

15827/29

THE TREASURY,
NAIROBI,
KENYA.

X / 15827/29
Kenya.

13th April, 1929.

Ref.No.4067/2/13.

The Hon'ble
The Acting Colonial Secretary,
NAIROBI.

RURAL TELEPHONES.

I have the honour to forward herewith,
in triplicate, the report of the Committee appoint-
ed to consider the question of Rural Telephones.

I have the honour to be,

Sir,

Your obedient servant,

Sd.R.CLIFTON GIANNUL.

TREASURER.

(a)

EAST AFRICA
177 Folio

E.M.

REPORT OF THE COMMITTEE APPOINTED TO CONSIDER
THE WHOLE QUESTION OF RURAL TELEPHONES, OF THE TERMS
ON WHICH THEY SHOULD BE INSTALLED AND OPERATED, AND
OF THEIR CONNECTION WITH TRUNK LINES.

The Committee was appointed as a result of a resolution passed by Legislative Council on the 21st December, 1928, adopting the report of the Select Committee on the 1929 Estimates.

The Committee met on the 22nd February 1929 and all members were present.

Rural telephone lines are at present defined by the Post Office as country lines running into Post Offices at which a public exchange has not yet been established or into a Railway Station, or other centre at which such switching as may be necessary is performed. A rural line may be either for the sole use of a single subscriber or a number of subscribers may be connected to the same line, in which case the line is known as a "party line."

A system of code ringing enables any subscriber on a "party line" to identify calls intended for him. Subscribers on the same "party line" can communicate with each other at any time during the 24 hours, but if a rural system comprises more than one party line, subscribers on different lines can only communicate with each other during such times as someone is in attendance at the switching point into which the lines are led.

Although the special subscription rates applied to rural lines are primarily intended to meet the needs of farmers, the privilege of renting such lines is not limited to any specific business or occupation.

The/

The rates of subscription at present in force
are as follows :-

	Rate per annum.
For the portion of line within a 5 mile radius of a Post Office or Railway Station - per mile.....	£3.
For the portion of line outside that radius - per mile.....	£4.10.0.
For each telephone instrument.....	£2.
For each switch point.....	10/- Shgs.
Desk fee - per line.....	£1.

If poles (to the specification of the Post-master-General), transport of material from the nearest Railway Station, and unskilled labour required in connexion with the erection of the lines are provided free of charge by the persons concerned, the line rental charges are reduced to £2.12.0 per mile for such portion of line as lies within the 5 mile radius, and £3.4.0 per mile for such portion as is outside that radius.

The total subscription payable in respect of any system of rural party lines can be pooled if the subscribers concerned so desire. In the case of a scheme consisting of more than one line the pooling can be in respect of each line **separately** or of the whole system. The following is an example of how the rates are applied and of how the pooling system works. The figures are those taken out by the Post Office in connexion with a scheme recently under consideration.

The Scheme consists of three lines A, B, and C running from the central point in different directions to serve three different groups of subscribers.

A. serves six subscribers and has a total length of 15 miles, six of which are within the 5 mile radius:

6 miles @ £3 per mile.....	£18. 0. 0.
9 miles @ £4.10.0 per mile.....	£40.10. 0.
6 Telephones @ £2 each.....	£12. 0. 0.
1 Switchpoint @ 10/-.....	£ - 10. 0.
1 Desk fee @ £1.....	£ 1. 0. 0.

£71. 0. 0.

Pooled and shared amongst six
subscribers - £12 per head per annum.

B. serves nine subscribers and has
a total length of 21 miles, eight
of which are within the 5 mile radius:

8 miles @ £3 per mile.....	£24. 0. 0.
13 miles @ £4.10 per mile.....	£58.10. 0.
9 Telephones @ £2 each.....	£18. 0. 0.
1 Switchpoint @ 10/-.....	£ - 10. 0.
1 Desk fee @ £1.....	£ 1. 0. 0.

£102. 0. 0.

Pooled and shared amongst nine
subscribers - £11.6.8 per head per annum.

C. serves eight subscribers and has a
total length of 16 miles, seven of
which are inside the 5 mile radius:

7 miles @ £3 per mile.....	£21. 0. 0.
9 miles @ £4.10. per mile.....	£40.10. 0.
8 Telephones @ £2 each.....	£16. 0. 0.
1 Switchpoint @ 10/-.....	£ - 10. 0.
1 Desk fee @ £1	£ 1. 0. 0.

£79. 0. 0.

Pooled and shared amongst eight
subscribers - £9.17.6d per head per annum.

A, B and C together serve 23 subscribers
with a total length of 52 miles of which
21 are within the 5 mile radius:

21 miles @ £3 per mile.....	£63. 0. 0.
31 miles @ £4.10 per mile.....	£139.10. 0.
23 Telephones @ £2 each.....	£46. 0. 0.
3 Switchpoints @ 10/- each.....	£ 1.10. 0.
3 Desk fees @ £1 each.....	£ 3. 0. 0.

£253. 0. 0.

Pooled and shared amongst 23 sub-
scribers - £11 per head per annum.

The committee is satisfied that the existing
arrangements in regard to the application of rates and the
pooling system is sound and should be continued. The
pooling system has the great advantage of simplicity of
application/

application and of enabling the more remote farms to become included in a scheme when the cost of such inclusion would be prohibitive if the subscriptions were calculated on an ordinary basis as to the length of line required to serve each subscriber.

The Postmaster-General made available to the committee information regarding rural telephones in the Union of South Africa and Southern Rhodesia, countries where the conditions are somewhat analogous to those in this Colony. In the last named, it is difficult to make any really useful comparison of rates on account of the different methods of assessing charges as, in addition to basing rental charges on the capital cost of erection, there is a fee for every call passing through the switching point. In South Africa, as in Kenya, the basic rates bear a direct relation to capital cost and the subscription covers an unlimited number of calls throughout the rural system. Trunk call fees are charged at the usual rates when calls have to pass over a telephone trunk line. The committee regards this method as satisfactory.

The value of the telephone in rural areas lies in its time saving to the settler. In the absence of telephones he frequently has to take long journeys in person to dispose of matters which could easily be arranged by a few moments' telephone conversation. It may happen that the only able bodied member of a family may be laid by through sickness and the summoning of medical assistance become a matter of very great difficulty.

It is natural that the best type of settler will be attracted to those parts of the world where there is a reasonable hope of his obtaining such amenities as the telephone provides in preference to going to areas where he will be cut off from civilisation. Bearing
this/

this in mind, the committee is of the opinion that Government should give some measure of support to rural telephone development.

The Postmaster-General informed the committee that he had recently had available figures in connexion with construction costs of a rural telephone system which has just been completed and was able to make an accurate comparison between construction cost and revenue. As a result of this, the Department, as the Postmaster-General told the Select Committee on the 1929 Estimates, proposes to recommend a revision in rates. The attitude of the Department is that in considering the relation of capital cost to revenue, in the case of rural telephones, only direct costs should be taken into account and administrative and accounting charges should be left out.

The committee discussed an actual subsidy but finally came to the unanimous conclusion that the Department's proposals were in effect a subsidy and go as far as those interested can legitimately expect.

The reduced rates proposed are as follows:

For portion of line inside the 5 mile radius no change; for length of line outside that radius £3.15.0. per mile per annum instead of £4.10.0; for rental of instruments £1 per subscriber per annum instead of £2; and that a fee for operating be charged at the rate of 10/- per subscriber per annum instead of the present switchpoint rent and desk fee.

Very little interest has been taken in the reduced rates granted when subscribers provide poles, unskilled labour and transport. No alteration in these rates is, therefore, proposed.

In illustration of the effect of these proposals the following figures are supplied in connexion with a rural telephone system which has just been installed at

Molo/

Molo. There are 24 subscribers served by four party lines and the system covers 69 miles of line in all.

The annual subscription per subscriber is:

.....
: At present rates :	: At proposed rates :	: Computed on rates:
.....	: in force in South:
.....	: Africa for a sim-
.....	: ilar system. :
.....
: £13.6.8. :	: £11.8.0. :	: £10.8.0. :
.....

When a rural telephone system has to be led into a place where there is no post office or postal agency, the committee considers that the subscribers to that system should make the necessary operating arrangements for switching at their own expense.

In this Colony, where at present there are very few telephone routes in rural areas, the capital cost of construction is necessarily high owing to the fact that new pole routes have to be erected in every case. As development proceeds, however, and it becomes possible to make more and more use of existing pole routes as new systems are installed, construction costs will be lowered. It is desirable that a close watch should be kept for this so that subscription rates can be adjusted from time to time in relation to construction costs.

It has been the practice in the past to require subscribers to rural telephone systems to undertake to continue renting their lines over an initial period of 3 to 5 years. From a business point of view this requirement is a reasonable safeguard. Owing to the fact that capital expenditure on different rural telephone services varies very largely, it is undesirable to lay down any hard and fast ruling on the length of this period and the committee considers that it can best be left to the Postmaster-General to decide each case on its merits.

A schedule of Police telephone requirements to link up the different Police Stations in the Colony was put before the committee. This schedule involves the construction of some 660 miles of new telephone trunk lines at an estimated capital cost of £35,600 and an annual rental payable of £3,540. The committee considers that Police Stations in the vicinity should be joined to all existing rural telephone lines, but the schedule put before it consists of arterial trunk lines and the matter is somewhat outside the scope of the committee's terms of reference. The scheme appears to be one which should be dealt with by Government direct.

Sd. R. CLIFTON GRANNUM.
CHAIRMAN.

