item (£2780) has been voted in the 1st Supplementary Estimates.

8. A third item in this connection came under consideration when Supplementary Estimates were submitted to Legislative Council. By the end of the year 1922 certain of the roads in the Nairobi road system were not in a normal state of repair. It was urged by the Municipality that Government should hand over all roads in the system in such order or provide extra funds to enable the Municipality to effect necessary repairs. The force of the contention was recognised and in lieu of a monetary contribution, it was decided to hand over tools and plant to the value of £2,500, plus the Customs charges which became due when these Government stores, imported free, were transferred to the Municipality. This transfer was effected very recently; the amount of Customs Duty involved was 2500 and a sum of £3,000 was voted in the 1st Supplementary Estimates of this year.

9. Finally, increased provision under Head XXV, item 15 of the Current Estimates has become necessary. The Estimate was prepared in anticipation of a 1/4% rate. The rate assessed for the year is however 3/4% and Government will become liable on its rated value of Shs:7,535,150 for a payment of some £2,350. The necessary provision has been made in the 1st Supplementary Estimates of this year.

10. The financial considerations arising out of these reported arrangements are thus in brief that in the Supplementary Estimates this year Government is required to provide in round figures £9,560: viz:-

1.	Rents - included in Revenue Head 9, Item 1 of 1923 Estimates, but now to be handed over to the Municipality.....	24,800	
2.	Tools and Plant handed over.....	42,500	✓
3.	Contribution to trunk roads.....	2,780	✓
4.	Increased grant in lieu of rates...	21,480	✓
		<u>29,560.</u>	

N.B. The grant for Customs Duty mentioned in paragraph 8 above will be counterbalanced by a Revenue entry under Customs Revenue.

11. These arrangements have been the result of prolonged negotiations and have not until now reached the stage at which an useful report could be furnished to Your Grace. I trust Your Grace will extend covering sanction to the settlement effected.

I have the honour to be,
My Lord Duke,

Your Grace's most devoted
and most obedient servant,

J. A. V. Kerth...
GOVERNOR'S DEPUTY.

aug 379524 Kenya

144

C. D.
R 23 AUG
D 256

ansd.
21332
124

DRAFT. Kenya no. 1272-53
o.s.g.

27 Aug 1953

MINUTE.

- Mr. *Acc. 10/10/53*
- Mr.
- Mr.
- Mr. *22/10*
- Mr. G. Grindall.
- Sir H. Read.
- Sir J. Mauleverton Smith.
- Mr. Ormsby-Gore.
- Duke of Devonshire.

Sir,
 I have the honor to acknowledge the receipt of your note of the 6th of July reporting on negotiations between the Col. Govt. with Nairobi Municipality & the City.
 The latter I approve generally the action which has been taken.

(2) An request for a final provision to be made during the current year, items 2, 3 & 4 in para 10 of your

17 Sept 53
 12/10/53
 12/10/53

Rep. have been included in the
first supplementary Estimate,
it has already been approved.
Item 1 (£4800) will be
further considered when the
second supplementary Estimate
is received.

(3) As regards the advances already
made by the Govt. to the
Municipality, it is stated
in para 3 that interest is being
charged on the first advance of
£25000 ^{although} ~~but~~ the terms
of the loan avoid final settlement,
& although it is not so stated in
the Rep., I assume that interest
is to be paid on the first
advance of £15000. Interest to be paid to
lessen the ~~financial~~ rate of interest
is to be fixed in each case.
In this connection I refer you to
Vict. Order's 12, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

(Signed) DEVONSHIRE