

1932.

Kenya.

1

No. 18140.

SUBJECT

C0533/424

Financial Position

Previous

17302/1/31 (Estimate.)

17302/0/31 (Deficit for
1931.)

Subsequent

Submits a statement of the final results of 1931, showing a deficit on the year's working amounting to £149,159. States measures taken in regard to the progressive programme of economy.

Trs. copy of an instrument appointing the standing Finance Committee, together with the Committee's reports on their 1st & 2nd Meetings.

1. - Submit a minute in this interesting statement.

H. P. P. P. P. P.

4/5/32

I.B. Times cutting

4th May 1932.

The Times correspondent at Nairobi is generally accurate; and the annexed cutting shows that much of this despatch is now out-of-date. The Governor's remarks on May 4th were no doubt based on the third meeting of the Finance Committee, which was to be held on May 3rd (last sentence of Appendix D in ①).

The despatch speaks of a shortfall in revenue of £200,000, of which £57,000 is attributable to decline in Customs receipts. The cutting shows that on the first quarter's working these figures have become £250,000 and £59,000 respectively; and that the Governor proposes to appoint another Committee when he has received Lord Moyne's Report.

The two Reports of the "watch dog" contain some interesting points, some of

I have marked in pencil.

Treasury must have the duplicate of the despatch LF, but neither comment nor reply would serve any useful purpose - the present circumstances.

J. Hunter
6/5

I think that if only as a matter of courtesy some reply should be sent to this despatch including an expression of satisfaction at the ~~state~~ ^{state} with results in 1931, though bad enough, were ~~not~~ substantially less unfavourable than had been feared. The last sentences of paragraphs 4 and 5 might also be noted, but I do not think any exception need be taken to the "General Savings" expedient referred to in the former paragraph; and as regards the latter, we have never been in any doubt that Sir J. Byrne was fully alive to the situation, and this was made clear in the despatch on the Estimates - see paragraph c of No. 23 on 17/302A/31. I submit a draft for comment.

Sign - I probably meant to say to (delete) the last phrase to mean results
11/4/32

J. Hunter

11/2/32

11/4/32

12-5

11/6/32

11-5-32

2 To Gov. Conf(2) - (1 answer)

18 MAY 1932

3 To Treasury - w/c 142 - 13/16 21 MAY 1932

11

4 Col. Kelly - 3 p.m. - 14/5/32

Copied on 17/302/1931 A. E. Estimate 1932

(Question)
Two 12 copies of a schedule of
Authorized Reductions in Expenditure, 1932.

The total of authorized reductions in Expenditure for 1932 is £3,412 ~~£1,000~~ greater than when (1) was written. This is chiefly due to a saving of £2800 on item xxiv P.W.D.

? put by.

A. H. G.
13-6-32

J. Hunter

14/6/32

I have marked in pencil.

Treasury must have the duplicate of the despatch LF, but neither comment nor reply would serve any useful purpose - the present circumstances.

Stratton
6/5

I think that if only as a matter of courtesy some reply should be sent to this despatch including an expression of satisfaction at the ~~which~~ ^{results} which results in 1931, though bad enough, were ~~not~~ substantially less unfavourable than had been feared. The last sentences of paragraphs 4 and 6 might also be noted, but I do not think any exception need be taken to the "General Savings" expedient referred to in the former paragraph; and as regards the latter, we have never been in any doubt that Sir J. Byrne was fully alive to the situation, and this was made clear in the despatch on the Estimates - see paragraph c of No. 23 on 17302A/31. I submit a draft for consent.

Sign - if probably useful to say to (Stratton) that had plan to answer results
14/5/32

Stratton
11/6/32

W. S. Jones
12.5

W. S. Jones
12.5.32

2 To Gov. Conf(2) - (1 answer)

18 MAY 1932

3 To Treasury - 15/5/32 - 13/6 21 MAY 1932

Compiled on 17302A/31 A.E. Estimating 1932

4. Col. Selig - 3^{pm} - 14/5/32 (Omission)

The 12 copies of a Schedule of Authorised Reductions in Expenditure, 1932.

The total of authorised reductions in Expenditure for 1932 is ~~£2,800~~ ^{£3,412} greater than when (1) was written. This is chiefly due to a saving of £2,800 on item ~~xxiv~~ P.W.D

? put by.

A.H.C.
13.6.32

Stratton

14/6/32

5. Gov. Byrne 83 Conf. 11th. June.
States that it has now become necessary to finance
revenue requirements from loan funds. Comments on
question of budgetting for interest on loan monies,
and requests approval for re-allocation of \$44,000
to Loan Account, "Public Buildings" by telegraph.

Para 2. The former's despatch regarding
the financial position has not yet
arrived.

Para 3. The former's contention that some
sums that the interest on unrepaid
loan funds is customarily credited
to general revenue and that there is
no necessity to credit loan funds
with interest when such funds are
temporarily diverted to this use.

? subject to any comments
by Sir J. Campbell ~~and the Treasury~~
on the promise at (a) in the telegram
at 8 in 17302/D/1931 may be varied.
and a telegram may issue to
the former informing him exactly
and approving the reallocation
of the \$44,000 sum made for loaning
schemes to loan account (in
accordance with the approval at
2 B in the telegram at 32 in
16300/30.)

? It seems unnecessary to
consult Treasury regarding the
above matter should have
copies of 5 and 6 for
info.

? As regards the question
whether the interest should be
shown by means of a double

entry D.C.A. should be consulted. 4
? This might be done after the issue of
the telegram which might promise a
further communication in regard to
these points raised in para 3 &
the despatch.
J.S. Poxon
28/6/32

Draft tel as proposed & then
recalculate
J.S. Poxon
28/6/32 return

Recalculated

5 Recalculated in accord with the
Allen's minute above for Conson
of the points raised in para
in para 4 - see my minute of 28/6
Sir J Campbell may be consulted
as regards the question of modifying
(a) in 8 of 17302/D/31 regarding
the crediting of loan funds with
interest on temporary borrowings
and D.C.A. as regards the
question of accounting.

J.S. Poxon
28/6/32

By minute of Feb. 11 in 17302) was
written under the mistaken impression that interest

W.P.
Poxon's note
dated 28/6/32
re: 17302/D/31
to be added to
revenue account

on unspent loan balances, lying on deposit with
 CA in the banks, was credited to loan account,
 i.e. that the balances accumulated at compound
 interest. As it now appears that such
 interest is placed to general revenue, the
 Governor's argument is entirely sound. I
 should still prefer, however, to adopt the
 second alternative - para 3 of No. 5,
 i.e. to show on the Revenue side of the
 Estimate the full amount of interest due on
 the unspent loan balance, and to provide
 under Expenditure for the interest on
 such portion of that balance as is
 borrowed on current requirements.

J. Prudden
 23/6

If any one is at fault here it is
 myself, as I knew that with the
 special exception of the Finance
 Loan of 1924, interest earned on
 unspent loan monies were paid
 to General Revenue. It may well
 have in mind was that the
 exceptional use of loan monies
 should be treated exceptionally, but

subject to any views Sir C. Clarkell
 may have I think the proposals in
 para 3 may be approved as to Greater
 Secy to Mr Allen

1/7/32
 Signed
 C. Clarkell
 2/11/32

So proposed.

Later found out that the original
 practice of paying to cover the
 interest on all loan
 money is usual. There is objection
 as to the interest on the loan has to
 be met from revenue.

Col. 47 52, 53

See
 new No.
 10

copy made 9/7/32
 recd. 9/29/1932

7 To Gov Conf

7 Jul 1932

Recd
 by Sir C. Thomson

C. Clarkell - Spm - 9/6/32
 The amended Schedule of Authorized
 Reductions in Expenditure, 1932, &
 Distribution of the Schedule in Vol.

9. Gov. Kenya — P.S. Long — 8/7/52
Submits a detailed appreciation
of the present financial position following
on the Statement set out in para 5
of No. 1. Encloses Statements of the
Standing Finance Committee.

10. W. H. M. Morris do. — 9/7/52
States the latest developments in regard
to financial position & proposed revenue
measures.

11. Gov. Kenya (lit) — 28/7/52
(P. 11th for increasing Petrol Tax - Non-Native
Poll Tax passed 26 July)

The dispatch in No 9 (sent for information
only) reveals a state of affairs which
is, at first sight, alarming. On the
results of the first four months Revenue
for 1952 is expected to fall at least
£250,000 below the approved estimate; four-fifths
of the shortfall is due to reduced Customs
receipts, but practically every revenue-bearing
department shows a decline.

As regards Expenditure, the most savings
foreseen on the year ~~was~~ placed at £400,000,
leaving a gap of £200,000 to be bridged.
The anticipated surplus of £240,000 now becomes
a deficit of £157,000. Further savings

are problematical; the recommendations of the
Economy Committee, however drastic, cannot
be expected to produce much effect this
year.

No 10 shows that the new taxation, adopted on
July 26th ^{with initial savings} may yield £50,000 in 1952. This
would reduce the deficit to £107,000.

But the revenue shortfall (apart from new
taxation) may well exceed £250,000. The
exports from Kenya during Jan-April 1952
were valued at £678,000 as against
£1,232,000 in the corresponding 4 quarters of
1951 — a drop of 45%. The
latest locust reports give ground for
hoping that the damage to crops may
not be so severe as last year but
it is too early of course to speak with
confidence.

On the indications available I seem
at least possible that Kenya will end
the year with a deficit of £150,000.
The cash position at the end of December
will therefore be disappointing, surplus balances

From T. 110
27.0.1952

Select Committee on Expenditure
p. 2

11 on 17502)

me - minus quantity; and of the loan residue which stood at £266 708 last autumn, £100 560 has been released for building. It seems likely, therefore, that ~~at the end of~~ when the books come to be balanced at the end of December, only a few thousand pounds will stand between Kenya and bankruptcy - a help of assistance!

In next year, the prospects are more hopeful. The Economy Committee's efforts will no doubt reduce expenditure, even though at the cost of efficiency, and Income Tax may yield anything from £1,000,000 upwards. However, any crisis of confidence will cause the Kenya middlemen to replenish his depleted stocks, with immediate benefit to Customs revenue.

The possibility of reducing the loan charge by - conversion operation is under discussion with C.A.; but it seems unlikely that any saving will materialize, and in any event its effect would not be felt till 1935.

Nº 1 is dated 25th April
- 9 - 13th June

The Governor will, no doubt, send down a revised - appreciation - some time this month, which will contain official information about the new taxes and their expected yield. We can hardly send Nº 10 to the Treasury, & without it Nº 9 would be misleading.

? Partly

W. Allen
2/3/32

There is really nothing to say to the Gov: in reply to No 9 & it is rather late to ack and thank. But I think it was to advantage now to send the answer to the Press & inq as in draft herewith.

W. Allen
15/1/32

Si S. Gibson

You should see. The most important point of view Major's report was the establishment of a Native Settlement Fund. This (to my mind) becoming increasingly clear that that must be delayed (only) till the finances have turned the corner. For the moment, the solution is a cover in the direction of more non-active capital.

P.A. 6
W. Allen
17.8.32

15.1.32

12 To Treasury - "heads as dft" - 22.8.32

As regards Sir C. Billingham's
minutes of 4.7.32, the D.C.A. might
be asked to advise?

A.H.C.
27.8.32

Perhaps the G.O. has the
information: or if not will deal
with this as a separate matter
A.H.C.

27/8/32

In the interim

We cannot have a ruling as to
from treatment of interest earned by "old" loan
fund. I think the Financial Admin. rather than
the D.C.A. should be consulted.

J. Smith
26.8.32

As the G.O. of the bank
has knowledge of the practice in
other places 9/10 to the Director for being sig.

J. J. M. Murray
31.8.32

at once

(73 To F. Davis (C. Agents) - done - 7.9.32)
114 affy transpore to 9019/4/32 Council.

13 Governor Byrnes 129 (Am. Mail) Cont. 8th Oct 32

Towards a copy of a report of a meeting of the Standing
Finance Committee together with a copy of the Treasurer's Financial
Appreciation circulated to the Committee. I wish to detail of Customs
Revenue additional provision for expenses expenditure & other
do not intend to present the Estimates 1933 to Legislative Council
before second or third week in November.

The position disclosed in the
Director's appreciation of the financial
situation is much more serious than
first was reason to expect.

We shall fall in revenue allowing
for the increase in income imposed
in 10-11) so now estimated to be
£308,000 while unproven
expenditure of ~~additional~~ £21,000
additional to that anticipated in
the previous forecast as of 10 now
expected - making the over-estimate
deficit £230,000 or allowing for
general savings £200,000

a cash shortage in June was
met by recourse to deposits.

~~Copy to Treasury~~
It is proposed to defer the
Budget since the late in the year
This will be awkward but seems
unavoidable in the Economy Committee Report
will have to be deferred. It is to be
hoped that the subject will not
arise in any of the projected
and unproductive business.

Give notice
Sir C. Billingham
min of 4/7
Action also
regol. on 17302 A to
8.18.19/32 K.
N.B.
Proceeds to all other
as to use of revenue
and surplus to meet
revenue

? Copy to Treasury for info.
reference 12.

H.S. Press 1/11
18/10/32

The figures cited by Mr. Pritchard are from
the Treasury's appreciation dated 12 Sept.
Writing nearly a month later, the Governor
is not quite so pessimistic; the deficit
should not exceed £200,000 & may be
near £160,000.

B. Heston
18/10

This is sent I think not so much
as a statement of the financial
position as to secure the Govt's
agreement to postponing the
Estimate in view of the General
instructions to keep them in good
hand.

I hope to say kind in
the special circumstances the Govt
is content to leave to the Governor's
discretion the date at which the
Estimate for 1933 can be presented
to the Legislature: & as regards this
last para refer to his letter of 12.9.32

* £ before the
date of the 12/10/32

sent them in his capacity of Secy for
Parliament on the 6th Oct in the
following terms (nothing has been
in copy herewith) - the mail despatch
city 12 Oct & from
12 Oct
17/10/32
21/10/32

Mr. Lambell

In Mr. Stanley spoke to me the
other day as regards desirable to forward the
to the Secy of the 6th Oct &
forwarded for review & possible it is
Lambert that a copy of the
minutes of the 24th Oct in 1837/32
before to the Governor's Secy Officially
by Pritchard's mail. Have you any
other not used for work to
with any independence? in
hand?

25/10/32

See
No. 13a

22/10/32
no objection. It has suggested - for
print publications, & see additional
29/10/32

over

Drafts Kenneth

J.M. Allen

24/10/32

Recie. - after copy of the attached
minutes has been received.
(See No. 180).

Wed 24.10.32

By (as usual)
27/10/32

14 To Gov Conf (13 amend) 25 OCT 1932

15 To Sir J. Byrne - "re minutes" - 25.10.32
(No. 180)

16 To Treasry. (13 amend + 114) 27/10/32

Reverendable & ardu. in the S.C.
withholding minutes above.

A.S. Prichard
27/10/32

Mr Woods & the Messrs. scold
rang up & expressed their concern
at the position. They may work.

J.M. Allen

9/11/32

Mr Director

I had intended to send the
forward with a general letter on
the subject. In view of the fact
Budget telegram was in,
return the books to you.

Wed 21/11/32

Needle to see
more case is
that a scheme of
revenue from
to meet with
along a revenue

14 Governor Byrne Tel 250 _____ 20 Dec 32
State Estimates 1933 were approved by Legislative Council
19 Dec 32 & gives details of Revenue & Expenditure & estimated
deficit. Sketch follows by Air Mail

The corresponding figures for 1932 were:-

Estimated Revenue	3,295,414
" Recurrent Expenditure	3,214,227
" Non-recurrent Expenditure	32,250
- total Expenditure	3,246,477
Surplus	48,937

But the figures given in the telegram take
no account of Revenue from Income Tax,
yet to be imposed, nor of the first report
of the Expenditure Advisory Committee, still
awaited. When Council meets again
in Jan-February, we know that a
revised Budget will be presented.

Pending receipt of report

? Publy

J.M. Allen

21/12

I assume Mr Chotbarley does not
wish to send a note in advance
of the report.

J.M. Allen

21/12/32

No. had found the 1800 to be wrong for
from the Com. No. Wed 26/12/32

Proceeding to
note - after
approval
See notes
attached

Seen

11
11

Telegram from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 20th December. Received at 2-32pm 20th December 1932.

No 250.

Estimates for 1933 approved by Legislative Council 19th December show estimated revenue £3,053,586 estimated recurrent expenditure £3,237,025 non recurrent expenditure £30,721 total £3,267,747 estimated deficit £214,167. Appropriation Bill providing for total estimated expenditure as above was passed by Legislative Council 19th December. Despatch follows by Air Mail.

C. O.
24 OCT
D

G. O.

Mr. Allen 24/10/32

For Air Mail of Tuesday 25th Oct.

Mr.

Mr. Parkinson.

*Dr. S. C. ...
Quater*

25 October 1932

Mr. Tomlinson.

Sir C. Bottomley 24/10/32

Sir J. Shackburgh

Perms U.S. of S.

Party U.S. of S.

Secretary of State.

DRAFT.

BRIGADIER - G. B. ...
SIR JOSEPH BINKS,
K.B.E., C.B.E.

*Minute - 4th Colr. (1932)
as altered in pencil.*

*(Extra copy brought to
attention of the file)*

*(copy of minute
comment to 24/10/32)*

*both as shown
Mr. O*

(2 parts)

74

the minute was dated the 4th Octr.,
Campbell has just looked over it again,
and made one or two slight altera-
tions.

Yam... am only

(Signed) W. C. BOTTOMLEY.

C. O.

- Mr. Allen *24/10/32*
- Mr.
- Mr.
- Mr. Parkinson.
- Mr. Tomlinson.
- Sir C. Bottomley *24.10.32*
- Sir J. Shuckburgh.
- Perm. U.S. of S.
- Party, U.S. of S.
- Secretary of State.

DRAFT

KENYA
Confidential

Govr. Byrne.

Copy to Ty - 1/11

2
1829/32

(2 drafts)

For Air Mail of Tuesday, 25th Octr

Downing Street,

25 October, 1932.

Sir,

I have the honour to
acknowledge the receipt of your
Confidential despatch No.129 of the
6th October, with regard to the
financial position of the Colony of
Kenya; and to inform you that, in
the special circumstances, I am con-
tent to leave to your discretion
the date on which the Estimates for
1933 should be presented to the Leg-
islative Council.

2. As regards the last par-
of your despatch, I would refer to
my Confidential telegram No.25
sent to you in your capacity as
High Commissioner for Transport on

the

the 6th October, in the following

terms:-

Your Confidential des-
patch 23rd September. Future
conditions are quite uncertain
but it would obviously be prudent
to budget for price conditions
(and quantities save as regards
size of Uganda cotton crop which
should be judged in light of
latest information locally
available) not above latest 1932
level.

I have, etc.,

(Sd.) P. G. LISTER

the 6th October, in the following

terms:-

Your Confidential despatch 23rd September. Future conditions are quite uncertain but it would obviously be prudent to budget for price conditions (and quantities save as regards price of Uganda cotton crop which should be judged in light of latest information locally available) not above latest 1932 level.

I have, etc.,

(Sd) P. G. LISTER.

14
100

Minutes by Sir John Campbell, Financial Adviser
to the Secretary of State.

One does not like being cast for the rôle of minor prophet - and one remembers the treatment usually meted out to prophets:

2. My view is that there is no justification for thinking that the depression is at an end, or that improvement is in sight. There have been numerous indications recently of better things. The effect of these indications - faint in themselves, and admittedly not touching the basic situation - has been magnified by the omnipresent wish for improvement. A psychological effect has carried (as it always carries in such cases) the initial movement a good deal further than these faint indications warranted. Events have shown, even already, that many of them were spurious, and the psychological impetus is now losing its effect. Prices are sagging; stock and share prices are falling again; much of the initial ~~gain~~ has been lost already.

3. Further, the basic conditions on the improvement in which everything (in my view) depends remain unaltered. The tension between France and Germany is worse, not better, tariffs remain as they were - or are being added to, the restrictions on trade continue, or get worse; railways generally show no improvement, shipping shows the faintest signs only of better things, unemployment generally is no better, retail trade is no better - it is slightly worse both here and in the United States of America. The Japanese affair is a most disturbing complication;

14
12

Minutes by Sir John Campbell, Financial Adviser
to the Secretary of State.

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15

complication; disarmament gives cause for the gravest anxiety; in neither of these two major issues is there any room for optimism. South America is in turmoil. Monetary matters are where they were. Till after the American elections, no one knows where Lausanne stands - and that is the one hopeful fundamental thing we have to build on.

4. Broadly, then, I cannot take an optimistic view of the situation. Copper prices will go lower, I think; coffee prices seem to depend to a very large extent on the (doubtful, but quite probable) temporary success of the new Brazilian plan for raising the gold price. If I had to guess, I should think they would most probably be maintained somewhere about their present level. Cotton I don't know much about. The price will sag, I think; but it will probably remain at a level considerably above the quite recent very low levels, and this because of crop shortages, smaller area, larger consumption here and in the United States of America, disease reports, etc. Cotton seed will probably stay where it is, or advance slightly with the recent rise in oils and seeds. Sisal I should expect to remain near the present level, sagging somewhat, but not very much.

5. The obvious thing is to budget for price conditions (and quantities) not above the latest 1932 levels. That seems the maximum we can safely take. I do not think that 1933 is likely to prove a better year than 1932. Recovery - even if it comes - will almost certainly be slow (apart from an initial flutter

420

due to the existing extremely low stocks in consumer's hands). If things improve, so much the better - that is a situation always easy to deal with. The former warning as to continuous watch over the position, and the preparation of plans well ahead to deal with any worsening of it will doubtless be in the minds of the Kenya officials. In the last fortnight, there has been a general feeling that the recent little boomlet had no solid roots. That feeling is almost universal: there are unmistakable signs of it in America, here, and on the continent.

6. I have not touched on the effects of Ottawa. I can't form any opinion as to how that will affect Kenya at present. As things stand, I'd leave Ottawa effects for further consideration, when more is known about it.

The 4th October, 1932.

AIR MAIL.

13



KENYA

NO 129

CONFIDENTIAL.

GOVERNMENT HOUSE
NAIROBI
KENYA

1
1st October, 1932.

Sir,

I have the honour to refer to my Confidential despatch No. 85 of the 16th June, 1932, and to forward for your information a copy of a report of a meeting held by the Standing Finance Committee on the 15th September, 1932, together with a copy of the Treasurer's Financial Appreciation of the 12th September, which was circulated to members of the Committee. In view of the Committee's decision to defer consideration of the 1933 Revenue Estimates, the reasons for which are mentioned in paragraph 4 below, I have not thought it necessary to forward the enclosures to the Treasurer's Appreciation.

As the position has not materially changed since the 16th June, I have not thought it necessary to forward a detailed schedule of revised estimates.

2. The revised estimate of Customs Revenue for 1932 is £583,000. The total estimated collections for the first eight months of the year are £384,100 and therefore, to achieve the estimate, collections during the last four months should average £49,700 a month. In 1931 the average for the last four months of the year was £27,000 a month, and in 1930 £59,504. On the other hand, the export figures for August are as follows:-

*Copy to Mr. M
Cairns
20/10/32*

THE RT. HON.
MAJOR SIR PHILIP CUNLIFFE LISTER, F.C., G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
LONDON, S.W.1.

	<u>1930.</u>	<u>1931.</u>	<u>1932.</u>
Kenya	£235,741	£113,385	£190,000
Uganda	93,689	86,000	178,000
Total	<u>£329,430</u>	<u>199,385</u>	<u>368,000</u>

This shows not only a favourable comparison with 1931 but also a rise in the quantity and value of exports at a period which normally shows a very heavy seasonal drop. These circumstances afford reasonable grounds for hope that the revised Customs estimates of £583,000 will certainly be reached, if not exceeded.

3. I regret to have to report that additions have had to be made on account of unforeseen expenditure and that the additional provision covered by Special Warrants is now expected to total £85,200. Against this, arrears of 1931 Hut Tax, the appreciation in the values of the Post Office investments which were written down to market values at the end of 1931 - vide your despatch No. 600 of 15th August, 1932 - and general savings in expenditure may possibly be set off. Until the 1932 collections of Hut and Poll Tax are more clearly known it would be dangerous to attempt to forecast what the deficit on the year's working will be. Should, however, the improvement in Customs receipts be maintained and the present expectations as to Hut and Poll Tax be realized, the final deficit should not exceed £200,000. Indeed it may possibly be nearer to £160,000.

4. The 1933 estimates present an especially difficult problem. On the expenditure side I am anxious to delay putting draft estimates into final form, so as to give the Expenditure Advisory Committee as long as possible in which to submit to Government any recommendations for economy which can be made effective in the 1933 estimates.

On the revenue side the position equally calls for

9.2.32/32
General

delay both because in the present state of uncertainty as to the trend of world commodity prices an estimate of our Customs receipts, despite encouraging crop prospects, is most difficult to arrive at, and also because at the moment the probable yield from Income Tax, if introduced, is obscure.

For the above reasons I think you will agree that special reasons exist for deferring the Budget Session as late as possible in the year. My present intention is not to present the Estimates to Legislative Council before the second or third week in November, or even later.

As regards the general trade position I would refer to paragraphs 5 and 6 of Transport Despatch of the 23rd September, which I forwarded in my capacity of High Commissioner for Transport, and I shall be grateful for any information you can give me of the latest trend in general trade conditions.

No 1
18297/32
Estimates

I have the honour to be,

Sir,

Your most obedient, humble servant,

Brigadier-General
G O V E R N O R.

STANDING FINANCE COMMITTEE.

REPORT OF THE MEETING OF THE COMMITTEE HELD ON THE 15th of September, 1932.

Present:-

The Hon'ble the Colonial Secretary (Chairman).

" " " Treasurer.

" " " Commissioner of Customs.

Lt.Col. the Hon'ble Lord Francis Scott, D.S.O.

A.A. Legat, Esq., O.B.E.

A.C. Tennahill, Esq., F.S.I. (vice Colonel Tucker).

1. The report of the meeting held on the ^{21st July} ~~15th~~ of ~~1932~~, 1932, which had been submitted to Government, was confirmed.
2. The Committee reviewed the revenue prospects for the current year in the light of the latest information available. They were inclined to the view that there are signs of an improvement in the general economic condition of the country but they felt that they were unable to vary their previous recommendation in regard to the revenue position until further revenue figures were available.
3. The Committee examined the preliminary revenue estimates for 1933 and considered that, as a better picture of the actual revenue likely to accrue in 1932 and of the crop estimates as affecting 1933 would be available in a month or six weeks' time, it was desirable to defer consideration of the 1933 revenue estimates until the next meeting, which was fixed tentatively to take place on the 15th of November.

CHAIRMAN	H. M-M. MOORE.
	H. H. BULLOCK.
	G. WALSH.
MEMBERS	FRANCIS SCOTT.
	A. A. LEGAT.
	A. C. TENNAHILL.

THE TREASURY,
NAIROBI,
KENYA.

12th September, 1962.

Ref. No. 4526/32/4A.

The Hon'ble
The Colonial Secretary,
NAIROBI.

FINANCIAL APPRECIATION.

In continuation of my memorandum No. 4526/32/40 of the 6th of July, 1962, I enclose the undermentioned statements which it is proposed to circulate to Members of the Standing Finance Committee, together with this Appreciation:-

- (a) Comparative Statement of Revenue from January to June, 1961 and 1962
- (b) Statement of Surplus Balances at the 30th June, 1962.
- (c) Revised Revenue Estimates for 1962 and Preliminary Estimates for 1963.

2. The revenue for the first six months of the year amounted to £1,436,168 and expenditure was £1,539,868; the deficit therefore amounted to £103,700. The revenue and expenditure for the corresponding period of 1961 amounted to £1,507,620 and £1,566,866 respectively, the deficit being £59,246. During the first six months of the current year, however, we have incurred additional loan charges of £119,000 and additional revenue in respect of loan reimbursements has accrued to the extent of £85,130. The comparative figures, if we exclude these additional loan items, are as follows:-

<u>Revenue</u>	<u>Expenditure</u>
----------------	--------------------

- 2 -

	<u>Revenue.</u>	<u>Expenditure.</u>
	£	£
1931	1,507,620	1,565,868
1932	<u>1,370,744</u>	<u>1,420,558</u>
Decrease.....	<u>£.136,876</u>	<u>£.145,310</u>

3. The Surplus Balances of the Colony, which amounted to £361,543 at the beginning of the year, have been reduced by £103,375 to £258,168 at the 30th of June. As you will observe from the statement attached, there was a cash shortage on surplus account of £37,433 at the end of June but it was not necessary to have recourse to an overdraft to meet current requirements which were financed by miscellaneous deposit monies of which there was a considerable balance in hand.

4. General revenue for the first six months has been more disappointing than was expected previously and it is now possible to frame revised estimates for the year based upon the receipts for the half year. A careful examination of every subhead of revenue has been made and the revised figures in the estimates attached hereto, showing a total revenue of £2,984,777 (excluding Colonial Development Fund) have been arrived at after consideration of the figures submitted by revenue departments and collectors and a careful examination of the trend of each revenue item. All items of new taxation have been included in the revised figures. It is necessary, however, to mention that the revenue from native hut and poll tax is still an uncertain factor although there is no reason to suppose that the revised estimate will not be reached. It is possible, in fact, that the revised estimate may be exceeded if the greater part of the current year's tax in addition to the arrears of 1931 tax is collected in the Nyanza Province. It is satisfactory to report that an anticipated shortfall of £7,000 in the tax from Kikuyu/

Kikuyu Province is not now expected to occur and it has been possible therefore to increase the previous estimate for this item of revenue by that amount.

5. As you are aware, the original Customs estimate was reduced by £200,000 to £561,000 on advice tendered earlier in the year and, subsequently, the estimate was increased by £22,000 to £583,000, at which figure it now stands, in anticipation of the duty on special importations of wheat. The revenue from Customs duties for the first six months of the year amounted to £276,639 and it is estimated that a further sum of £107,521 has been received during July and August, making a total of £384,160 for the first eight months of the year. This sum includes £16,540 duty on the special importations of wheat. In order to realise the revised estimate of £583,000, therefore, Customs collections during the remaining months of the year should average £49,700 a month (assuming that the preliminary figures for July and August are approximately correct.) The average collections for the first six months of the year were £46,100 a month and the estimated monthly average for the eight months is £48,000 including the wheat duty.

The Customs revenue receipts for September, I believe, are good up to the present time and it is reasonable at the moment therefore to assume that the revised total estimate of £583,000 will be realised.

6. With regard to expenditure, certain unforeseen additions have been made since the last Appreciation was written and the anticipated additional provision covered by special warrants is now expected to total £35,200 as compared with £64,656 shown in the last Appreciation. The total expenditure estimate now amounts to £3,220,781 (excluding Colonial Development Fund).

Fund) but, after reviewing the actual expenditure for the first six months of the year under every head, I anticipate that a sum of between £30,000 and £40,000 will accrue as a result of general savings in addition to the authorised economies.

g. The budget position as seen at the present time is as shown below. Receipts and payments from the Colonial Development Fund, which affect both sides of the budget to the same extent, have been excluded.

Revenue.

Original Estimate	£3,295,095	
Less Estimated Shortfall, allowing for new taxation	<u>308,318</u>	
Revised Estimate		£2,984,777

Expenditure.

Original Estimate	£3,244,158	
Less Authorised Economies	<u>108,577</u>	
	£3,135,581	
Add Special Warrants	<u>65,200</u>	
Revised Estimate		3,220,781

Estimated deficit £. 236,004

The estimated deficit of £236,004 does not take into account any possible revenue increases resulting from the collection of the arrears of 1951 hut tax in addition to the 1952 tax and the appreciation of the values of securities which were written down to their market value at the end of last year by charging expenditure. Moreover, no allowance has been made for general savings estimated, as above, at a sum between £30,000 and £40,000. These additional factors should have the effect of reducing the estimated deficit to a figure below £200,000.

8. I have considered it desirable to prepare the attached preliminary estimates of revenue for 1933 for the consideration of the Standing Finance Committee. These estimates generally are based upon the revised figures for 1932 eliminating all non-recurrent items including the additional Non-Native Poll Tax imposed this year. I wish to make it clear, however, that the 1933 Estimates make provision for the levy on salaries at the existing rates of 6% and 10% and for petrol consumption tax at the present rate of 35 cents a gallon. The estimate for the salary levy may require revision as a result of retrenchments of personnel during the past year. Particular attention should be drawn to the estimate for Native Hut and Poll Tax in view of the depleted cash resources of the native population and the views of the Committee would be particularly helpful in this connection. The Customs estimate is a tentative figure inserted pending the advice of the Commissioner of Customs.

*Reference is
not kept
1/1/33*

(Signed) H.H. RUSHTON.

TREASURER.

8. I have considered it desirable to prepare the attached preliminary estimates of revenue for 1933 for the consideration of the Standing Finance Committee. These estimates generally are based upon the revised figures for 1932 eliminating all non-recurrent items including the additional Non-Native Poll Tax imposed this year. I wish to make it clear, however, that the 1933 Estimates make provision for the levy on salaries at the existing rates of 6% and 10% and for petrol consumption tax at the present rate of 30 cents a gallon. The estimate for the salary levy may require revision as a result of retrenchments of personnel during the past year. Particular attention should be drawn to the estimate for Native Hut and Poll Tax in view of the depleted cash resources of the native population and the views of the Committee would be particularly helpful in this connection. The Customs estimate is a tentative figure inserted pending the advice of the Commissioner of Customs.

The Office is not authorized
1/1/33

(Signed) H.H. RUSHTON.
 TREASURER.

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Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley. 158

Sir J. Shuckburgh.

* ~~Perms. U.S. of S.~~

Perly. U.S. of S.

Secretary of State.

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R 18AUC
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22 August 1932

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Sir,

With reference to the letters

from this Dept. of the

DRAFT. for con son.
(vide Minutes)

THE SECRETARY,
TREASURY

(No. 12 on that file)
(No. 3 of this file)
(No. 41 on that file)

12th of April (17321/31).
21st of May (16140/33), and
14th of July (16012/31).

I am etc. to transmit for the info.

of the Lords Commissioners of the Treasury the accompanying copy of further correspondence regarding the financial position of the Colony of Kenya.

2. The Lords Commissioners will

be aware that Lord Moyne's report has been published and I am also to enclose copy of the telegram which the Secretary of State sent to the

Governor

Fr. Gov. conf. No. 83
21 June 1932, No. 5

To Gov. tel. conf. No. 129
22nd June 1932 No. 6

Fr. Gov. conf. No. 85
22 June, 1932, No. 9

To Gov. conf. No. 84
7th July 1932, No. 7

To Gov. Tel. No. 138
2nd July 1932, No. 16
on 18057/1/32

Points of Reference
Official Gazette, 12 July 1932
page 727, extract herewith.

Governor on the subject on the 2nd of July. A supplementary vote for

£1500 was taken in the Legislative Council on the 28th of

July to meet the cost of obtaining an officer from the Board of Inland Revenue to initial ^{to} income tax, ~~dearly~~ and enquiry is being made of the Board as to the possibility of securing the services of such an officer.

3. A copy of ^a ~~the~~ Government notice showing the personnel of the Committee and its ~~Terms of Reference~~ is enclosed.

4. Additional measures for raising further revenue proposed by the Colonial Govt. are

(a) an increase in the Petrol Tax ² by 20 cents a gallon estimated to bring in £32,000

in a full year;

(b) ~~the doubling of the~~ ^{an additional} non native Poll

Tax of 30/- a head, ^{the} including ~~entertain~~ ^{entertain} of the Tax to women in certain cases. The

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Subsequent to the publication of Lord Macneil's report the Governor appointed an Infantry Advisor Tanaka

see No 10.

Governor on the subject on the 2nd of July. A supplementary vote for

£1500 was taken in the Legislative Council on the 28th of

July to meet the cost of obtaining an officer from the Board of Inland Revenue to ^{the} initial income tax, and enquiry is ^{being} made of the Board as to the possibility of securing the services of such an officer.

3. A copy of ^a the Government notice showing the personnel of the Committee and its ~~Terms of Reference~~ is enclosed.

4. Additional measures for raising further revenue proposed by the Colonial Govt. are

(a) an increase in the ²Patrol Tax by 20 cents a gallon estimated to bring in £32,000

in a full year;

(b) ~~an additional~~ ^{the doubling of the} non native Poll

Tax of 30/- a head, ^{the} including ^{entenda} a tax to women in certain cases. The

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270901 EA

Subsequent to the publication of Lord Howe's report the Governor appointed an Imperial Advisor Tavaiu

see No 10.

yield of this further tax is difficult to estimate but it has been tentatively put at £33,000 ^{new levies} in respect of males alone. (The necessary legislation for imposing the above tax^{co} was passed on the 26th of July):

See Note

See Note 1
the file

(c) an increase ^{as from the 1 Aug} ~~during the current~~ year in the levy on salaries calculated to produce ^{about 13750} ~~£500~~ in 5 months.

See Note

I am etc.

(Signed) H. T. ALLEN

TELEGRAM from the Governor of Kenya to the Secretary
of State for the Colonies.

Dated 28th July.

(Received Colonial Office 3.45 p.m. 28th July, 1932)

SECRET
OFFICE

No.134.

Reference Moore's demi-official letter of
9th July to Bottomley. Petrol consumption tax
increased by 20 cents per gallon. Non native poll
tax doubled on the lines of draft Bill enclosed in
Moore's letter. Both measures passed all three
readings 26th July.

Extracts registered on appropriate papers.

10
Copy for
Financial
Position papers

COPY.

Income Tax 27090/32 E.Af.
Police Consumption Tax K234/32 Kenya
Non Native Poll Tax 18230/32
Salary on Salaries 18228/32
Leave Allowance 18235/32

THE SECRETARIAT,
NAIROBI.

9th July, 1932.

Dear Sir Cecil,

The Governor is leaving Nairobi this morning for a hurried tour of Nyanza, particularly with the object of visiting Kakamega and seeing for himself the conditions on the goldfields and so will not have time to write his usual letter this week. We took, however, some important decisions in Executive Council yesterday, and as time is too short to make them the subjects of formal despatches if they are to catch the Air Mail to-day, the Governor has asked me to let you know demi-officially what the latest developments are.

We have decided to hold the next meeting of Legislative Council on the 26th July. The principal business at this meeting will be the following:-

- (a) A small supplementary vote to meet the cost of getting out an officer from the Inland Revenue Department to initiate income tax. As soon as ever the vote is passed we should like him to be made available and perhaps, therefore, the tentative enquiries carried out by Macgregor could be pursued by the Department in the meantime, so that there may be no delay in getting a really good man. We should have to be largely guided by your advice as to the emoluments that would be necessary to secure him.

(b)

(b) It is proposed to introduce under a Certificate of Emergency a Bill to increase the Petrol Consumption Tax by 20 cents. This is estimated by the Treasurer to bring in £32,000 in a full year, and there are some hopes - how substantial I cannot say - that the whole of the increase may not be passed on to the consumer.

(c) We are preparing to impose as from the 1st August next an additional Non-Native Poll Tax of Shs.30/- per head and to extend its provisions, to cover women in certain circumstances. If the Attorney General has it ready in time, I will send with this letter a draft of the proposed Bill, which is to be published in the Gazette next Tuesday. The net figure which we shall obtain in this manner is hard to estimate owing to the complications introduced by trying to tax women here, but a tentative figure put up by the Treasurer was £35,000 on males alone.

(d) It is proposed to increase the existing Levy on Salaries rates of 5 per cent and 7½ per cent to 6 per cent and 10 per cent respectively, on the same salary basis as obtains in the existing levy on salaries. This proposal is estimated by the Treasurer to yield approximately 24,000 Shs. in months.

Handwritten notes:
 Done...
 11/22/13

In this way we hope to improve our revenue position by about 200,000, and although this will

will, of course, not be enough to prevent a deficit on the year's working, it may go some way to keep that deficit within manageable proportions.

18-9

The general financial position has not materially altered from that reported to you in Kenya Confidential Despatch No. 85 of the 18th June, 1932, though the latest appreciation which the Treasurer has just produced for the Watch Dog Committee confirms, in his opinion, the view previously expressed that the revenue shortfall will amount to £250,000, and may even reach £300,000. As stated in the last paragraph of that despatch, the Governor had decided to await the publication of Lord Mayne's Report before deciding on what emergency steps should be taken this year by way of extra taxation to improve the position. His feeling is that publication of Lord Mayne's Report must make it clear that additional taxation of some kind is immediately necessary and that the proposals I have just referred to, admittedly of a temporary and unscientific character, are the best that can be devised pending the introduction of a scientific income tax.

Perhaps I should say a word in explanation of the decision further to increase the levy on salaries. This has been dictated owing to the following considerations:-

- (a) That owing to the manner in which the general financial position has deteriorated and the necessity for further general taxation, and regard being had to the salary cuts made

both

both at home and in other colonies, it would not be unreasonable to increase the levy as a temporary measure, on the distinct understanding that this additional levy would be removed as soon as income tax had been introduced. Our anxiety has been not to hit unduly the lower ranks of the Service, and for that reason the rate in their case has only been raised from 5 per cent to 6 per cent. This over a period of five months only, does not amount to very much.

- (b) It has been decided on reconsideration to modify the original Leave Meratorium proposals to this extent; that leave earned in respect of the additional six months service should not be lost entirely, as originally proposed, but should be drawn by the officer on ultimate retirement, on transfer, or on retrenchment. This while it will involve the Government in little, if any, extra expense, during the current year, will be of distinct benefit to officers ultimately, and may be regarded as some ~~small~~ ~~amount~~ to the additional salary levy. Further, on reconsideration, it is proposed to restore to certain officers whose duties necessitate constant travelling some form of commuted travelling allowance. The total of the expenditure so involved has not yet been estimated, but it will probably

be between £4,000 and £7,000. This will be of definite benefit to travelling officers, and the additional levy scale now proposed will, it is thought, distribute the burden of sacrifice more fairly, in accordance with the individual capacity to bear it.

(c) The above proposals will assist us in confronting difficulties raised by Uganda as regards the incidence of the Leave Meratorium on Joint Services.

Yours etc.,
(Sgd.) H.M.M. MOORE.

**A BILL TO PROVIDE FOR THE PAYMENT OF
ADDITIONAL POLL TAX BY NON-NATIVES
IN THE YEAR 1933.**

BE IT ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows:-

Short title.

1. This Ordinance may be cited as "the Non-Native Poll Tax (Additional Taxes) Ordinance, 1932", and shall be read as one with the Non-Native Poll Tax Ordinance as amended by the Non-Native Poll Tax (Amendment) Ordinance, 1932, hereinafter together referred to as "the Principal Ordinance".

Cap. 52.

No. 4 of 1932.

Interpretation.

2. In this Ordinance "non-native" includes any person who is not a native.

3. In addition to the Tax payable under section 3 of the Principal Ordinance there shall be paid the following:-

**Additional
taxes to be
paid by non-
natives in
1933.**

(a) By every male non-native who on the first day of July, 1932, had attained the age of eighteen the sum of thirty shillings; and

(b) By every female non-native who on the first day of July 1932, had attained the age of eighteen and who between first January and thirtieth September, 1932, was employed within the Colony and in respect of such employment received or earned remuneration

at an average rate of not less than fifteen pounds a month or who between the aforementioned dates received within the Colony from any source a sum of not less than one hundred and thirty five pounds, the sum of thirty shillings.

Taxes when payable.

4. The additional taxes imposed by section 3 of this Ordinance shall be payable between the first day of August and the thirty-first day of October, 1932;

Provided that in the case of a non-native who is not resident in the Colony on the first day of August, 1932, or who, although resident in the Colony on such date, leaves the Colony without having paid the additional tax payable such non-native shall pay the additional tax within three months of his or her coming or returning to the Colony as the case may be.

And provided further that any non-native who fails to pay such additional tax within one month of the expiry of the period hereinbefore set forth for such payment shall be liable to pay double the amount of such additional tax, provided always that such liability shall not accrue if such non-native can show that such default was due to causes beyond his own control.

Information to be furnished to employers.

5. Every person who between first January and thirtieth September, 1932, employs any female non-native at a remuneration of not less than fifteen pounds a month shall, not later than

than thirtieth September, 1932, furnish to the Collector a return of the non-native so employed by him the period of such employment and the rate at which each such non-native was employed.

Penalty for failing to give information or giving false information.

6. Any employer who fails to give the information required by Section 5 of this Ordinance within the time prescribed or who wilfully furnishes false particulars as to any such information shall on conviction by a magistrate be liable to fine not exceeding fifteen pounds or to imprisonment for a term not exceeding two months.

Person on temporary visit to Colony exempt from tax.

7. Notwithstanding the provisions of section 3 of this Ordinance no payment under this Ordinance shall be due from any non-native on a temporary visit to the Colony not exceeding three months between first July and thirty-first December, 1932.

Provisions of Principal Ordinance to apply to additional taxes under this Ordinance.

8. The provisions of sections 5 to 14 inclusive 16 and 17 of the Principal Ordinance shall apply as if the additional taxes imposed by this Ordinance were part of the tax prescribed in the Principal Ordinance and the terms "Collector" and "Magistrate" shall have the meanings assigned to them in section 2 of the Principal Ordinance.

Duration of Ordinance.

9. This Ordinance shall continue in force until the thirty-first day of December, 1932,

than thirtieth September, 1932, furnish to the Collector a return of the non-native so employed by him the period of such employment and the rate at which each such non-native was employed.

Penalty for failing to give information or giving false information.

6. Any employer who fails to give the information required by Section 5 of this Ordinance within the time prescribed or who wilfully furnishes false particulars as to any such information shall on conviction by a magistrate be liable to fine not exceeding fifteen pounds or to imprisonment for a term not exceeding two months.

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Provisions of Principal Ordinance to apply to additional taxes under this Ordinance.

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Duration of Ordinance.

9. This Ordinance shall continue in force until the thirty-first day of December, 1932,

and shall then expire:

Provided that such expiry shall not affect any liability, penalty or punishment incurred under this Ordinance or any legal proceeding or remedy in respect of any such liability, penalty or punishment, but any such legal proceeding or remedy may be carried on or sought as if this Ordinance had not expired.

AIR MAIL

KENYA

No. 85

CONFIDENTIAL.



GOVERNMENT HOUSE
NAIROBI
KENYA

18th June, 1932.

RE
27 JUN 1932
GOV. OFFICE

Sir,

I have the honour to refer to paragraph 2 of my despatch Confidential No.83 of the 11th June and, as there contemplated, to submit a detailed appreciation of the present financial position, following upon the statement set out in paragraph 5 of my Confidential despatch No.60 of the 23rd April.

2. The Standing Finance Committee held its third meeting on the 3rd May. Copies of the statements which were laid before the Committee are enclosed as Appendix A to this despatch. After considering these documents, and taking into account the Customs and Hut Tax prospects, the Committee came to the conclusion that Government should be advised to face the probability of a shortfall on the 1932 revenue estimates of at least £250,000, and to take steps to secure the balancing of the accounts after allowing for this reduction in revenue. A copy of the Report of the Committee is at Appendix B.

3. On the 6th June the Committee held its fourth meeting. The statements submitted to and the proceedings of the Committee form Appendices C and D respectively to this despatch. It will be observed that the conclusion/

THE RT. HON.
MAJOR SIR PHILIP GUILFIVE-LISTER, P.C., G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.

Copy 4/10 sends to Treasury 22-8-32

reached was to the effect that Government should definitely anticipate a shortfall on the Revenue Estimates of £250,000.

4. In regard to estimated expenditure, I have already reported in my last appreciation of the financial position that supplementary expenditure of £24,428 had been sanctioned or was in view, and that reductions in expenditure on the sanctioned estimates to the extent of £103,754 had been effected. Since then the figure of supplementary expenditure has had to be increased to £64,528, mainly owing to the provision necessary for making refunds of Customs duty on Imported Wheat, which project received approval in your telegram No. 88 of the 2nd May, and to the need for increased funds for the purpose of locust destruction, as authorized in your telegram No. 19 of the 7th May. At the same time additional reductions in estimated expenditure have increased the total estimated savings to £108,577. The present financial position may therefore be expressed in tabular form as follows:-

REVENUE.

<u>Estimated Revenue in Sanctioned Estimates</u>	£ 3,293,414
Shortfall envisaged in Draft Report of Standing Finance Committee (at Appendix B)	<u>250,000</u>
<u>REVISED REVENUE ESTIMATE</u>	<u>3,043,414</u>

EXPENDITURE

<u>Estimated Expenditure in Sanctioned Estimates</u>	3,244,477
Additional Supplementary Expenditure Authorized or in view	64,528
Total	<u>3,309,005</u>
Less Authorized Reductions in Expenditure	<u>108,577</u>
<u>REVISED ESTIMATE OF EXPENDITURE</u>	<u>3,200,428</u>

How
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indicating a Revised Estimate of Revenue of £ 3,043,414
 a Revised Estimate of Expenditure of 3,200,428
 with an Estimated Deficit of 157,014

5. The Treasurer's latest Financial Appreciation dated the 2nd June, 1932, is at Appendix E. You will observe from paragraph 3 of that Appreciation that, during the first quarter of 1932, revenue (exclusive of contributions from the Colonial Development Fund and additional revenue from Reimbursements on account of Public Debt) has declined, as compared with the corresponding revenue in 1931, by £70,418, while corresponding expenditure in 1932 falls short of the 1931 figure by £39,750. The figure of £64,528 of additional expenditure not covered by savings shown in Appendix 3 of the Treasurer's Appreciation comprises both additional expenditure actually covered by Special Warrants and already submitted to Legislative Council and also estimates of additional expenditure which are likely to have to be incurred during the year. The necessity for Special Warrant No. 21 is still under examination, while the figures included under (a) (b) and (d) are still not firm, but in all the circumstances the figure of £64,528 appears to be a reasonable estimate on present information of the additional expenditure actually incurred or likely to be incurred in the course of the year.

You will observe further from paragraph 4 that at the end of March the appropriations against surplus balances more than absorbed the amount available. The Treasurer now states that the shortage on surplus account during March was met from the excess of Deposit Monies over Advances and that Loan Monies were held intact in cash.

It is not possible to estimate accurately the present cash position but the indications are that loan funds are being used to finance current revenue needs. This aspect of the situation formed one of the subjects of my Confidential despatch No.83 of 11th June.

6. Estimation at the present time of the probable shortfall in revenue during the year is a matter of considerable difficulty by reason of the numerous indeterminate factors which have to be taken into consideration. The estimated shortfall of £250,000 is based on the assumption that Hut and Poll Tax collections will, with comparatively minor exceptions, reach the estimate. I consider it prudent, however, to bear in mind the possibility that such may not prove to be the case, with the result that the shortfall in revenue may exceed £250,000. On the other hand, I am not unhelpful that the policy of most stringent economy which is being pursued by all officers in control of expenditure may result in considerable general savings in addition to those which have already been earmarked and deducted from the sanctioned expenditure in the General Warrant. The means are available for attempting to meet the estimated deficit on the year's working of £157,014, namely:

(a) further ~~significant~~ reductions in expenditure, and
 (b) new taxation. With regard to (a), as you are aware, it is my intention when Lord Keynes's Report shall have been published, to appoint an Economy Committee to make a general review of the expenditure of the Colony. While expenditure during the current year will come within its terms of reference I do not, in view of the large reductions which have already been made, anticipate that the Committee will be able to indicate considerable further reductions which may be made in expenditure during 1932.

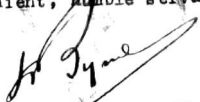
Its main value will be to indicate in what directions expenditure may be reduced in 1933 and subsequent years without impairing the essential machinery of Government.

With regard to (b) I have thought it advisable to defer a definite decision as to the extent to which it is desirable to attempt to bridge the gap between estimated revenue and estimated expenditure during the current year by introducing new measures of taxation until the publication of Lord Moyn's Report. On its publication I shall consider this aspect of the problem in the light of his Lordship's recommendations, and shall, in due course address you further concerning the decisions I may reach.

I have the honour to be,

Sir,

Your most obedient, humble servant,



Brigadier-General.

G O V E R N O R.

APPENDIX A

43

MEMORANDUM FOR STANDING FINANCE COMMITTEE.

1. The final revenue and expenditure figures for the year 1931 are £3,066,930 and £3,216,089 respectively, the deficit on the year's accounts being £149,159. Revenue for January, 1932, amounted to £391,685 and expenditure to £412,911, resulting in a deficit on the month's accounts of £21,226. A deficit on the January accounts is unusual, but this year, apart from an increase in the Colony's loan charges payable in January, which amounted to £50,263, there was a heavy fall in Customs revenue and a large increase in expenditure in respect of contributions to Local Authorities.
2. The surplus balances of the Colony amounted to £340,317 at the 31st January, 1932, details of which are shown in Appendix II.
3. Customs revenue from January to March (approximate) shows a decline of £59,000 as compared with the same period of 1931, despite the additional duties and the incorporation of the Wines and Spirits Consumption Tax in the tariff. Cash receipts indicate that April Customs revenue to this date is no better than that of March and, if this is confirmed by results, a further shortfall of some £20,000 will occur, making a total Customs shortfall, as compared with 1931, of about £80,000 in the first four months of the year. It is unlikely, I think, in view of the agricultural situation, that the customs collections during the remaining eight months will be more than the amount received during the period from May to December, 1931, and this, therefore, suggests a reduction in the/

the Customs estimate of approximately £143,000. If, however, regard is paid to the fact that Customs revenue for June and October 1931 was exceptionally high due to abnormal causes - over £78,000 in both months as against an average of £43,300 in January & March, 1932 - it seems more than likely that a further shortfall of £100,000 - £80,000 will occur, making a total shortfall on the 1932 estimate of £200,000 approximately on Customs revenue alone.

4. There are clear indications of reductions under other heads of revenue. The Conservancy of Forests considers that his revenue will fall £7,000 below the 1932 estimate. The Posts and Telegraphs revenue for the first quarter is only £860 more than that of the corresponding period of 1931, despite increased stamp duties, whilst the 1932 estimate is £9,543 more than the 1931 collections. This indicates a reduction of some £8,000 in the estimates under this head.

5. Authorised economies in expenditure are amount to £103,754 approximately. Additions to the budget by Special Warrant are anticipated to the extent of £27,373. The budget position therefore is as follows:-

Revenue - Original Estimate	3,226,414	
Less Shortfall estimated at last meeting	200,000	£2,026,414
Expenditure - Original Estimate	3,226,414	
Add Special Warrants	27,373	
Less approved economies	103,754	£2,149,033
		<u>£2,149,033</u>

... we do not allow for any shortfall.

44

- 2 -

the Customs estimate of approximately £143,000. If, however, regard is paid to the fact that Customs revenue for June and October 1931 was exceptionally high due to abnormal causes - over £75,000 in both months as against an average of £43,300 in January to March, 1932 - it seems more than likely that a further shortfall of £50,000 to £60,000 will occur, making a total shortfall on the 1932 estimate of £200,000 approximately in Customs revenue alone.

4. There are clear indications of reductions under other heads of revenue. The Conservator of Forests considers that his revenue will fall £7,000 below the 1932 estimate. The Posts and Telegraphs revenue for the first quarter is only £860 more than that of the corresponding period of 1931, despite increased stamp duties, whilst the 1932 estimate is £9,543 more than the 1931 collections; This indicates a reduction of some £6,000 in the estimates under this head.

5. Authorised economies in expenditure now amount to £105,754 approximately. Additions to the budget by Special Warrant are anticipated to the extent of £27,375. The budget position therefore is as follows:-

	£.	£.
Revenue - Original Estimate	3,296,414	
Less Shortfall estimated at last meeting	<u>200,000</u>	3,096,414
Expenditure - Original Estimate	3,245,377	
Add Special Warrants	<u>27,375</u>	
Less approved economies	6,275,860 <u>105,754</u>	3,170,098
		<u>£. 74,564</u>

... does not allow for any
shortfall

shortfall in the estimate for native hut and poll tax collections or for the arrears of 1931 tax amounting to some £50,000 which have already been collected. It is understood that the locust situation is causing considerable anxiety and this menace may result in further destruction of crops and consequent famine in native reserves, making collection of hut tax from the already impoverished natives a very difficult matter. In the circumstances it would be unwise to rely upon the arrears of 1931 tax as a possible addition to the budget revenue until more hopeful prospects as regards the agricultural situation are visible.

30th April, 1932.

Head	Total Revenue 1931.	Estimated Revenue 1932.	January 1931 Receipts.	February 1931 Receipts	Total 2 months 1931.	January 1932 Receipts	February 1932 Receipts (Approx)	Total 2 months 1932	March 1931 Receipts	March 1932 (Approx)
Customs	698,584	761,179	70,192	56,240	126,432	42,624	46,004	88,628	62,593	41,372
Land Taxes	867,714	999,696	89,271	37,943	127,214	91,865	56,298	148,163	56,165	
	130,382	124,450	10,559	12,617	23,176	11,015	10,373	21,388	12,624	
	164,132	177,675	27,522	14,627	42,149	26,918	17,473	44,391	13,477	12,055
	57,621	84,345	7,499	7,636	15,135	4,428	6,451	10,879	8,154	
Gov- ernment Property	71,347	74,739	31,699	12,373	44,072	23,891	15,856	39,747	3,290	
of Property	14,577	11,843	309	645	954	446	345	791	494	
miscellaneous	16,192	11,816	1,190	1,176	2,365	554	1,655	2,209	4,551	
	30,901	34,360	2,855	1,774	4,629	2,142	2,361	4,503	4,059	1,927
	29,494	24,360	5,746	2,711	8,457	711	59	770	661	
Contributions	891,140	959,632	132,245	8,343	140,588	182,743	6,392	169,138	163,363	
Grants	29,923	31,000	9,719	3,209	12,928	4,295	1,819	6,114	522	
Unclassified	-	-	-	-	-	-	-	-	-	240,315
Total	3,036,007	3,295,095	388,806	159,293	548,099	391,630	165,086	556,721	329,958	295,709
Colonial Development Fund	30,923	519	8,938	8,363	17,301	52	-	-	3,627	-
	<u>1 3,066,930</u>	<u>3,295,614</u>	<u>397,744</u>	<u>167,656</u>	<u>565,400</u>	<u>391,682</u>	<u>165,086</u>	<u>556,721</u>	<u>333,585</u>	<u>295,709</u>

APPENDIX 2.

ALLOCATION OF SURPLUS BALANCES AT 31: 1: 1932.

	<u>Authorised Allocation</u>	<u>Actual Appropriation.</u>
	£.	£.
(a) Working Cash Reserve	100,000	50,446
(b) Unallocated Stores	80,000	60,766
(c) Loans to Local Bodies	2,500	2,427
(d) Agricultural Advances Board	100,000	96,338
(e) Grain Subsidies	117,000	117,021
(f) Famine Relief	20,000	14,319
	<u>£ 419,500</u>	<u>£ 340,317</u>

41

A P P E N D I X 2.

ALLOCATION OF SURPLUS BALANCES AT 31: 1: 1932.

	<u>Authorised Allocation</u>	<u>Actual Appropriation.</u>
	£.	£.
(a) Working Cash Reserve	100,000	50,446
(b) Unallocated Stores	80,000	60,766
(c) Loans to Local Bodies	2,500	2,427
(d) Agricultural Advances Board	100,000	50,730
(e) Grain Subsidies	115,000	115,221
(f) Famine Relief	20,000	14,219
	<u>£ 419,500</u>	<u>£ 340,317</u>

STANDING FINANCE COMMITTEE.

Report of the meeting of the Committee held at the Secretariat at 9 a.m. on the 3rd of May, 1932.

PRESENT:

- The hon. the Colonial Secretary (Chairman)
- The hon. the Treasurer.
- The hon. the Commissioner of Customs
- Lt. Col. the Hon. Lord Francis Scott, D.S.O.
- A.A. Legat, Esq. O.B.E.
- Lt. Col. W.K. Tucker, C.B.E., T.D.
- Mr. K.S.J. Chamberlain, Secretary.

1. The Committee confirmed the Report of the meeting held on the 4th of April, 1932, which had been submitted to Government.
2. The Chairman explained that the deficit on the January 1932 accounts had been caused by the payment during that month of a large part of the contributions to Local Government authorities. In this connection, the Treasurer stated that he considered that the payment of so large a proportion of the grants in the first month of the year was unnecessary and particularly unfortunate at a time when it is well known that the Treasury cash position was a difficult one.
3. The Commissioner of Customs informed the meeting that the approximate total of the combined Customs collections of Kenya and Uganda for April was £82,670, including a sum of £4,432:15:00 duty on wheat importations which at a later date would presumably be refunded as a charge against expenditure. Mr. Walsh estimated that approximately £53,000 would accrue to Kenya, or a net sum, if the duty on wheat importations was ignored, of approximately £49,000. This would represent a

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fall of about £15,000 on the month, as compared with the collections in April, 1931, making a total approximate shortfall of £74,000 on the first four months of the year as compared with the corresponding period of 1931.

4. In view of the fact that the 1932 Customs estimate was £62,595 higher than the 1931 collections and that the Customs revenue for the first four months of the year was approximately £74,000 less than the receipts for that period of last year, the Committee felt that there was an indication that the total Customs shortfall on the year might reach a figure of £200,000, since a further shortfall of last year's figures might occur during the ensuing eight months, particularly in June and October, when last year's collections were very high as a result of abnormal causes. The Commissioner of Customs stated that, in his opinion, the abnormal revenue received in June and October, 1931, had resulted in low yields in subsequent months of last year and that, in consequence, collections during these particular months need not be given undue prominence when estimating the probable yield of Customs revenue for the remainder of the year by comparison with the last eight months of 1931. The Committee felt, however, that since the approximate average collections during the first four months of the current year amounted to rather less than £45,000 (ignoring the wheat duty) it was reasonable to contemplate a shortfall of £200,000 on the Customs estimate for 1932.

5. The Native Hut Tax prospects were stated to be obscure as a result of the locust position and depleted cash resources of natives in the reserves. In Nyanza Province crops were reported to be good and the locust situation under control.

control and, subject to freedom from further locust invasions, the prospects of collecting the full hut tax estimate were good in that Province. In the Nzoia Province it was reported that a shortfall of £2,000 on the estimate might occur in the Marakwet district. Employment in the Kikuyu Province had fallen considerably and the cash in the reserve was getting short; there had not yet, however, been any official report of any prospect of a shortfall on the hut tax estimate.

6. After considering the revenue statements and taking into account the Customs and hut tax prospects, the Committee came to the conclusion that there were clear indications of a total revenue shortfall of £250,000 on the 1982 estimates. The Treasurer read a motion he had prepared to the effect that, on the information before the Committee, the Government should be advised that there are clear indications that the shortfall in revenue will amount to £250,000 and may reach £300,000 and that the Committee should recommend that the Government adopt every means at its command to balance the budget on this assumption. Apart from the probable shortfall of £200,000 in Customs revenue, other heads of revenue showed clear signs of falling short of the estimate, among which the Treasurer mentioned:-

Forest Revenue	£7,000
Posts & Telegraphs	8,000
Stamp Duties - Various	
Revenue Purposes	9,500
Fines and Forfeitures	10,000
Non-Native Poll Tax	4,500
Cattle Traders Licences	1,700
Licensing of Banks and Insurance Companies	3,900
European Education Tax	600
Asiatic Education Tax	2,500
Entertainment Tax	1,500
Petrol Tax	5,500
	<u>£. 54,700</u>

7. After a full review of the situation, the Committee unanimously came to the conclusion that Government should be advised to face the probability of a shortfall in the 1932 revenue estimates of at least £250,000 and to take steps to secure the balancing of the accounts after allowing for this reduction in revenue. It being acceptable to the whole Committee, the Treasurer did not press the motion he had read but had not put).

8. The next meeting of the Committee was arranged to take place at 11 a.m. on the 11th June, 1932.

(S. H. M. MOORE,

CHAIRMAN.

MEMBERS

H. RUSKIN

J. WALSH

FRANCIS SCOTT

A. A. LEGG

W. K. TUCKER

Appendix C

Colony is the same as before 1931/2 7-26/32

Head	Total Revenue 1931.	Estimated Revenue 1932.	January & February 1931.	March 1931	Total 3 months 1931	January & February 1932	March 1932 (approx)	Total 3 months 1932	April 1931.	April 1932 (approx)
Customs	698,584	761,179	126,432	62,593	189,025	66,622	43,962	110,584	63,987	59,490
Licences, etc.	867,714	999,696	127,114	56,165	183,279	148,114	54,892	203,006	47,154	
Fees, etc.	130,382	124,450	23,176	12,624	35,800	21,396	8,743	30,139	11,047	
Posts & Telegraphs	168,132	177,675	42,149	13,477	55,626	44,391	12,919	57,310	11,729	12,202
Earnings of Depts	67,621	84,345	15,135	8,154	23,289	10,279	6,261	16,540	8,308	
Revenue from Government Property	71,347	74,739	44,072	3,290	47,362	19,651	4,297	24,948	4,896	
Sale of Property	14,577	11,843	664	494	1,158	839	599	1,438	1,597	
Miscellaneous	16,192	11,816	8,363	4,571	12,934	2,275	3,862	6,137	1,032	
Forests	30,901	34,360	4,629	4,059	8,688	5,005	1,960	6,965	3,445	3,442
Interest	29,494	24,360	8,457	661	9,118	770	207	977	8,416	
Reimbursements	891,140	954,632	140,568	163,363	303,931	189,279	161,402	350,681	8,566	
Land Sales	29,923	31,000	12,928	522	13,450	6,114	1,542	7,656	3,625	
Unclassified										92,780
Total	£ 3,036,007	3,294,095	548,099	329,953	878,052	557,362	301,231	858,593	175,907	167,474
Colonial Development Fund	30,923	312	17,301	3,647	20,948	52	268	320	2,604	
	£ 3,066,930	3,294,414	565,400	333,600	899,000	557,414	301,499	858,913	178,511	167,474

REVENUE COMPARISON.

(1) Comparison between January - March Revenue, 1931 and 1932, (excluding Colonial Development Fund Receipts).

	<u>Decreases</u>	<u>Increases</u>
Customs	56,415	
Licences, etc.		19,627
Fees	5,661	
Posts and telegraphs		1,564
Earnings of Government Departments	6,179	
Revenue from Government Property	2,714	
Sale of Government Property		40
Miscellaneous	791	
Forests	1,725	
Interest	8,141	
Reimbursements		46,710
Land Sales	5,789	
	<u>£. 87,415</u>	<u>£. 67,961</u>
Net Decrease		<u>19,454</u>
	<u>£. 87,415</u>	<u>£. 87,415</u>

STANDING FINANCE COMMITTEE.
REPORT OF THE MEETING OF THE COMMITTEE HELD AT THE
SECRETARIAT AT 9 a.m. on the 6th of June, 1952.

Present:

The Hon'ble the Colonial Secretary (Chairman)

The Hon'ble the Treasurer.

The Hon'ble the Commissioner of Customs

Lt.Col. the Hon. Lord Francis Scott. D.S.O.

A.A.Legat, Esq. O.B.E.

Lt.Col. W.K.Tucker, B.B.E., T.D.

Mr.K.S.J.Chamberlain, (Secretary).

1. The Committee confirmed the Report of the meeting held on the 5th of May, 1952, which had been submitted to Government.
2. The Revenue Statement covering the period from January to April was then discussed. Colonel Tucker observed that the statement was not accompanied by the Appreciation of the financial position which had on previous occasions been circulated to Members of the Committee. The Chairman explained that the Treasurer's latest report on the financial position of the Colony did not contain any variation of his previously expressed opinion on the revenue prospects and that it had not therefore been considered necessary to circulate at this meeting a further appreciation of the revenue position. The Treasurer mentioned that it had been found a very difficult matter to prepare the revenue statements in time for a meeting in the first week of the month owing to the fact that the accounts were not complete and he asked the Committee
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whether they would be agreeable to holding future meetings in the middle of the month so as to facilitate the preparation of the revenue statements and the covering appreciation which in future would be circulated to members. This arrangement was agreed to.

5. The Commissioner of Customs stated that the gross Customs collections during May were exceedingly low, only £55,000 approximately having been received compared with £66,000 last year. The collections in the month of May were normally poor but it had not been anticipated that they would fall so considerably. Mr. Walsh thought that June collections would be better than May, as in previous years, but he did not expect them to approach the sum received in June 1931, which was exceptionally high as a result of abnormal influences. In view of the very disappointing customs collections for May, however, Mr. Walsh now thought that a shortfall of £200,000 on the Customs revenue estimate for 1932 was a clear probability and it might even be more. In this connection he stated that the May collections did not include any duty from special importations of wheat. It was also mentioned that the Customs revenue for April, as shown in the revenue statement, was very approximate and might prove to be too high.

4. In regard to the general trading conditions, the Commissioner of Customs stated that the extremely small volume of importations during the past months indicated that trade was almost at a standstill and that

that, if this condition continued, bankruptcies would result. Mr. Legat thought that bankruptcies among the European traders were unlikely to occur, although stocks on hand in most stores were very low and "hand-to-mouth" trading would continue. Colonel Tucker agreed with Mr. Legat that European bankruptcies were improbable and mentioned that within his knowledge severe retrenchment of staff was being made in certain European stores at the present time to meet the situation. Lord Francis Scott stated that the crops in his district, and he believed elsewhere, were exceedingly good but farmers were anxiously awaiting locust developments which might result in extensive destruction of crops before harvest. He personally thought that locusts would do extensive damage this year.

5. After reviewing the situation in the light of the latest figures and information, the Committee do not feel that they have sufficient material to do more than emphasize the seriousness of the revenue position and they recommend that Government definitely anticipate a shortfall in the revenue estimates of £250,000.
6. The Commissioner of Customs was asked by the Treasurer whether he was in a position to submit revised estimates of the yield from Excise duties. Mr. Walsh stated that, at this stage he was unable to forecast the probable yield but a review of the figures might at a later date enable him to express some opinion.
7. The Committee noted with regret that Colonel Tucker would be absent from the Colony during the ensuing two months and the Chairman stated that he would invite the

the Associated Chambers of Commerce to nominate a member to attend the Committee during Colonel Tucker's absence.

- 8. The next meeting of the Committee was arranged to take place at the Secretariat at 11 a.m. on Thursday, the 21st of July.

CHAIRMAN

{ H. M. MOORE

MEMBERS

{ H. H. RUSHTON

{ G. WALSH

{

{ A. P. LEGAT

{

7th June, 1933.

THE TREASURY,

NAIROBI,

KENYA.

2nd June, 1952.

Ref.No. 4528/52/29.

The Hon'ble

The Colonial Secretary,

NAIROBI.

FINANCIAL APPRECIATION.

1. In continuation of my memorandum No. 4528/1952/17 of the 20th of April, 1952, I enclose a statement showing the latest available revenue figures relating to the period from January to April, 1952. It is proposed, subject to your concurrence, to circulate this statement (Appendix 1) and the note thereto to members of the Standing Finance Committee for examination prior to the meeting on the 6th of June next.
2. Since the revenue statement (Appendix 1) was prepared, the accounts for March have been completed showing the revenue for that month at £222,772 as compared with the approximate figure of £201,400 shown in the statement. The total revenue for the first quarter of the year amounted to £859,191 and expenditure to £908,500 resulting in a deficit of £49,309 as compared with a surplus of £222 on the first quarter of 1951. This year we have incurred during the first quarter additional loan charges of £22,500, as reported previously, and this additional expenditure is responsible to some extent for the different result on this year's accounts.
3. The revenue and expenditure figures for the first quarter of the year show the serious financial position with which we are faced and, in order that their significance may

be appreciated, I have tabulated them below:-

	<u>REVENUE.</u>		<u>Expenditure.</u>	
	1931.	1932.	1931.	1932.
General	878,088.	807,634.	877,480.	827,680.
Colonial Development Fund	20,948.	320.	20,948.	320.
Additional Loan items		51,227.		101,500.
	<u>899,036.</u>	<u>£ 859,181.</u>	<u>£ 898,428.</u>	<u>£ 929,500.</u>

The first line of figures above shown as "General" are the significant figures. They show that revenue has declined by 80,454 despite the additional taxation imposed and an increase of 248,215 in native hut and poll tax receipts due to the collection of 1931 arrears. The comparable expenditure figures show a decrease this year of 259,780.

4. 4. The surplus balances of the Colony amounted to 2261,224 on the 31st March, 1932, details of which are shown in Appendix 2. You will see that the actual appropriations against our surplus were than absorb the amount available, with the result that at the end of March there was a cash shortage on surplus account of 25,229. Until the March Balance Sheet has been compiled, it is not possible to say from what sources we were financing our current requirements on revenue account during that month, but I fear that there is little doubt that at the present time we are actually making use of loan funds to some extent to finance our current revenue needs. Our cash position will therefore have to be reconsidered in the light of the Secretary of State's Confidential telegram No. 26 of the 16th February, 1932.

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32

5. With regard to the revenue position, I fear that the prospects show no improvement and I have no reason, therefore to revise my earlier view that the revenue shortfall on the 1932 estimates will amount to £350,000 and may approach £300,000. I have made a preliminary examination of the revenue collections under every subhead of revenue during the first quarter of the year in comparison with the corresponding figures of 1931. The result of this examination is an indication that the total revenue shortfall will amount to £321,000 and this forecast does not take into account possible reductions in certain items of revenue, e.g. Excise Duties, Rents of Lands, about which reliable information is not yet available. It does, however, allow for the anticipated increase of £21,800 in Customs revenue from the duty on abnormal wheat importations. I have assumed that the hut and poll tax estimate will be collected in full (less certain reductions amounting to some £6,000 already notified by Provincial Commissioners) and that the arrears of 1931 tax which I am informed will amount to some £37,000, will reduce the shortfall to a figure nearer £280,000. I do not, however, feel confident that we shall in fact collect the full revised estimate of Hut and Poll Tax and I think, therefore, that a shortfall of £280,000 should be definitely contemplated.

6. With regard to the Customs revenue, the approximate collections from January to April 1932 are £31,018 less than the receipts for the corresponding period of 1931 and, as you are aware, the 1932 Customs Revenue estimate is £21,800 higher than the actual revenue received in 1931. The remarks in paragraph 5 of my last communication regarding the prospects for future months should be borne in mind, although the additional wheat duty should reduce the possible shortfall of £280,000 suggested therein to £250,000. (The April collections were, in fact, £25,000/)

increased to the extent of £4,425 by the wheat duty received during that month.

I am informed by the Commissioner of Customs that the total receipts in respect of both Kenya and Uganda for the month of May are unlikely to exceed £58,000 of which Kenya's share will not be more than £28,000 - and may prove to be less - as compared with £48,007 in May, 1951.

7. The financial prospects for the year, according to the information in my possession, are now as follows:-

REVENUE.

Original Estimate	£5,298,414	
Less Probable Shortfall	<u>£80,000</u>	£5,048,414

EXPENDITURE.

Original Estimate	£5,244,477	
Add:		
Special Warrants (vide Appendix 2 - including wheat duty refunds of £21,800)	<u>£6,200</u>	
	£5,250,677	
Less Excesses	<u>£32,257</u>	£5,218,420
Estimated deficit....		<u>£17,000</u>

TREASURER.

increased to the extent of £4,485 by the wheat duty received during that month).

I am informed by the Commissioner of Customs that the total receipts in respect of both Kenya and Uganda for the month of May are unlikely to exceed £88,000 of which Kenya's share will not be more than £58,000 - and may prove to be less - as compared with £48,067 in May, 1951.

7. The financial prospects for the year, according to the information in my possession, are now as follows. -

REVENUE.

Original Estimate	£5,288,414	
Less Probable Shortfall	<u>£20,000</u>	£5,048,414

EXPENDITURE.

Original Estimate	£5,244,477	
Add: Special Warrants (vide Appendix 5 - including wheat duty refunds of £21,800)	<u>£1,000</u>	
	£5,239,000	
Less Economies	<u>£3,800,000</u>	£1,439,000
Estimated deficit....		<u>£3,800,000</u>

TREASURER.

Head	Total Revenue 1931.	Estimated Revenue 1932.	January & February 1931.	March 1931	Total 3 months 1931.	January & February 1932	March 1932 (approx.)	Total 3 months 1932	April 1931.	April 1932 (approx.)
Customs	696,584	761,179	126,432	62,593	189,025	88,628	43,993	132,610	63,987	59,399
Excises, etc.	867,714	999,696	127,314	66,165	163,379	148,114	54,892	203,006	42,154	-
Ports, etc.	150,382	124,450	23,175	12,624	35,800	21,396	6,743	28,139	11,644	-
Posts & Telegraphs	166,132	177,675	42,144	13,477	55,621	44,391	12,819	57,210	11,729	12,362
Earnings of Depts	87,621	64,345	15,135	8,133	23,269	10,679	6,231	17,110	6,308	-
Revenue from Government Property	77,347	74,739	44,092	3,290	47,382	39,651	4,997	44,648	4,806	-
Sale of Property	14,572	11,643	954	494	1,448	689	599	1,488	597	-
Miscellaneous	16,192	11,816	2,365	4,551	6,916	2,277	3,803	6,125	1,032	-
Forests	30,901	34,360	4,629	4,059	8,688	3,003	1,966	6,968	3,443	3,122
Interest	29,494	24,360	8,457	361	9,118	770	207	977	8,446	-
Reimbursements	691,140	937,632	140,568	163,363	303,931	199,259	161,402	360,661	8,369	-
Less on to Unclassified	29,923	31,000	12,928	512	13,450	6,113	1,343	7,661	3,625	92,760
Total	3,036,007	3,295,095	548,099	329,953	878,052	557,357	301,231	858,598	173,605	167,474
Colonial Development	30,923	319	17,301	3,547	20,848	52	268	320	2,809	-
Total	3,066,930	3,295,414	565,400	333,500	898,900	557,419	301,499	858,918	173,614	167,474

REVENUE COMPARISON.

(1) Comparison between January - March Revenue, 1931 and 1932. (excluding Colonial Development Fund Receipts).

	<u>Decreases</u>	<u>Increases.</u>
	£	£
Customs	56,415	
Licences, etc.		19,627
Fees	5,661	
Posts and Telegraphs		1,504
Earnings of Government Departments	6,179	
Revenue from Government Property	2,714	
Sale of Government Property		40
Miscellaneous	991	
Forests	1,725	
Interest	8,141	
Reimbursements		46,710
Land Sales	6,769	
	<hr/> £ 87,115	£ 67,961
Net Decrease		<hr/> 19,154
	<hr/> £ 87,115	£ 87,115

APPENDIX 2.

ALLOCATION OF SURPLUS BALANCES AT 31.3.1938.

	<u>APPROXIMATED ALLOCATION.</u>	<u>ACTUAL APPROPRIATION.</u>
	£	£
(a) Working Cash Reserve 100,000.		Nil.
(b) Unallocated Stores 80,000.		59,236.
(c) Loans to Local Bodies 2,500.		2,159.
(d) Agricultural Advances Board100,000.		94,138.
(e) Grain Subsidies117,000.		116,090.
(f) Famine Relief 20,000.		15,108.
		<hr/>
		226,733.
Less Cash Shortage ..		5,529.
		<hr/>
	£ 419,500.	£ 221,204.
	<hr/>	<hr/>

65

APPENDIX B.
SPECIAL WARRANTS NOT COVERED BY SAVINGS, 1952.

Particulars

Warrant
No.

2. Military Extraordinary: Military Buildings
3. Military Extraordinary: Turkana Road Construction
8. Miscellaneous Services Extraordinary: Visit of Lord Moyne
10. Miscellaneous Services Extraordinary: Purchase of 2 1/2 acres of Land at Kyambu.
13. Education Department - Payment to Dr. Mackinnon
15. Post Office and Telegraphs Extraordinary: Telephone and Telegraphs Extensions, etc. Maragua/Tana
16. & 24. Agricultural Extraordinary: Locust Campaign
18. Public Works Department Extraordinary: Fire Extinguisher for Government House, Nairobi
20. Education Department Expenses of Overseas Examination
21. Refund of Levy on Official Salary
23. Ex-gratia Compensation to Mr. Hitchford
24. Transport of fuel, etc. R.A.F. boundary survey
26. Extension of Conditioning Plant, Kilindini.
29. Refund of Customs duty on imported wheat
32. Repatriation

Further Additions Contemplated.

- (a) Famine Relief - Government Share of 1951 Expenditure
- (b) Travelling Allowances - rough estimate
- (c) Locust Campaign
- (d) Refund of Levy on Salaries to Retrenched Officials (estimate)
- (e) Expenses of Land Commission
- (f) Zoological Survey

1168

66



THE SECRETARIAT,
NAIROBI,
KENYA.

WHEN REPLYING
PLEASE QUOTE
No. 32/D EST. 32/D.
AND DATE

RECEIVED
27 JUN 1932
COL. OFF

9th June, 1932.

No 1

The Colonial Secretary of the Colony and Protectorate of Kenya presents his compliments to the Under Secretary of State for the Colonies and has the honour to transmit copies of an amended Schedule of Authorised Reductions in Expenditure, 1932, in substitution of the schedule sent under cover of Kenya despatch No.60 Confidential of 23rd April.

**SCHEDULE OF AUTHORIZED REDUCTIONS IN EXPENDITURE,
1932.**

Head	Department.	Savings. £
	REQUIREMENT.	
I.	H.M. the Governor	595
II.	Administration	13,477
III.	Agriculture	7,340
IV.	Audit	980
V.	Coast Agency	150
VI.	Conference of East African Governors	-
VII.	Customs	1,390
VIII.	Education	10,071
IX.	Forest	1,513
X.	Game	730
XI.	Interest	1,000
XII.	Judicial	357
XIII.	Legal	-
XIV.	Local Government Contributions	3,279
XV.	Medical	11,680
XVI.	Military	5,970
XVII.	Miscellaneous Services	150
XVIII.	Pensions & Gratuities	-
XIX.	Police	6,104
XX.	Post Office & Telegraphs	11,990
XXI.	Printing & Stationery	4,500
XXII.	Prisons	421
XXIII.	Public Debt Funded	-
XXIV.	Public Works Department	7,992
XXV.	Public Works Recurrent	7,900
XXVI.	Registrar-General's Department	372
XXVII.	Rent and Interest to H.M. the Sultan of Zanzibar	-
XXVIII.	Secretariat and Legislative Council	1,800
XXIX.	Statistical Departments	301
XXX.	Survey & Registration Dept.	1,515
XXXI.	Trade and Information Office	-
XXXII.	Treasury	444
XXXIII.	Colonial Development Fund	-
	TOTAL REQUIREMENT	£ 103,462

Head	Department.	Savings. £
	NON-REQUIREMENT.	
IIa.	Administration	500
IIIa.	Agricultural	-
VIIIa.	Education	-
XIVa.	Local Government Contributions to Local Authorities	100
XVa.	Medical	-
XVIIa.	Miscellaneous Services	600
XXa.	Post Office & Telegraphs	3,915
XXXIII.	Public Works Extraordinary	-
	TOTAL NON-REQUIREMENT	5,115
	Total Requirement and Non-Requirement	£ 108,577

The above authorized reductions in expenditure include an estimated net savings of £20,455 on account of a six months moratorium on leave as from 1st July, 1932.

Item	Savings on Subhead	Additional General Savings on Head.	Total Savings on Head.
	£	£	£
NAIHER GOVERNOR.			
1-17	Personal Expendments	155	
1-19	Maintenance of Government House		
	Grounds, Nairobi	10	
20.	Contingencies	15	
21.	Uniform Allowances, etc.	4	
22.	Travelling Allowances, etc.	15	
23.	Lighting	20	
24.	Upkeep of Furniture, Nairobi	100	
27.	Do. Do. Nairobi	20	
28.	Telegrams	16	
		<u>355</u>	<u>240</u>
			<u>595</u>
ADMINISTRATION.			
	General Staff		1700
			<u>1700</u>
Native Affairs Dept.			
28-34	Personal Expendments	15	
34	Expenses of Native Departments ..	25	
39	Contingency	4	
40	Contingencies	10	
41	Telephones, etc.	20	
		<u>104</u>	<u>600</u>
			<u>704</u>
			<u>52</u>
			<u>11</u>
Labour Section.			
Local Government, Lands and Settlement.			
66	Telephones	14	
68	Advertisements for Land Sales	60	
69	Contingencies	25	
		<u>99</u>	<u>1040</u>
			<u>1139</u>
Kenya Province.			
70-82	Personal Expendments	343	
83	Native, Natives, etc.	26	
85	Contingencies	34	
87	Tools & Implements	22	
88	Carts, Harness and Livestock	19	
91	Special Buses	40	
		<u>484</u>	<u>14</u>
			<u>500</u>
			<u>500</u>
India Province			
			<u>500</u>
			<u>500</u>
Madhya Pradesh.			
113	Personal Expendments	125	
115	Local Transport & Travelling	60	
116	Contingencies	2	
117	Carts, Harness & Livestock	10	
118	Uniforms	3	
119	Special Buses	1	
120	Expenses of Tribal Police	5	
121	Natives to Staff	65	
		<u>271</u>	<u>1250</u>
			<u>1520</u>

Item	Savings on Subhead	Additional General Savings on Head	Total Savings on Head
Head Expenses.			
164- Personal Expenditures	221		
174- Rewards, Bribes, etc. ...	5		
175- Local Transport & Travel	76		
176- Contingencies	40		
177- Tools & Equipment	19		
180- Carts, Horses and Livestock	76		
182- Special Messes	14		
183- Expenses of Tribal Police	10		
	<u>481</u>	<u>441</u>	<u>922</u>

High Value Expenses.

High Value Expenses.			
187- Personal Expenditures	312		
188- Rewards, Bribes, etc. ...	30		
189- Local Transport and Travel	270		
190- Contingencies	50		
191- Tools & Equipment	20		
192- Carts, Horses and Livestock	40		
193- Special Messes	19		
194- Expenses of Tribal Police	5		
	<u>746</u>	<u>331</u>	<u>1,077</u>

Small Expenses.

195- Personal Expenditures	20		
196- Rewards, Bribes, etc. ...	20		
197- Local Transport and Travel	5		
198- Contingencies	10		
199- Expenses of Tribal Police	5		
	<u>60</u>	<u>205</u>	<u>265</u>

Small Expenses.

200- Personal Expenditures	205		
201- Rewards, Bribes, etc. ...	17		
202- Local Transport and Travel	65		
203- Contingencies	15		
204- Tools & Equipment	5		
205- Carts, Horses and Livestock	5		
206- Special Messes	20		
207- Expenses of Tribal Police	5		
208- Personal Expenditures	20		
209- Rewards, Bribes, etc. ...	5		
210- Local Transport and Travel	5		
211- Contingencies	5		
212- Tools & Equipment	5		
213- Carts, Horses and Livestock	5		
214- Special Messes	5		
215- Expenses of Tribal Police	5		
	<u>37</u>	<u>1,100</u>	<u>1,437</u>

Small Expenses.

216- Personal Expenditures	100		
217- Rewards, Bribes, etc. ...	100		
218- Local Transport and Travel	100		
219- Contingencies	50		
220- Tools & Equipment	5		
221- Carts, Horses and Livestock	5		
222- Special Messes	5		
223- Expenses of Tribal Police	5		
	<u>370</u>	<u>1,100</u>	<u>1,470</u>

Head.	Item	Savings on Subhead	Additional General Savings on Head	Total Savings.
		Z	Z	Z

14,072

III.

AGRICULTURAL DEPARTMENT.

1-35	Administrative and General		356	
36-45	Division of Plant Industry		250	
47-52	Native Agriculture		600	
53-65	Soil Agricultural Laboratories		400	
75-87	Grading & Conditioning and Coal Stoves.....		180	

Division of Animal Industry.

90-92	Administrative.....		500	
93-100	Veterinary Services(executive)		500	
110-122	Veterinary Research		2,000	
113-127	Animal Husbandry.....		500	
	General.....		2,072	1,200

IV. **ARMY DEPARTMENT.....** 200 200

V. **NAVY DEPARTMENT.....** 150 150

VI. **COMMISSIONER OF U.S.A. CUSTOMS.....** - -

VII. **SINKING DEPARTMENT.....** 1,200 1,200

VIII. **RESEARCH DEPARTMENT.....** 10,071 10,071

IX. **FOUNDER DEPARTMENT.**

1-10	Personal Expenditures.....	20		
11	Reafforestation.....	100		
17	Artifacts.....	20		
18	Uniforms.....	40		
19	Books.....	20		
		200	1,811	1,811

X. **SALE DEPARTMENT.....** 720 720

XI. **LETTERS.....** 1,000 1,000

27,200

Head	Item	Savings on Subhead	Additional General Savings on Head.	Total Savings on Head.
				37,886
			137	137
XII.	<u>JUDICIAL DEPT.</u>			
XIII.	<u>LEGAL DEPT.</u>			
XIV.	<u>LOCAL GOVERNMENT COMMISSIONERS TO LOCAL AUTHORITIES</u>	137		
	2- Main Roads	209		
	3- Public Health Staff.....	50		
	7- Clearing of Crown Land..	360		
	11- Public Health Staff, Mombasa			
	15- Diminishing Grant in respect of Public Health	196		
	16- Main Road Grants	2,088		
	19- Township Roads	58		
		3,079	800	3,879
XV.	<u>MEDICAL DEPT.</u>	1,668		
	1-72 Personal Emoluments.....	100		
	73- Upkeep of Laboratories ...	400		
	74- Medical & Surgical Stores.	888		
	85- Upkeep of Native Hospitals	79		
	90- Electric Lighting	200		
	91- Water Supply.....	100		
	92- Supplies.....			
	93- Maintenance of Infectious Diseases Hospitals.....	500		
	94- Rations to Medical Subordinates.....	90		
	109- Prevention of Diseases etc.	10		
		4,088	7,798	11,886
XVI.	<u>MILITARY.</u>			
	Northern Brigade (Manga Chero).....		5,000	
	Defence Force.....		1,071	
			6,071	6,071

Head.	Item.	Savings on Subhead	Additional General Savings on Heads.	Total Savings on Head.
		£	£	£
				59,671
XVII.	MISCELLANEOUS SERVICES.			
6.	Contribution to Naval Entertainment Fund	150	-	150
XVIII.	PENNSIONS AND GRATUITIES.			
XIX.	POLICE.			
1-49	Personal Emoluments	1,738		
51	Rewards, Bations, etc.....	150		
52	Police Officers' Mess... (Upkeep).....		30	
53	Uniforms		730	
54	Contingencies.....		100	
55	Expenses in connection with Criminal Investigation....		30	
57	Bations to Persons in Police Custody.....		25	
58	Arms and Equipment.....		211	
59	Miscellaneous Stores.....		625	
62	Local Travelling.....		350	
63	Maintenance and Upkeep of Motor Fleet.....		256	
66	Marking Prisms and Targets and Repairs of Ranges		68	
68	Contingency Fees and Water Rates.....		115	
70	Animal Transport.....		50	
71	Telephones.....		200	
72	Telegrams.....		150	
			1,104	
87-101	Weights & Measures.. Department.....		178	
		4,828	1,876	6,704
XX.	POST OFFICE AND TELEGRAMS.		11,990	11,990
XXI.	PRINTING & STATIONERY.			
1-33	Personal Emoluments.....	450		
34	Printing Paper & Stationery Supplies.....		900	
36	Upkeep of Machinery.....		100	
37	Electric Power.....		100	
38	Transport and Trave.....		50	
39	Passages.....		-	
40	Stationery Books etc.		750	
		1,350	2,120	4,470
XXII.	PRISONS.....		421	421
XXIII.	PUBLIC DEBT FUNDS.....			
				52,636

Head.	Item.	Savings on subhead	Additional General Savings on Head	Total Savings on Head.
		Z	Z	Z
				101,801
XXI.	SHIRTS AND REGISTRATION.			
43a	Local Transport and Travelling	780		
44	Survey Equipment.....	140		
45	Office Equipment and Printing	200		
		<u>1,120</u>	<u>488</u>	<u>1,608</u>
XXII.	TRADE AND INFORMATION			
	Office	-	-	-
XXIII.	TREASURY.....		<u>448</u>	<u>448</u>
	TOTAL RECURRENT			<u>103,489</u>

NON-RECURRENT.

IIa.	Administration			
IIIa.	AGRICULTURAL BANK-LOCAL SERVICES.			
1.	Contributions towards expenditure on Locust Research.....	800	-	800
VIIIa.	Education.....	-	-	-
XIVa.	Local Government Contributions to Local Authorities.			
1.	Special Grant for Roads to Kisumu Municipality...	100		100
XVa.	Medical Expenditure			
XVIIa.	Miscellaneous services. Rates and Cash Sales.....	600		600
XIb.	POST OFFICE & TELEGRAMS			
2.	Local Telephone Development	700		
3.	Mobile Telephone Busk.	200		
4.	Mobile Telephone Development.	2,788		
5.	Tele-grams Extension.....	200		
6.	Motor Truck	20		
		<u>4,608</u>		<u>4,608</u>
XXIII.	PUBLIC WORKS SUPERANNUITY.			
	Total Non-recurrent			<u>4,608</u>
	Total Recurrent and Non-recurrent			<u>108,097</u>

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7

O.
Mr. ~~Freestman~~ *5/7*
Mr. ~~Freestman~~ *5/7*
Mr.

C.D.
- JUL
1

7 July 1932

Mr. Parkinson.
Mr. Tomlinson.
Sir C. Bottomley.
Sir J. Shuckburgh.
Permt. U.S. of S.
Parly. U.S. of S.
Secretary of State.

Sx

Sir,

No. 6

DRAFT.

KENYA
CONFIDENTIAL
GOVERNOR

Copy to Treasury 22.8.32

(5)

I have etc. to refer to my confidential telegram No. 129 of the 22nd June approving the re-allocat- to loan account of the sum of £44,000 ear-marked from surplus balances for Civil Service Housing Schemes. As regards the questions submitted for my ruling in para. 3 of your confidential despatch No. 83 of the 11th June, I agree that, in the circumstances disclosed, it is unnecessary to credit to loan funds the interest on the sums temporarily borrowed from ^{unspent} ~~reserve~~ loan ^{balances} funds to meet immediate cash requirements, and I consider that the most suitable method of accounting is that indicated as the second alternative

Recd

in your despatch under reply,
i. e., to show on the revenue
side of the ~~estimates~~ the full
amount of interest ^{which would have been} due ~~and~~ the
intact loan balance, and to
provide under ~~expenditure~~ for
the interest on such portion
of that balance as is borrowed
for current requirements.

I have etc.

(Sd.) P. CUNLIFFE-LISTER.

in your despatch under reply,
i.e., to show on the revenue
side of the estimates the full
amount of interest ^{which would have been} due ~~and~~ the
intact loan balance, and to
provide under expenditure for
the interest on such portion
of that balance as is borrowed
for current requirements.

I have etc.

(Sgd.) P. CUNLIFFE-LISTER.

18146/32 Kenya

Coastguard
3.157 *22.6.32*
[Signature]

June 1932

C. O. O. P.
22 JUN
Mr. 14 Priestman
Mr. [unclear]

22/6
add 22/6

- Mr. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Sir G. Grindie.
- Permt. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

150

No. 129 Confidential.

Your despatch of the 11th June

(5)

No. 83 confidential. I approve

re-allocation of £44,000 as

proposed in para. 4. Will reply

later to paragraph 3. Secfor.

DRAFT. TELEGRAM CODE

NAIROBI
GOVERNOR

Cy G. Tinsman 22/6/32

517

Air Mail.



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

KENYA.

No. 83

CONFIDENTIAL.

RECEIVED
20 JUN 1932
COL. OFFICE

11th June, 1932.

Sir,

I have the honour to refer to your Confidential telegram No. 30 of the 18th of February, 1932, informing me that you would have no objection to temporary borrowing from reserve loan funds to meet a cash shortage on revenue account if need should arise.

2. I am sending you by separate despatch a detailed appreciation of the present financial position as at the 31st May, the revenue aspect of which has been examined by the Standing Finance Committee who have been compelled to increase their estimate of a £200,000 revenue shortfall given in paragraph 5 of my Confidential despatch No. 60 of the 23rd April to £250,000. In that connection the Treasurer reported that the Colony's cash position at the end of March revealed a shortage of £5,529 on surplus account and, whilst the loan liability was fully covered by cash holdings, it was necessary to finance revenue account by drawing upon miscellaneous deposit monies held by the Treasury. He now further estimates that, at the end of June cash held locally and in London will exceed the loan liability by some £20,000 only, and that, in these circumstances, it will be necessary to finance current /

No 8
7302/D/31

No 1
Annul. Tel. 22/6/32
Copy to Treasury 22/8/32
Parliamentary Com. 7/9/32

THE RT. HON.
MAJOR SIR PHILIP CUNLIFFE LISTER, P.C., G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.

revenue requirements from loan funds in accordance with the procedure approved in your telegram under reference.

3. With regard to the first condition mentioned in your telegram referred to, it has not been the practice to credit loan account with the interest received on loan funds invested in the Joint Colonial Fund or elsewhere. Such interest is credited to the Colony's revenue under Head X, item 12, in the 1932 Estimates for the reason that the whole of the loan interest payable to the bondholders is also met from the Colony's revenue under the expenditure head "Public Debt Funded". In the event, therefore, of the Colony having to make use of loan funds, as it is now proposed to do, the amount of interest normally expected to accrue to revenue will be reduced. You may, however, consider it preferable for the Colony to provide on the Expenditure side of the budget for interest on loan monies borrowed, and to credit revenue with an equivalent sum in order that it shall be made clear in the accounts that recourse to an overdraft on revenue account has been necessary. On this point, I shall be grateful for your guidance, but I trust you will agree that loan account should not benefit from such interest charges, since such a procedure would be inconsistent with past practice of crediting revenue with interest earned on loan monies.

4. In your Confidential telegram No. 241 of the 8th of August 1931, you stated that you would be prepared to ~~allocate~~^{re} the allocation of the £44,000 earmarked from ~~the~~ ~~Surplus~~ Balances for the Civil Service Housing Schemes to loan Account. "Public Buildings" should such a course be ~~absolutely~~ found necessary. In the present depleted /

3.

state of our Surplus Balances such a course is now clearly desirable, and I should be glad of your approval by telegraph to submit the necessary resolution to Legislative Council at its next meeting. The total amount advanced at the end of March was £29,031 and it is anticipated that the completion of the scheme will involve total advances amounting to £40,000, to cover which certain unallocated monies under "Public Buildings" in the 1930 loan schedule have been earmarked.

I have the honour to be,

Sir,

Your most obedient, humble servant,

Major-General
G O V E R N O R.



79
4

SCHEDULE OF AUTHORIZED REDUCTIONS
IN EXPENDITURE, 1932.

RECURRENT.

<u>Head.</u>	<u>Department.</u>	<u>Savings.</u>
I.	H.E. the Governor	£
II.	Administration	595
III.	Agriculture	12,109
IV.	Audit	7,349
V.	Coast Agency	980
VI.	Conference of E.A. Governors	150
VII.	Customs	---
VIII.	Education	1,110
IX.	Forest	10,071
X.	Game	1,513
XI.	Interest	730
XII.	Judicial	1,000
XIII.	Legal	710
XIV.	Local Government Contributions	---
XV.	Medical	3,279
XVI.	Military	11,850
XVII.	Miscellaneous Services	6,970
XVIII.	Pensions and Gratuities	150
XIX.	Police	---
XX.	Post Office & Telegraphs	6,104
XXI.	Printing & Stationery	11,990
XXII.	Prisons	4,500
XXIII.	Public Debt Funded	421
XXIV.	Public Works Department	---
XXV.	Public Works Recruitment	7,827
XXVI.	Registrar General's Department	7,900
XXVII.	Rent & Interest to H.H. the Sultan of Zanzibar	372
XXVIII.	Secretariat & Legislative Council	---
XXIX.	Statistical Departments	1,800
XXX.	Survey and Registration Dept.	301
XXXI.	Trade & Information Office	1,615
XXXII.	Treasury	---
XXXIII.	Colonial Development Fund	400
	<u>Total Recurrent</u>	<u>102,561</u>

NON-RECURRENT.

IIIa.	Administration	---
IIIa.	Agricultural	500
VIIIa.	Education	---
XIVa.	Local Government Contributions	---
XX.	Medical Services	100
XXVI.	Registrar General's Department	---
XXVII.	Rent & Interest to H.H. the Sultan of Zanzibar	600
XXVIII.	Secretariat & Legislative Council	5,915

... include an
... six months

Head	Item.	Savings on Subhead	Additional General Savings on Head.	Total Savings on Head
		£	£	£
I.	<u>H.E. THE GOVERNOR.</u>			
	1-17	Personal Emoluments	155	
	18	Maintenance of Grounds, Nairobi	-	
	1-19	Do. Do. Mombasa	10	
	20	Contingencies	15	
	21	Uniform Allowances etc.	4	
	23	Travelling Allowances etc.	15	
	25	Lighting	20	
	26	Upkeep of Furniture, Nairobi.	100	
	27	Do. Do. Mombasa	20	
	28	Telegrams	16	
			<u>355</u>	<u>595</u>
			240	

II.	<u>ADMINISTRATION.</u>			
		<u>General Staff</u>	1700	1700
		<u>Native Affairs Dept.</u>		
	28-34	Personal Emoluments	15	
	36	Expenses of Native Deportees	25	
	39	Conservancy	4	
	40	Contingencies	10	
	41	Telephones etc.	50	
			<u>104</u>	<u>704</u>
		<u>Labour Section.</u>	52	52
		<u>Local Government.</u>		
		<u>Land & Settlement.</u>		
	66	Telephones	14	
	68	Advertisements for Land Sales	60	
	69	Contingencies	25	
			<u>99</u>	<u>1139</u>
		<u>Nyanza Province.</u>		
	70-82	Personal Emoluments	350	
	83	Rewards, Rations, etc.	26	
	86	Contingencies	33	
	87	Tools & Implements	22	
	88	Carts, Harness & Livestock	9	
	91	Specie Boxes	40	
	94	Telephones	20	
			<u>500</u>	<u>500</u>
		<u>Nesia Province</u>	500	500
		<u>Turkana Province.</u>		
	115	Personal Emoluments	125	
	126	Transport etc.	60	
	128	Contingencies	2	
			10	
			3	
			1	
			5	
			66	
			<u>272</u>	<u>272</u>
				<u>5463</u>

Head	Item	Savings on Subhead	Additional General Savings on Head	Total Savings on Head
		£	£	£
II.	<u>Masai Province.</u>			5462
166-				
174	Personal Emoluments	221		
175	Rewards, Rations etc.	6		
176	Local Transport & Trv.	76		
178	Contingencies	40		
179	Tools & Implements	19		
180	Carts, Harness & Live-stock	75		
182	Specie Boxes	14		
183	Expenses of Tribal Police	10		
		461	445	906
	<u>Rift Valley Province</u>		422	422
	<u>Kikuyu Province.</u>			
187-				
197	Personal Emoluments	312		
198	Rewards, Rations, etc.	30		
199-	Local Transport and Travelling	270		
199a	Travelling Allowances	50		
200	Contingencies	20		
201	Tools & Implements	40		
202	Carts, Harness and Livestock	15		
203	Conservancy	10		
204	Uniforms	3		
		750	353	1103
	<u>Ukamba Province.</u>			
21-				
226	Carts, Harness and Livestock	20		
227	Conservancy	50		
229	Specie Boxes	5		
230	Expenses of Tribal Police	40		
		115	203	318
	<u>Coast Province.</u>			
233-				
247	Personal Emoluments	398		
249	Rewards, Rations, etc.	17		
250	Local Travelling and Transport	65		
251	Contingencies	16		
252	Conservancy and Water Supply	5		
253	Expenses of Tribal Police	3		
		20		
		8		
		20		
		3		
		27		
		581	1100	1681
				9892

3.a

Item	Head	Savings on Subhead	Additional General Savings on Head	Total Savings on Head.
		£	£	£
II.	<u>Northern Frontier Province</u>			9892
261	Personal Emoluments	155		
272	Rations to Staff	100		
273	Station Stores	125		
276	Travelling Allowances	25		
279	Conservancy	8		
280	Uniforms	17		
284	Civil Transport performed by Military	700		
		<u>1130</u>	<u>1522</u>	<u>2652</u>
	<u>Kabete Reformatory</u>		160	160
				<u>12702</u>

Head	Item	Savings on Subhead	Additional General Savings on Head	Total Savgs. on Hd.
		£	£	£
III.	<u>AGRICULTURAL DEPT.</u>			12704
	1-35 Administrative & General		356	
	36-46 Division of Plant Industry		250	
	47-52 Native Agriculture		600	
	53-66 Scott Agricultural Laboratories		400	
	75-87 Grading & Conditioning, & Cool Stores		180	
	<u>Division of Animal Industry--</u>			
	88-92 Administrative		500	
	93-109 Veterinary Services (executive)		590	
	110-132 Veterinary Research		2,000	
	133-137 Animal Husbandry		200	
	<u>General.</u>		5,076	
			2,273	7349
IV.	<u>AUDIT DEPT.</u>		980	980
V.	<u>COAST AGENCY.</u>		150	150
VI.	<u>CONFERENCE OF F.A.A. GOVRS.</u>	-	-	-
VII.	<u>CUSTOMS DEPT.</u>		1,110	1110
VIII.	<u>EDUCATION DEPT.</u>		10,071	10071
IX.	<u>FOREST DEPT.</u>			
	1-10 Personal Emoluments	20		
	11 Re-afforestation	160		
	17 Arboretum	30		
	18 Uniforms	40		
	19 Seeds	50		
		300	1,213	1513
X.	<u>GAME DEPT.</u>		730	730
XI.	<u>INTEREST.</u>		1,000	1000
				35607

Head	Item	Savings on Subhead	Additional General Savings on Head.	Total Savings on Head.
		£	£	£
XII.	<u>JUDICIAL DEPT.</u>			35,607
XIII.	<u>LEGAL DEPT.</u>		710	710
XIV.	<u>LOCAL GOVT. CONTRIBUTIONS TO LOCAL AUTHORITIES.</u>			
	2- Main Roads	137		
	3 Public Health Staff	209		
	7 Clearing of Crown Land	50		
	11 Public Health Staff (Mombasa)	360		
	15 Diminishing Grant in respect of Public Health	196		
	18 Basic Road Grants	2,052		
	19 Township Roads	55		
		<u>3,079</u>	<u>200</u>	<u>3,279</u>
XV.	<u>MEDICAL DEPT.</u>			
	1-72 Personal Emoluments	1,668		
	73 Upkeep of Laboratories	100		
	74 Medical and Surgical Stores	400		
	85 Upkeep of Native Hospitals	888		
	90 Electric Lighting	79		
	91 Water Supply	200		
	92 Epidemics	100		
	94 Maintenance of Infectious Diseases Hosps.	500		
	96. Rations to Medical Subordinates	90		
	109. Prevention of Diseases etc.	10		
		<u>4,035</u>	<u>7,824</u>	<u>11,859</u>
XVI.	<u>MILITARY.</u>			
	Northern Brigade, (Kenya share)		5,899	
	Defence Force		1,071	
			<u>6,970</u>	<u>6,970</u>
				58,425

Head	Item	Savings on Subhead	Additional General Savings on Head	Total Savings on Head
		£	£	£
XVII.	<u>MISCELLANEOUS SERVICES.</u>			
	6. Contribution to Naval Entertainment Fund	150		150
XVIII.	<u>PENSIONS & GRATUITIES.</u>			
XIX.	<u>POLICE</u>			
	1-49 Personal Emoluments	1,738		
	51 Rewards, Rations, etc.	150		
	52 Police Officers' Mess (Upkeep)		30	
	53 Uniforms		730	
	54 Contingencies		100	
	55. Expenses in connection with C. Investigation		30	
	57 Rations to Persons in Police Custody		25	
	58 Arms and Equipment		211	
	60 Miscellaneous Stores		625	
	62 Local Travelling		350	
	63 Maintenance and Upkeep of Motor Fleet		256	
	66 Musketry Prizes and Targets and Repairs to Ranges		66	
	68 Conservancy Fees, and Water Rates		115	
	70 Animal Transport		50	
	71 Telephones		200	
	72 Telegrams		150	
	67-101 Weights & Measures Department		1,104	
			172	
		4,828	1,276	6,104
XX.	<u>POST OFFICE & TELEGRAPHS</u>		11,990	11,990
XI.	<u>PRINTING AND STATIONERY.</u>			
	1-33 Personal Emoluments	480		
	34 Printing Paper and Sundries		900	
	36 Upkeep of Machinery		100	
	37 Electric Power		100	
	38 Transport and Trav.		50	
	39 Passages		-	
	45 Stationery, Books, etc.		750	
		2,360	2,120	4,500
XIII.	<u>PRISONS.</u>			
			421	421
XIII.	<u>PUBLIC DEBT FUNDED</u>			
				£ 61,590

Head	Item	Savings on Subhead	Additional General Savings on Head	Total Savings on Ad.
		£	£	£
XXIV.	<u>PUBLIC WORKS DEPT.</u>			
	<u>Headquarters Staff</u>			
1914	Personal Emoluments	227		
15-23	<u>Accounts Staff</u>			
34-49	Personal Emoluments	270		
	<u>Executive Staff</u>			
54	Drawing Office Material and Office Equipment	30		
55	Conservancy & Water Rts.	100		
58	Telephones & Telegrams	50		
99	<u>Nyeri Water Supply</u>			
	Personal Emoluments	120		
	<u>Hydrographic Survey &c.</u>			
129	Local Transport and Trav.	200		
130	Instruments and Tools	20		
	<u>Water-Boring Branch.</u>			
113-124	<u>Government Transport</u>		3,500	
	<u>Central Workshops etc.</u>		500	
154-160	Personal Emoluments	120		
	General		2,690	
		1,137	6,690	7,827
XXV.	<u>PUBLIC WORKS RECURRENT.</u>			
1.	Maintenance and improvement of Roads & Bridges	4,900		
2.	Maintenance & minor imp improvement of Public Buildings	1,000		
3.	Rents of Offices and Ho. & House Allowances	1,000		
4.	Upkeep and Repair of Furniture etc.	500		
5.	Tools & Small Plant	500		
		7,900		7,900
XXVI.	<u>REGISTRAR GENERAL.</u>			
1-9	Personal Emoluments	160		
10	Passages	30		
11	Local Transport and Travelling	50		
12	Travelling Allowances	20		
		260	112	372
XXVII.	<u>RENT AND INTEREST TO H.H. THE SULTAN OF ZANZIBAR.</u>			
XXVIII.	<u>SECRETARIAL & LEGISLATIVE COUNCIL.</u>			
1-16	Personal Emoluments	50		
18	Local Transport and Trav.	75		
19	Advertisements, Communiques, etc	10		
25	Contingencies	50		
32	Telegrams	10		
36	Contingencies	5		
		200	1600	1,800
XXIX.	<u>STATISTICAL DEPTS.</u>			
	<u>Statistical Section</u>			
	Native Registration		60	60
	<u>Finger Print Bureau</u>		42	42
40	Contingencies	30		
44	Finger Print Material	30		
		60	139	199
				99,790

Head	Item	Savings on Subhead	Additional General Savings on Head	Total Savings on Head
		£	£	£
XXX.	<u>SURVEY & REGISTRATION.</u>			99,790
43a	Local Transport and Travelling	750		
44	Survey Equipment	140		
46	Office equipment and Printing	300		
		<u>1,190</u>	625	<u>1,815</u>
XXXI.	<u>TRADE AND INFORMATION OFFICE.</u>	-	-	-
XXXII.	<u>TREASURY.</u>		446	446
	TOTAL RECURRENT			102,051
	<u>NON-RECURRENT.</u>			
IIa	Administration			
	<u>Agricultural Dept. Locust Services.</u>			
1.	Contribution towards expenditure on Locust research	500	-	500
VIIIa	<u>Education.</u>	-	-	-
XIVa	<u>Local Government Contributions to Local authorities.</u>			
1.	Special Grant for Roads to Eldoret Municipality	100		100
IVa	<u>Medical Department</u>			
XVIIa	<u>Miscellaneous Services.</u>			
3.	Safes and Cash Boxes	600		600
IXa	<u>Post Office & Telegraphs.</u>			
2	Rural Telephone Development	700		
3	Nairobi Telephone Exch.	200		
4	Nairobi Telephone Development	2,785		
5	Yala-Butere Extension	200		
6	Motor Truck	50		
		<u>3,915</u>		<u>3,915</u>
XXXIII	<u>Public Works Strategy.</u>			
	Total Non-recurrent			5,115
	TOTAL RECURRENT AND NON-RECURRENT			107,166

C. O.

2 38

Mr. Allen 11/5

1814/32 Kenya.

SECRETARY
14

Mr. *W. Campbell* 11/5

Downing Street,

Mr. Parkinson

18 May. 1932.

Mr. Tomlinson

Sir C. Bottomley. 12.5

Sir J. Shuckburgh.

Sir,

I have the honour to acknowledge

* Perm. U.S. of S. *OK*

Parly. U.S. of S. 17.5.32.

Secretary of State.

for conson. v. minutes. *He would*

of your confidential despatch No. 60 of

DRAFT.

(1) the 23rd April, on the subject of the financial position of the Colony.

KENYA

CONFIDENTIAL (2)

21 MAY 1932
Cop. to Treasury B/16

2. As regards results of the

year 1931, I share your satisfaction that

the actual deficit (£149,159), though *smaller* serious, proved substantially *less* than

the amount (£227,000) which seemed

likely when my despatch (Reserved) No.

171 of the 29th February last was

(29 on 17302A/32).

written, and I desire to express my

appreciation of the efforts made by

you ~~and~~, and the officers of your

administration, to secure the economies

which contributed largely to the *the Gov.* ~~the~~

unfavourable result.

*Copy to Treasury
Secretary of State*

3. ~~In the exceptional circumstances~~ H

I see no reason to object to the adoption, ^{in this} ~~at this~~ early stage, of the financial year of the expedient reported in paragraph 4 of your despatch, of estimating general savings as well as itemised savings.

4. While I appreciate the considerations mentioned in the last paragraph of your despatch, and I have been in no doubt that the importance of avoiding a deficit on the transactions of the current year is fully realised, I was glad to note your further assurance that all means for securing this object will be continuously ^{explored as} explored, according to the press report of your speech at the opening session of the Legislative Council on the 4th May, the need has been accentuated by the more serious short fall of revenue which you foreshadowed on that occasion.

I have, etc.

(Sgd.) P. CUNLIFFE-LISTER.

3. ~~In the exceptional circumstances~~ *H*

I see no reason to object to the adoption, ^{in this} ~~at this~~ early stage, of the financial year of the expedient reported in paragraph 4 of your despatch, of estimating general savings as well as itemised savings.

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I have, etc.

113

KENYAN FINANCE

STATEMENT BY THE GOVERNOR FROM OUR CORRESPONDENT

NAIROBI MAY 4

Sir Joseph Byrne, the Governor speaking at the opening session of the Legislature this morning, stated that the Advisory Finance Committee known as the "watch dogs," had informed the Government that they estimated that the revenue this year would fall short by £250,000 of the original estimate. He considered that the time had arrived when they should attempt to provide a staff establishment and the necessary services required to keep a reasonably efficient Government machine in being at least for the next four years, and also assess the annual cost of maintaining such a machine. He proposed asking the Secretary of State to sanction the appointment of a committee of officials and non-officials for this purpose, provided his proposals did not conflict with Lord Moyne's report which is expected to be presented to Parliament at the end of the month, as Lord Moyne is leaving for England on Sunday.

Sir Joseph Byrne pointed out that 47 per cent. of the revenue was earmarked for the public debt, pensions, police, prisons, and defence, in regard to which further economies were very difficult. He believed that the public at home, and especially locally was not aware of the real extent of the damage caused by accounts, not only materially but also as tending to lack of confidence and trade stagnation. During the last 14 months no real savings of £4,000,000 in public expenditure had been effected, compared with the £20 Budget, but they were now near the home. The Customs revenue for the first three months was £24,000,000 for the same period in 1931. The recommended Board of Agriculture would be asked to deal first with the problem of providing agriculturalists with long term credit, and the organized marketing of native produce.

1a

The final figures of the year's working in 1931 show that the deficit realised was £149,159 instead of a deficit of £227,000 anticipated when the 1932 Estimates were approved.

The surplus balance as at the 31st of December, 1931, was £361,543.

The outlook for 1932 is, however, much worse than when the Estimates were approved. The Estimates budgeted for a surplus of £46,937, which, as regards customs revenue, was based on an estimate of £761,169 as compared with actual customs receipts in 1931 of £696,563. The customs receipts for 1932 were, therefore, expected to be approximately £62,000 more than the actual receipts in 1931.

The approximate customs revenue figures for January and February, 1932, show, however, a total of approximately £90,000 as compared with actual receipts for those two months in 1931 of £126,000, vide Appendix (ii).

The estimate shows a decrease of £14,000 as compared with the customs receipts for March, 1931 and it is now anticipated by the Committee that the customs revenue for 1932 may produce only £600,000, or £161,000 less than the approved estimate.

Taking into account similar decreases in Postal, Forests and other general revenue items a short fall of £200,000 in the year's revenue is anticipated in 1932.

Further unforeseen expenditure amounting to £24,428 has to be provided for, which gives the following position:-

Short fall of revenue £200,000

*It is better to propose than
have been estimates
to Council 1932*

Unforeseen expenditure ...	24,426
Total	224,426
Less.	
Surplus of approved estimates	48,937
Deficit	<u>£175,491</u>

By means of the moratorium on leave and general economies as indicated in the schedule enclosed with (1), it is expected to secure reductions in expenditure amounting to £103,754, which leaves a deficit on the year's working in 1932 of £71,737.

Allowing for this deficit the estimated surplus balance as at the 31st of December, 1932, becomes £269,506.

No proposals are made for the reduction of this deficit because

- (1) further retrenchment of staff will not materially affect the financial position in 1932, and
- (2) because Lord Moyne's report may affect any plan of retrenchment.

Lord Moyne's report will probably be received towards the end of May (possibly on the 22nd), and allowing for the time necessary for its consideration here and in Kenya, it is improbable that it can affect the 1932 estimates to any considerable extent.

It is difficult to see what can be done without drastic revision of the estimates. Lord Moyne's report may be

It was the factor which to some extent reserved the 1931 months 1932

to financially in the nature of an undertaking to make savings & a whole which being committed before 1932

But no doubt the statement in Council of 14/5/32

14/5 1932

? Copy to Treasury proposing to await the Moyne Report.

There are one or two other points to mention:-

(a) In paragraph 4 of the despatch a system of earmarking general savings is mentioned, which provides greater savings than by pruning individual items. I do not understand how the general savings are calculated without reference to items, but it seems unnecessary to pursue the point at this stage.

(b) In paragraph 9 of Appendix B, Lord Francis Scott mentions that the locust danger was causing anxiety. The latest reports show that it has become serious. The review of the financial position in the despatch under consideration presumably does not take this fully into account.

(c) Paragraph 10 of Appendix B indicates the assistance to the agricultural community provided by the Agricultural Advances Board. The Land Bank on which this Board depends is seeking further funds.

*H.P. Mishra
4/5/32*

Air Mail

92

KENYA.

No. 60

Confidential.



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

RECEIVED
2-MAR-1932
POL OFFICE

23rd April, 1932.

Sir,

I have the honour to refer to your despatch No.171 (Reserved) of the 29th February. In paragraph 9 of that despatch you asked to be furnished, as soon as the figures were available, with a statement of the final results of the year 1931. In my Confidential telegram No.52 of the 23rd March I informed you that at that time the Treasurer estimated that the deficit on the working of the year 1931 would amount to £153,000 approximately. The accounts for the year are now closed, and I am pleased to be able to confirm that the working of the year shows a much more favourable result than appeared probable at the time the Estimates were passed by the Legislative Council. The final Treasury figures now reveal that revenue during 1931 amounted to £3,066,930 and expenditure to £3,216,089. The deficit on the year's working, therefore, amounted to £149,159. As I informed you in paragraph 8 of my despatch No.700(Reserved) of the 10th December,1931, at the time the Estimates were passed by the Legislative Council, the deficit was estimated to amount to £200,582. An even larger figure was subsequently assessed by the Treasurer in view of the downward trend of customs receipts in the last quarter of the year and anticipated short-fall

No 29 on 17302/A/31

No 11 on 17302/P/31

Forward Conf (2) 18 MAR 1932
Copy to Treasury Office 21 MAR 1932

No 16 on 17302/A/31

THE RT. HONOURABLE
MAJOR SIR PHILIP GUILFVIE-LISTER, F.C., G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWING STREET, LONDON, S.W.1.

in Hut and Poll Tax collections. The more satisfactory result now reported is due mainly to the large unforeseen general savings on departmental heads of expenditure which accrued in consequence of the observance of the most rigid economy by all officers who control expenditure. The net surplus of assets as at the 31st December, 1931, amounted, therefore, to £361,543 as against £283,702 mentioned in paragraph 3 of your despatch, which is the more significant when it is recorded that the actual collections of customs revenue during 1931 amounted to £698,583 as against the original estimate of £953,259.

2. In paragraph 11 of my despatch under reference above it was explained that it would be barely possible to maintain existing services on the basis of the provision in the 1932 Budget but in accordance with the assurance given to Legislative Council the Governor notified you in his Confidential despatch No.185 of the 24th December last that he was causing to be explored every means for immediate further economies in departmental votes for 1932.

(a) As a first stage in this campaign Heads of Departments were asked at the outset of the year to examine their Estimates of Expenditure and to indicate what reductions were possible without materially diminishing the services rendered by their departments. It was found possible to earmark savings on votes as passed in Legislative Council to an aggregate figure of some £54,000 in response to this request.

(b) As a further short-term measure in the progressive programme of economy the possibility of effecting savings by means of a moratorium on leave was examined, and your telegram No.64 of the 26th March approved generally of the

No 1
17302/D/31
in case

No 1
17302/D/31
in case

3.

proposals submitted in this connection. Taking into account, as far as practicable at this stage, the incidental charges arising from the maintenance of the additional personnel affected, the estimated net saving in expenditure during 1932 as a result of this measure amounts to £ 21,605.

(c) As soon as the approximate figures of expenditure for 1931 became available a careful comparison was made, particularly under "Other Charges" items, between the figures of actual departmental expenditure during 1931 and the corresponding provision in the 1932 Estimates. Where the latter considerably exceeded the former the Heads of Departments concerned were asked to subject their ~~own~~ votes to the most rigorous scrutiny and, in the light of the actual expenditure figures for 1931, to endeavour to indicate further general savings which would reduce the provision for 1932 approximately to the level of the corresponding expenditure in 1931. Varying circumstances render it impossible to carry out this additional "cut" in toto but it has been found possible in consultation with the officers controlling votes to sterilize a further sum of £ 21,242 under this head.

(d) General decrease of costs has enabled expenditure on maintenance and repair of roads and bridges to be reduced by 7 per cent and items 18 Head XIV and 1 Head XXV of the Estimates have accordingly been reduced by £2,052 and £4,900 respectively.

3. On the 16th February the Standing Finance Committee was appointed in accordance with the authority conveyed in your Confidential telegram No.18 of the 26th January, 1932. I enclose a copy of the instrument of appointment for your information. The Committee held its first meeting on

45

4.

the 4th March. Copies of a statement by the Treasurer which was laid before the Committee and of the Committee's Report form Appendices A and B. respectively to this despatch. After considering the Treasurer's statement and the customs revenue figures for January and February the Committee recommended (vide Paragraph 15 of the Report) "that as a measure of precaution Government should take immediate steps to reduce expenditure so as to save a sum of not less than £100,000 in 1932." The measures indicated in the preceding paragraph, most of which were initiated before but have been continuously explored since the receipt of this recommendation, should make it practicable to carry it out, as will be seen from the accompanying schedule which details savings agreed by Heads of Departments aggregating £168,754.

It will be observed that the expedient of including a table of "General Savings" in addition to itemised savings has been adapted with the Treasurer's concurrence in order to allow controlling officers a discretion in the light of developments as to the incidence of the savings to be effected. By this means it has been found possible to earmark considerably larger savings than would have been the case had Heads of Departments been required in every case to indicate specific reductions for individual items at this early period of the year. I trust that in the exceptional circumstances which prevail you will raise no objection to this course.

5. On the 4th April the Standing Finance Committee held its second meeting. After consideration of a Memorandum by the Treasurer, which is enclosed at Appendix C, and the Customs Revenue figures for the first three months of the year, the Committee advised that Government should ensure

a balanced budget on the assumption that revenue would fall short of the estimate by £200,000. A copy of the Committee's Report is enclosed at Appendix D. The present position may most easily be explained in tabular form:

REVENUE.

31617302A/31

Estimated Revenue in approved Estimates (as revised in accordance with despatch No.73 Reserved of the 15th February) £ 3,293,414

Shortfall envisaged in the report of the Standing Finance Committee dated the 4th April, 1932 200,000

Revised Estimate of Revenue 3,093,414

EXPENDITURE.

Estimated Expenditure in approved Estimates (as revised in accordance with despatch No.73 Reserved of the 15th February) 3,244,477

X Additional Supplementary Expenditure sanctioned or in view as per subjoined table 24,428

Revised gross Estimate of Expenditure 3,268,905

Less savings of expenditure as per schedule of sanctioned economies enclosed 103,754

Revised Estimate of Expenditure £ 3,165,151

X Additional Supplementary Expenditure sanctioned or in view.

(a) Military Extraordinary - Turkana Roads Revote £ 2,759

(b) Do. Do. 399

(c) Financial Commissioner - Lord Moyne 1,000

(d) Post Office and Telegraphs Extraordinary - Telegraph Extension to Maragua-Tana 1,270

(e) Famine Relief, 1931. 7,000

(f) Locust Destruction 5,000 (Your telegram No.62 of 26.3.32)

(g) Travelling Allowances 7,000

24,428.

The present Estimates of Revenue and Expenditure are therefore as follows:

a balanced budget on the assumption that revenue would fall short of the estimate by £200,000. A copy of the Committee's Report is enclosed at Appendix D. The present position may most easily be explained in tabular form:

REVENUE.

Estimated Revenue in approved Estimates
(as revised in accordance with despatch
No. 73 Reserved of the 15th February) £ 3,293,414

Shortfall envisaged in the report of
the Standing Finance Committee dated
the 4th April, 1932 200,000

Revised Estimate of Revenue 3,093,414

EXPENDITURE.

Estimated Expenditure in approved
Estimates (as revised in accordance
with despatch No. 73 Reserved of the
15th February) 3,244,477

X Additional Supplementary Expenditure
sanctioned or in view as per subjoined
table 24,428

Revised gross Estimate of Expenditure 3,268,905

Less savings of expenditure as per
schedule of sanctioned economies
enclosed 103,754

Revised Estimate of Expenditure £ 3,165,151

X Additional Supplementary Expenditure
sanctioned or in view.

(a) Military Extraordinary -
Turkana Roads Revote £ 2,759

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Lord Moyne 1,000

(d) Post Office and Telegraphs
Extraordinary -
Telegraph Extension to
Maragua-Tana 1,270

(e) Famine Relief, 1931. 7,000

(f) Locust Destruction 5,000 (Your telegram No. 62
of 26.3.32)

(g) Travelling Allowances 7,000

24,428

The present Estimates of Revenue and Expenditure are
therefore as follows:

Revised Estimate of Revenue	£3,093,414
Revised Estimate of Expenditure	<u>3,165,255</u>
Estimated Deficit	71,737.

6. Every means of effecting further economies continues to be explored, but it seems certain that it will be impossible to cover the whole of this supplementary sum by further pruning of working expenditure. It is interesting to examine what has already been achieved in this direction. A true picture is obtained by separating expenditure on account of interest and public debt charges, which represents a definite commitment subject to periodical increases, and incapable of reduction, from the remaining expenditure which may be conveniently designated "working expenditure"

	Actual 1930	Actual 1931	Estimated 1932
Interest and Public Debt Charges	814,683	891,494	1,010,500
Working Expenditure	<u>2,624,191</u>	<u>2,524,595</u>	<u>2,154,651</u>
Gross Expenditure	£ 3,438,874	3,216,089	3,165,151

These figures reveal that the revised estimate of expenditure (excluding public debt charges) in 1932 is £169,944 less than the corresponding expenditure in 1931 and £469,540 less than that in 1930. If further considerable reductions in expenditure are to be made much more drastic curtailment of all departmental activities will have to be faced. As explained in my despatch No.176(Reserved) of 16th April, retrenchment of staff is unlikely to reflect very materially on the current year's Budgetary position in view of the notice required to be given to the personnel concerned. The Governor has been reluctant to embark on any drastic reconstruction of the Budget or on any general programme for the retrenchment of further staff before the outcome of Lord Hynes's enquiry is known, for the reason that any plan of retrenchment which could be formulated at

Revised Estimate of Revenue	£3,093,414
Revised Estimate of Expenditure	<u>3,168,281</u>
Estimated Deficit	71,737.

6. Every means of effecting further economies continues to be explored, but it seems certain that it will be impossible to cover the whole of this supplementary sum by further pruning of working expenditure. It is interesting to examine what has already been achieved in this direction. A true picture is obtained by separating expenditure on account of interest and public debt charges, which represents a definite commitment subject to periodical increases, and incapable of reduction, from the remaining expenditure which may be conveniently designated "working expenditure"

	Actual 1930	Actual 1931	Estimated 1932
Interest and Public Debt Charges	814,683	891,494	1,010,600
Working Expenditure	<u>2,624,191</u>	<u>2,324,595</u>	<u>2,154,651</u>
Gross Expenditure	£ 3,438,874	3,216,089	3,165,251

These figures reveal that the revised estimate of expenditure (excluding public debt charges) in 1932 is £169,944 less than the corresponding expenditure in 1931 and £469,540 less than that in 1930. If further considerable reductions in expenditure are to be made much more drastic curtailment of all departmental activities will have to be faced.

As explained in my despatch No.176(Reserved) of 16th April, retrenchment of staff is unlikely to reflect very materially on the current year's Budgetary position in view of the notice required to be given to the personnel concerned. The Governor has been reluctant to embark on any drastic reconstruction of the Budget or on any general programme for the retrenchment of further staff before the outcome of Lord Keynes's enquiry is known, for the reason that any plan of retrenchment which could be formulated at

In circuit

the present time might have to be subjected to considerable modification in the light of such recommendations as His Lordship may make regarding the allocation of the available funds between the various racial communities. Nevertheless alternative proposals both on the Revenue and Expenditure side are being continuously explored and you will be informed at once of any special measures which may be recommended for adoption in order to secure a balanced budget for the current year. I trust that you will be assured from the report now submitted that the importance of this object is fully appreciated.

I have the honour to be,

Sir,

Your most obedient, humble servant,

Wm. K. K. ...

GOVERNOR'S DEPUTY.

99

COLONY AND PROTECTORATE OF KENYA.

In view of the present economic situation His Excellency the Governor, with the approval of the Secretary of State for the Colonies, has been pleased to appoint a Standing Finance Committee with the following terms of reference:-

"To keep under constant review the economic situation of the Colony in relation to the Government revenues and to report from time to time with a view to enabling Government to take such action as may be necessary to maintain a balance between Revenue and Expenditure."

The Committee will be constituted as follows :-

- The Colonial Secretary (Chairman).
- The Treasurer.
- The Commissioner of Customs.
- Lt.Col. Lord Francis Scott, D.S.O.
- A.A.Lieut. Esq., O.B.E.
- Colonel W.K.Tucker, C.B.E., T.D.

(Sd.) H.M. Moore
COLONIAL SECRETARY.

ANNEX TO FINANCIAL STATEMENTS

SCHEDULE OF AUTHORISED REDUCTIONS IN EXPENDITURE, 1932.

RECURRENT.

Head	Department	Savings.
I.	H.E. the Governor	£ 615
II.	Administration	11,362
III.	Agriculture	7,349
IV.	Audit	980
V.	Coast Agency	150
VI.	Conference of E.A. Governors	---
VII.	Customs	1,110
VIII.	Education	10,167
IX.	Forest	1,513
X.	Game	500
XI.	Interest	1,000
XII.	Judicial	710
XIII.	Legal	---
XIV.	Local Government Contributions	3,279
XV.	Medical	11,859
XVI.	Military	6,970
XVII.	Miscellaneous Services	150
XVIII.	Pensions & Gratuities	---
XIX.	Police	6,104
XX.	Post Office & Telegraphs	11,990
XXI.	Printing & Stationery	4,000
XXII.	Prisons	1,005
XXIII.	Public Debt Funded	---
XXIV.	Public Works Department	5,027
XXV.	Public Works Recurrent	7,900
XXVI.	Registrar-General's Department	372
XXVII.	Rent and Interest to H.H. the Sultan of Zanzibar	---
XXVIII.	Secretariat and Legislative Council	1,800
XXIX.	Statistical Departments	301
XXX.	Survey and Registration	1,980
XXXI.	Trade & Information Office	---
XXXII.	Treasury	446
XXXIV.	Colonial Development Fund	---
Total Recurrent		98,639.

NON-RECURRENT.

IIa	Administration	---
IIIa	Agricultural	500
VIIIa	Education	---
XIVa	Local Government Contributions to Local Authorities	100
XVa	Medical	---
XVIIa	Miscellaneous Services	600
XXa	Post Office & Telegraphs	3,915
XXXIII	Public Works Extraordinary	---
Total Non-Recurrent		5,115
Total Recurrent and Non-Recurrent		£ 103,754

Head.	Item.	Savings on Subhead	Additional General Savings on Head.	Total Savings on Head.
		£	£	£
I.	<u>H.E. THE GOVERNOR.</u>			
	1-17 Personal Emoluments	135		
	18 Maintenance of Grounds			
	19 Do. Do. Nairobi	40		
	20 Do. Do. Mombasa	10		
	20 Contingencies	15		
	21. Uniform Allowances etc.	4		
	23. Travelling Allowances	15		
	25. Lighting	20		
	26. Upkeep of Furniture			
	27. Do. Nairobi	100		
	27. Do. Mombasa	20		
	28 Telegrams	16		
		375	240	615
II.	<u>ADMINISTRATION.</u>			
	<u>General Staff</u>		1700	1700
	<u>Native Affairs Dept.</u>			
	28-34 Personal Emoluments	15		
	36 Expenses of Native			
	Deportees	25		
	39 Conservancy	4		
	40 Contingencies	10		
	41 Telephones etc.	50		
		104	600	704
	<u>Labour Section.</u>		52	52
	<u>Local Government, Lands and Settlement</u>			
	66 Telephones	14		
	68 Advertisements for Land			
	Sales	60		
	69 Contingencies	25		
		99	293	392
	<u>Nyanza Province.</u>			
	70-82 Personal Emoluments	350		
	83 Rewards Rations etc.	26		
	86 Contingencies	33		
	87 Tools & Implements	22		
	88 Carts Harness & Livestock	9		
	91 Specie Boxes	40		
	94 Telephones	20		
		500		500
	<u>Nzoia Province</u>		500	500
	<u>Turkana Province.</u>			
	118			
	126 Personal Emoluments	125		
	128 Local Transport and			
	Travelling	60		
	129 Contingencies	2		
	131 Carts Harness & Livestock	10		
	133 Uniforms	3		
	134 Specie Boxes	1		
	135 Expenses of Tribal Police	5		
	136 Rations to Staff	66		
		272		272

Head	Item	Savings on Subhead	Additional General Savings on Head	Total Savings on Head
		£	£	£

4735

II.

Masei Province.

166-				
174	Personal Emoluments	221		
175	Rewards Rations etc.	6		
176	Local Transport and Travelling	76		
178	Contingencies	40		
179	Tools and Implements	19		
180	Carts Harness and Livestock	75		
182	Specie Boxes	14		
183	Expenses of Tribal Police	10		
		461	445	906

Rift Valley Province

222	422	422
-----	-----	-----

Kikuyu Province

187-				
197	Personal Emoluments	312		
198	Rewards Rations etc	30		
199	Local Transport and Travelling	270		
199a	Travelling Allowances	50		
200	Contingencies	20		
201	Tools & Implements	40		
202	Carts Harness & Livestock	15		
203	Conservancy	10		
204	Uniforms	3		
		750	353	1103

Ukamba Province.

24-				
226	Carts Harness and Livestock	20		
227	Conservancy	50		
229	Specie Boxes	5		
230	Expenses of Tribal Police	40		
		115	203	318

Coast Province.

233-				
247	Personal Emoluments	398		
249	Rewards Rations etc.	17		
250	Local Travelling and Transport	65		
252	Contingencies	15		
254	Conservancy and Water Supply	5		
255	Uniforms	3		
256	Expenses of Tribal Police	20		
257	Telegrams	8		
258	Telephones	20		
259	Postal Charges	3		
260	Upkeep of Boats and Launches	27		
		581	1100	1681
				9163

Head	Item	Savings on Subhead	Additional General Savings on Head	Total Savings on Head
------	------	--------------------	------------------------------------	-----------------------

II Northern Frontier Prov.

261				
270	Personal Emoluments	155		
272	Rations to Staff	100		
273	Station Stores	125		
276	Travelling Allowances	25		
279	Conservancy	8		
280	Uniforms	17		
284	Civil Transport performed by Military	700		
		1130	1522	2652
	<u>Kabato Refectory.</u>		160	160
				11977

Head	Item No.	Savings on Sub-Head.	Additional General Savings on Head.	Total Savings on Head.
		£	£	£
III	<u>Agricultural Department.</u>			11,977
	1- 35	<u>Administrative and General.</u>		
	36-46	<u>Division of Plant Industry.</u>	356	
	47- 52	<u>Native Agriculture.</u>	250	
	53- 66	<u>Scott Agricultural Laboratories.</u>	600	
	75- 87	<u>Grading and Conditioning and Cool Stores.</u>	400	
			180.	
		<u>Division of Animal Industry.</u>		
	88- 92	<u>Administrative.</u>	500	
	93-109	<u>Veterinary Services (Executive).</u>		590
	110-132	<u>Veterinary Research.</u>	2,000	
	133-137	<u>Animal Husbandry.</u>	200	
			5,076	
		<u>General.</u>	2,273	7,349
IV.		<u>Audit Department.</u>	980	980
V.		<u>Coast Agency.</u>	150	150
VI.		<u>Conference of East African Governors.</u>	-	-
VII.		<u>Customs Department.</u>	1,110	1,110
VIII.		<u>Education Department.</u>	10,167	10,167
IX.		<u>Forest Department.</u>		
	1- 10	<u>Personal Emoluments</u>	20	
	11	<u>Reafforestation.</u>	160	
	17	<u>Arboretum.</u>	30	
	18	<u>Uniforms.</u>	40	
	19	<u>Seeds.</u>	50.	
			300	1,213
				1,513.
X.		<u>Game Department.</u>	500	500
XI.		<u>Interest.</u>	1,000	1,000
				34,746

Head No.	Item No.	Savings on Sub-Head	Additional Total	
			General Savings on Head.	Savings on Head.
		F	F	F
				34,746.
XII.	<u>Judicial Department.</u>		710	710.
XIII.	<u>Legal Department.</u>			
XIV.	<u>Local Government Contributions to Local Authorities.</u>			
	2- Main Roads.	137		
	3 Public Health Staff.	209		
	7 Clearing of Crown Land.	50		
	11 Public Health Staff (Mombasa)	380		
	15 Diminishing Grant in respect of Public Health	196		
	18 Basic Road Grants	2,052		
	29 Township Roads	55		
		3,079	200	3,279
XV.	<u>Medical Department.</u>			
	1-72 Personal Emoluments.	1,668		
	73 Upkeep of Laboratories.	100		
	74 Medical and Surgical Stores.	400		
	85 Upkeep of Native Hospitals.	888		
	90 Electric Lighting.	79		
	91 Water Supply.	200		
	92 Epidemics.	100		
	94 Maintenance of Infectious Diseases Hospitals.	500		
	96 Rations to Medical Subordinates.	90		
	109 Prevention of Diseases, etc.,	10		
		4,055	7,824	11,879
XVI.	<u>Military.</u>			
	Northern Brigade, (Moya Share)		5,899	
	Defence Force.		1,071	
			6,970	6,970
				57,564.

Head	Item	Savings on subhead	Additional General Savings on Head	Total Savings on Head
XVII.	<u>MISCELLANEOUS SERVICES</u>			
6	Contribution to Naval Entertainment Fund	150		57,554 150
XVIII	<u>PENSIONS & GRATUITIES</u>			
XIX.	<u>POLICE.</u>			
1-49	Personal Emoluments	1738		
51	Rewards Rations etc.	150		
52	Police Officers Mess (Upkeep)	30		
53	Uniforms	730		
54	Contingencies	100		
55	Expenses in connection with C. Investigation	30		
57	Rations to Persons in Police Custody	25		
58	Arms and Equipment	411		
60	Miscellaneous Stores	625		
62	Local Travelling	350		
63	Maintenance and Upkeep of Motor Fleet	456		
66	Musketry Prizes and Targets and Repairs to Ranges	58		
68	Conservancy Fees, Rates	115		
70	Animal Transport	50		
71	Telephones	200		
72	Telegrams	150		
87-101	Weights & Measures Dept.		1104 172 1276	6,104
XI.	<u>POST OFFICE & TELEGRAPHS</u>			
			1,990	11,990
XIII.	<u>PRINTING & STATIONERY</u>			
1-33	Personal Emoluments	460		
34	Printing Paper and Sundries	900		
36	Upkeep of Machinery	100		
37	Electric Power	100		
38	Transport and Travelling	50		
39	Passages			
45	Stationery Books etc.	750		
		2380	1620	4000
XX.	<u>PRISONS</u>			
			1000	1000
XXII.	<u>PUBLIC DEBT FUNDED</u>			
				80,013

Head	Item	Savings on Subhead	Additional General Savings on Head	Total Savings on Head.
		£	£	£
XXIV.	<u>PUBLIC WORKS DEPARTMENT</u>			80,813
	<u>Headquarters Staff</u>			
	1-14 Personal Emoluments	227		
	15-23 <u>Accounts Staff</u>			
	34-49 Personal Emoluments	270		
	<u>Executive Staff</u>			
	54 Drawing Office Material and Office Equipment	30		
	55 Conservancy and Water Rates	100		
	58 Telephones and Telegrams	50		
	99 <u>Nyeri Water Supply</u>			
	Personal Emoluments	120		
	<u>Hydrographic Survey etc.</u>			
	129 Local Transport & Trav.	200		
	130 Instruments and Tools	20		
	<u>Water Boring Branch</u>		700	
	113-124 <u>Government Transport</u>		500	
	<u>Central Workshops etc.</u>			
	154-160 Personal Emoluments	120		
	General			
			2690	
		1137	3890	5,027
XXV.	<u>Public Works Recurrent</u>			
	1. Maintenance and Improvement of Roads and Bridges	4900		
	2. Maintenance and Linor Improvement of Public Buildings	1000		
	3. Rents of Offices and Houses and House Allowances	1000		
	4. Upkeep and Repair of Furniture etc.	500		
	5. Tools and Small Plant	500		
		7900		7,900
XXVI.	<u>REGISTRAR-GENERAL.</u>			
	1-9 Personal Emoluments	160		
	10 Passages	30		
	11 Local Transport and Travelling	50		
	12 Travelling Allowances	20		
		260	112	372
XXVII.	Rent and Interest to H.H. the Sultan of Zanzibar	-	-	-
XXVIII	<u>SECRETARIAT AND LEGISLATIVE COUNCIL</u>			
	1-16 Personal Emoluments	50		
	18 Local Transp. and Trav.	75		
	19 Advertisements, Communiques, &c	10		
	25 Contingencies	50		
	32 Telegrams	10		
	36 Contingencies	5		
		200	1600	1,800
XXIX	<u>STATISTICAL DEPTS.</u>			
	Statistical Section		60	60
	Native Registration		42	42
	Finger Print Bureau			
	40 Contingencies	30		
	44 Finger Print Material	30		
		60	139	199
				90,213

Head. Item.

Saving on Subhead. Additional General Savings on head. Total Savings on head. 109

2. 2. 98,215

XXX. Survey and Registration

43 (a)	Local Transport and Traveling	750	
44	Survey Equipment	140	
46	Office Equipment and Printing	300	
		1,190.	790. 1,980

XXIX. Trade Information Office

XXII. Treasurer 446. 446.

TOTAL RECURRENT 98,235.

NON-RECURRENT

IIa. Administration.

IIIa. Agricultural Department

Locust Services.

1 Contribution towards expenditure on Locust research. 500 500

VIIIa. Education

XIVa. Local Government and Municipalities

1 Special grant for roads to Mofussil Districts. 400 400

IVa. Medical Services

XVIIa. Miscellaneous Services

3 Safes and Cash Boxes 200 200

XIa. Post Office - India

2 General telegrams 1,000
 3 Telegrams for special work 200
 4 Telegrams for development 200
 5 Telegrams for international 200
 6 Motor truck 300
 3,900

XXIII. Public Works Extraordinary

Total Non-Recurrent 3,110

TOTAL RECURRENT AND NON-RECURRENT 101,345.

(Copy)

THE TREASURY,
NAIROBI, KENYA.

1st March, 1932.

Ref: 4526/32/11

The Hon. the Colonial Secretary,
NAIROBI.FINANCIAL POSITION, 1931 and 1932.

An examination of the preliminary revenue and expenditure figures for December, 1931, indicates that the final accounts for the year 1931 will show a much more favourable position than was anticipated previously. This is due, as far as I can determine at the moment, to additional general savings amounting to some £48,042 which have come to light since Heads of Departments submitted their last revised estimates in the early part of January last.

2. The figures of revenue and expenditure shown in Appendices 1 and 2 hereto are not final figures as they are subject to adjustment when the final accounts are received from Self-Accounting departments. These annual accounts, however, are unlikely to vary the position appreciably and the figures now submitted may be taken as a near estimate of the financial results for the year 1931.

3. You will see that revenue is expected to amount to £3,066,046 and expenditure to £3,216,968, resulting in a deficit on the year's working of £150,922. The Colony's surplus

balances have therefore been reduced by £150,922 from £510,702 at the 1st January, 1931, to £359,780 at the 31st December. This result is after making provision for depreciation of securities to the extent of £11,865.

4. It is now desirable that a comparison should be made between the expenditure figures of 1931 and the corresponding departmental expenditure figures in the 1932 budget in order to ascertain what further reductions may possibly be made in the latter. Detailed expenditure figures under sub-items of the 1931 budget are not yet available but I hope they will be ready in a fortnight's time.

5. With regard to the 1932 position, I regret to inform you that a preliminary estimate of January revenue gives disappointing results. The total probable revenue for January amounts to £394,723 as compared with £397,744 in January 1931. In January, 1932, however, additional loan service reimbursement amounting to £31,237 were received from the Railway so that, for the purposes of comparison the revenue figure should be taken as £343,486 for January 1932 as compared with £397,744 less £38,938 Colonial Development Fund receipts, a net figure of £308,506 for January, 1931. This comparison shows a decline of £44,258 of which Customs, Posts and Telegraphs and Forest Revenue account for £24,902, £757 and £793 respectively, the

balance of £18,868 being a decline in general revenue the details of which will be available when the accounts are received and consolidated.

5. In accordance with paragraph of your memorandum No.D/Com.5/1/36 of the 21st January, 1932, I have shown the comparisons, as far as possible at this date, in Appendix 3.

(Sgd.) H.N.Rushton
Treasurer.

APPENDIX I.

1931 REVENUE.

	Actual Revenue 1930. <u>£</u>	Approximate Revenue 1931 <u>£</u>	Budget 1932. <u>£</u>
Customs	815,286	698,571	761,179
Licences, Duties, Taxes	948,774	868,061	999,696
Fees, etc.	140,886	130,296	124,450
Postal & Telegraphs	173,525	168,131	177,675
Earnings of Govt. Depts.	98,750	87,509	84,345
Revenue from Govt. Property	72,241	71,602	74,739
Sale of Govt. Property	33,959	14,480	11,843
Miscellaneous Receipts	17,042	16,022	11,816
Forest Departmental Revenue	38,704	30,901	34,360
Interest	55,323	29,200	24,360
Reimbursements	788,435	890,338	959,632
Land Sales	<u>42,587</u>	<u>29,679</u>	<u>31,000</u>
Total	<u>3,225,512</u>	<u>3,034,790</u>	<u>3,295,095</u>
Colonial Development Fund	<u>16,087</u>	<u>31,256</u>	<u>319</u>
Total	<u>3,241,599</u>	<u>3,066,046</u>	<u>3,295,414</u>

NOTE. The difference of £260,305 between the 1931 Approximate Revenue (excluding Colonial Development Fund) and the 1932 Revenue Estimates is composed mainly of the following items:-

Customs Increase	£61,595
Hut Tax Increase	55,300
Excise Duties	17,000
New Taxation	14,500
Levy on Salaries	50,000
Additional Stamp Revenue (6 mos.)	8,000
Rents of Lands	2,500
Additional Loan Reimbursements	<u>65,581</u>
	<u>£ 271,476</u>

1931 EXPENDITURE.

APPENDIX 2.

<u>Recurrent</u>	<u>Actual 1930 £</u>	<u>Approximate 1931 £</u>	<u>Budget 1932. £</u>
H.E. the Governor	16,874	15,779	16,565
Administration	259,037	256,085	266,818
Agriculture	160,864	144,312	143,385
Audit	19,158	19,398	20,792
Coast Agency	5,976	6,036	5,826
Conference of E.A. Governors	1,409	2,251	1,250
Customs	48,122	47,437	49,747
Education	180,733	182,250	188,632
Forest	38,728	36,899	37,150
Gems	11,382	10,354	10,939
Interest	42,188	-	1,000
Judicial	33,758	33,050	34,136
Legal	9,565	8,809	8,755
Local Govt. Contributions.....	103,008	91,903	90,931
Medical	236,936	222,480	219,357
Military.....	97,446	86,819	97,258
Miscellaneous Services.....	64,371	69,208	87,783
Pensions & Gratuities.....	113,669	132,581	130,700
Police.....	172,017	149,165	147,998
Post Office & Telegraphs.....	172,255	172,450	169,035
Printing & Stationery.....	38,025	32,458	36,534
Prisons.....	50,392	46,701	49,000
Public Debt	772,495	891,494	1,010,500
Public Works Department.....	149,354	132,293	112,925
Public Works Recurrent	182,488	154,287	145,500
Registrar General	5,530	5,841	6,007
Rent & Interest, Zanzibar.....	16,000	16,000	16,000
Secretariat & Leg. Co.....	21,101	19,049	20,946
Statistical.....	22,808	22,408	21,260
Survey & Registration	37,927	36,128	36,500
Trade & Information.....	4,895	4,836	4,800
Treasury.....	26,487	26,378	26,378
	3,114,918	3,077,130	3,215,908
<u>Non-Recurrent.</u>			
H.E. the Governor.....		212	
Administration.....	4,875	1,108	600
Agriculture	28,735	21,571	6,000
Education.....	9,924	2,651	2,000
Legal.....	-	811	
Local Govt. Contributions	26,325	9,848	100
Medical.....	5,037	1,696	400
Miscellaneous Services.....	29,791	7,240	1,650
Posts & Telegraphs	29,815	16,716	9,900
Do. Depreciation of Invest- ments.		11,865	
Public Works Extraordinary	147,638	23,871	11,600
Colonial Development Fund.....	16,037	31,286	319
Coast Agency.....	239		
Forest.....	668		
Gems.....	184		
Military.....	11,650	10,226	
Police.....	3,136	747	
Printing & Stationery.....	1,524		
Registrar-General.....	35		
Statistical	859		
Survey & Registration.....	150		
Treasury.....	199		
Summe Relief.....	7,117	520	
Total Expenditure.	£ 3,438,874	3,216,968	3,266,477

APPENDIX 3.

	Approximate Revenue 1931. £	Estimated Revenue 1932. £	Estimated Revenue Jan., 1932. £	Actual Revenue Jan., 1931. £
Customs.....	698,571	761,179	45,290	70,192
Licences, Duties, etc.	868,061	999,696		89,271
Fees, etc.....	130,296	124,350		10,559
Postal & Telegraph....	168,131	177,675	26,765	27,522
Earnings of Govt. Depts.	87,509	84,345		7,499
Revenue from Govt. Propt.	71,602	74,739		31,699
Sale of Govt. Property	14,480	11,843		309
Miscellaneous Receipts	16,022	11,816		1,190
Forest Revenue.....	30,901	34,360	2,062	2,855
Interest.....	29,200	24,360		5,746
Reimbursements.....	690,338	959,632		132,245
Land Sales.....	29,679	31,000		9,719
Unclassified.....	-	-	320,606	-
	<u>3,024,790</u>	<u>3,295,095</u>	<u>394,723</u>	<u>388,806</u>
Colonial Development Fund	<u>31,232</u>	<u>319</u>	-	<u>8,236</u>
Total.	<u>3,056,022</u>	<u>3,295,414</u>	<u>394,723</u>	<u>397,042</u>

Note: The figures above for January, 1932, which are approximate estimates show that there has been a decline as compared with 1931 of £5,032. The real comparison, however, is as follows:

1931 Revenue for January	£ 397,744	
Less Colonial Development Fund	<u>6,232</u>	£ 388,806
1932 Revenue for January	£394,723	
Less additional Loan Reimbursements	<u>51,237</u>	<u>343,486</u>
	Decline	£ 45,320

Customs, Postal & Telegraph, and Forest Revenue account for 80% of this decline, the balance of £18,866 being a decline in general revenue the details of which will be available when the accounts are received and consolidated.

The Treasurer mentioned that this saving had been made despite the provision for additional expenditure estimated at £150,000, which was not included in the original budget.

3. The Committee was informed by the Treasurer that the cash position at the end of December was very satisfactory and that, apart from loan funds which were held intact in cash, the Colony's cash resources amounted to approximately £245,000. The Treasurer repeated what he had stated publicly in Legislative Council, that there was no justification for the statement made locally and reported in the London press, that the Colony had had recourse to borrowing loan funds for revenue purposes.

4. With regard to the 1932 revenue prospects, the Committee viewed as a serious factor the considerable estimated shortfall of £24,902 in Customs revenue for January as compared with the actual Customs Revenue Allocation to Kenya in respect of collections in January, 1931. The Commissioner of Customs stated that February revenue also would be considerably below expectations, although a somewhat better than that of January. He informed the Committee that stocks of imported goods were getting very low and he personally felt that an improvement in the Customs position would occur in the latter part of the year, although not sufficient to make good the loss that had occurred in January and February. Mr. Walsh drew attention to the fact that the consumption of local produce, e.g., sugar, tea, soap, etc., had considerably increased in recent years and this had consequently had the effect of greatly reducing the Customs revenue derived from import duties and had also decreased the amount of taxation per head of the European population.

5. Another factor in the Customs situation was the lower value of cotton piece goods, the bulk of which was now imported from Japan at low prices whereas previously the greater part of

these imports came from Britain. The Commissioner of Customs had already drawn the attention of the Trade Commissioner to the large expansion of Japanese trade in this direction.

6. The Committee considered that another aspect of the Customs Revenue position was the total lack of confidence on the part of the public, with a consequent reluctance to spend.

7. Mr. Legat expressed the opinion that the Customs revenue would show a steady decline for some months and he regarded it as a matter of the greatest importance that public confidence should be stimulated. He thought that Government should take immediate steps to secure a balanced account in 1932 ~~but~~ that the economy programme decided upon by Government should be put into operation quietly with as little publicity as possible in order that the country may not become more ~~alarmed~~. Mr. Legat expressed the opinion that an improvement in the general trade position might take place towards the end of the year but that this was a matter of conjecture. In the meantime, farmers were living as far as possible on the produce of the country and restricting their expenditure to a minimum.

8. Colonel Tucker expressed the opinion that in Nairobi the public were rather less pessimistic than they were a few months ago. There were no signs of optimism but generally it was thought that ^{the} efforts that had been made to meet the situation arising from the long depression were having effect and that a revival of trade would possibly occur later. There was considerable anxiety, however, in regard to the possible effects of another locust invasion and until this danger had passed confidence would be lacking. Colonel Tucker mentioned that, in the experience of a number of commercial representatives whom he had consulted, there seemed to be a greater effort on the part of the public to pay bills more promptly; bad debts were decreasing.

9. Lord Francis Scott considered that the general feeling upcountry was fairly steady and cultivation of farms was more satisfactory than had previously been anticipated; the locust danger, however, was causing anxiety.
10. The Treasurer thought that disbursements by the Agricultural Advances Board had done much to assist the agricultural community in tiding over their difficulties and he anticipated that the circulation of funds by the Land Bank in 1932 would further assist the general position.
11. The Chairman stated that the Commissioner of Local Government had informed him that land revenue was coming in well and that the Chief Native Commissioner anticipated full collection of the hut tax estimate for 1932, although until actual collection had started it was impossible to give any assurance on this point. It was expected that the arrears of hut tax due from the Kavirondo Province would amount to £30,000 this year, of which, it was ~~stated~~ stated, £16,000 had been collected in January.
12. The Committee considered, however, that Government should recognise the probability of a substantial shortfall in revenue as, apart from Customs, the Postal, Forest and general revenue figures for January showed a definite decline. In regard to forest revenue, it was mentioned that a number of timber mills were closing down and forest revenue would suffer accordingly.
13. The Treasurer expressed a personal view that the total revenue shortfall might amount to £150,000. The Colony was budgetting for a surplus of £49,000 approximately and he considered that a further £100,000 should be found by reductions in expenditure in order to ensure a balanced account.
14. Colonel Tucker inquired whether Government had any means of finding £100,000 by further economy and was informed

by the Chairman that Government already had a scheme for reducing expenditure by £40,000 - £50,000 and were considering ways and means for obtaining another £50,000 if events proved this to be necessary.

15. After examining the Treasurer's financial statements and hearing the views of the Commissioner of Customs, the Committee felt that they were unable to estimate the amount of the probable shortfall in revenue but they were of the definite opinion that, as a measure of precaution, Government should take immediate steps to reduce expenditure so as to save a sum of not less than £100,000 in 1932. They wish to make it clear that this recommendation should be regarded as a preliminary step to secure a balanced account and that further action may prove to be necessary, in the event of revenue declining still further.

16. Colonel Tucker suggested that information as to the operations of the Currency Board should be given to the Committee and the Treasurer stated that he would endeavour to prepare some information on the subject but felt that it was unlikely that anything of this kind could be produced which would help the Committee.

17. The Commissioner of Customs agreed to submit comparative graphs of actual customs collections from month to month, showing the trend of revenue collections in previous years, as compared with 1932 receipts.

18. It was arranged that the Statistician should be asked to provide the Committee with graphs or statistics from time to time showing, as far as possible, the general trend of trade. In this connection, the Statistician should be advised of the Committee's terms of reference and invited to submit statistics for the Committee's guidance. The Treasurer undertook to

consult the Statistician on this matter.

19. The Secretary was requested to approach Mr. Kemp, the Trade Commissioner, with a view to obtaining from him a monthly appreciation, in general terms, of the trade position.

20. It was arranged that the next meeting of the Committee should take place at 11 a.m. on Monday, the 4th of April.

CHAIRMAN H. M. Moore

H. H. RUSHFORD

G. WALSH

FRANCIS SCOTT

MEMBERS

A. A. LEGG

W. K. TUCKER

THE TREASURY

NAIROBI.

29th March, 1932.

Ref. No. 635/32.

The Honorable the Colonial Secretary,

NAIROBI.

STANDING FINANCE COMMITTEE.

I attach two statements for the consideration of the Standing Finance Committee meeting to be held on the 4th of April, 1932.

1. Appendix 1 shows the total 1931 revenue under main heads compared with the actual revenue for 1930 and the budget estimates for 1931. The accounts for 1931 are not finally closed but the figures of revenue are unlikely now to be subject to further adjustment. The revenue for the year amounted to a sum of £3,086,930 and expenditure to £3,216,069, the deficit on the year's accounts being £149,139.

2. The revenue collections during the first two months of 1932 are shown in Appendix 2 and the foot-notes explain the position. It will be seen that the revenue for January and February, 1932, is substantially less than for the same period of 1931, although new taxation has been imposed in 1932. The shortfall on the 1932 estimates of revenue, therefore, is considerable, since we are budgeting in 1932 for increased revenue amounting to some £194,000 (excluding a financial loss arising from investments).

3. In order to realize the 1932 revenue estimates, it will be necessary to recover during the remaining months of the year the estimated shortfall of £149,139 which has

occurred during January and February, plus the additional revenue of £194,000 expected in 1932, in all, £235,000 approximately. A considerable part of the additional revenue in the 1932 estimates, however, is accounted for by the anticipated increase in hut tax collections and I am assured by Provincial Commissioners that there is no reason at present to suppose that the estimates will not be realized. Assuming, therefore, that this will be the case, the figure of £235,000 mentioned above is reduced by £55,300 to £179,700.

5. It is, of course, too early in the year to frame an estimate of the probable revenue shortfall on the 1932 estimates but it is clear that the shortfall will be large. Customs revenue alone is £36,583 less on the two months than the collections in 1931 and, as the 1932 total customs estimate is £62,596 higher than 1931 collections, a shortfall of £99,179 is a clear probability. If the collections during the first two months of the year (a point on which the Committee will be able to obtain the verbal opinion of the Commissioner of Customs) are any indication of the trend of collections during the remaining months, the shortfall on the estimate under this head alone may prove to be considerable.

6. It is necessary to mention that the original 1932 estimates of expenditure as shown in the budget will be increased by £24,428 from £3,246,477 to £3,270,905 on account of certain unforeseen items, provision for which will be made by Special Warrant. This additional provision will have the effect of reducing the estimated surplus shown in the budget from £48,937 to £24,509.

H. H. RUSHTON

TREASURER.

APPENDIX I.

1931 Revenue.

	Actual Revenue 1930.	Approx. Revenue, 1931.	Budget, 1932.
	£.	£.	£.
Customs	815,286	698,583	761,179
Licences, Duties, Taxes	948,774	867,714	999,696
Fees, etc.	140,838	130,383	124,450
Postal & Telegraphs	173,525	168,132	177,678
Earnings of Govt. Depts.	98,750	87,621	84,345
Revenue from Govt. Property	72,241	71,347	74,739
Sale of Government Property	33,959	14,577	11,843
Miscellaneous Receipts	17,042	16,192	11,816
Forest Department Revenue	38,704	30,901	34,360
Interest	55,323	29,494	24,360
Reimbursements	788,435	891,140	959,632
Land Sales	42,587	29,923	31,000
TOTAL	3,225,512	3,036,007	3,295,095
Colonial Development Fund ..	16,087	30,923	319
TOTAL	3,241,599	3,066,930	3,295,414

NOTE: The difference of 2259,048 between the 1931 revenue (excluding Colonial Development Fund) and the 1932 revenue estimate is composed mainly of the following items:-

Customs Increase	262,596
Hut Tax Increase	55,300
Excise Duties	16,900
Other New Taxation	13,000
Levy on Salaries	50,000
Additional Stamp Revenue (6 months)	5,000
Loan Service Reimbursements	65,581
	£ 268,377

A P P E N D I X I I .

Head	Total Revenue 1931	Estimated Revenue 1932	January 1931 Receipts	February 1931 Receipts	Total 2 months 1931.	January 1932 Receipts (Approx.)	February 1932 Receipts (Approx.)	Total 2 Months 1932.
Customs	696,583	761,179	70,192	56,240	126,432	42,624	47,225	89,849
Licences, Duties etc.	867,714	999,696	69,271	37,943	107,214	91,894	-	-
Fees, etc.	130,383	134,450	10,559	12,617	23,176	10,936	-	-
Postal & Telegraphs	168,132	177,675	27,522	14,627	42,149	26,918	17,436	44,356
Earnings of Depts.	87,621	84,345	7,499	7,636	15,135	4,434	-	-
Revenue from Govern- ment Property	71,347	74,739	31,699	12,373	44,072	23,891	-	-
Sale of Property	14,577	11,843	309	645	954	446	-	-
Miscellaneous	16,192	11,816	1,190	1,175	2,365	545	-	-
Forests	30,901	34,360	2,855	1,774	4,629	2,142	2,791	4,923
Interest	29,494	24,360	5,746	2,711	8,457	719	-	-
Reimbursements	891,140	959,632	132,245	6,343	140,588	162,380	-	-
Land Sales	29,923	31,000	9,719	3,200	12,928	4,295	-	-
Unclassified	-	-	-	-	-	-	99,506	119,016
Total	3,036,007	3,295,095	388,800	159,293	548,099	391,224	166,950	558,174
Colonial Develop- ment Fund	30,923	319	8,928	8,363	17,301	320	-	320
£	<u>3,066,930</u>	<u>3,295,414</u>	<u>397,744</u>	<u>167,656</u>	<u>565,400</u>	<u>391,564</u>		<u>558,494</u>

125

APPENDIX 2. (Contd.)

NOTES:

1. Comparison between January revenue 1931 & 1932.

Eliminating Colonial Development Fund receipts in 1931 and 1932 and additional loan reimbursements in 1932 amounting to £51,237, the 1932 January revenue shows a shortfall as compared with 1931 of £ 48,819.

Comparison between February revenue
1931 and 1932.

Eliminating Colonial Development Fund receipts in 1931, the 1932 February revenue shows an increase, as compared with 1931, of £ 7,657.

The total shortfall on the two months is approximately £ 41,162

2. The main decreases in January revenue are reflected under the following heads:-

Customs	£ 27,568
Earnings of Government Departments	3,065
Revenue from Govt. Property	7,808
Interest	5,027
Land Sales	5,424
	£ 48,892

3. The February total revenue for 1932 is approximately the same as that of February, 1931, if the following factors are taken into account:-

Increase in Hut Tax Collections in respect of 1931 arrears	£ 110,000 (approx.)
Decrease in Customs revenue	£ 9,015
Increase in 1932	£ 5,985

125

APPENDIX 2. (Contd.)

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Revenue from Govt. Property	7,808
Interest	5,027
Land Sales	5,424
	£ 48,892

3. The February total revenue for 1932 is approximately the same as that of February, 1931, if the following factors are taken into account:-

Increase in Hut Tax Collections in respect of 1931 arrears £15,000 (approx.)

Decrease in Customs revenue £ 9,015

Increase in 1932 £ 5,985

STANDING FINANCE COMMITTEE.

Report of the Meeting of the Committee held at the Secretariat at 11 a.m. on the 4th April, 1932.

PRESENT: The Hon. the Colonial Secretary (Chairman)
 The Hon. the Treasurer
 The Hon. the Commissioner of Customs
 Lt.-Col. Lord Francis Scott, D.S.O.
 A. W. Legat, Esq., O.B.E.
 Lt.-Col. W. K. Tucker, C.B.E., T.D.
 S. J. Chamberlain, Secretary.

1. The Committee confirmed the Report of the Meeting held on the 4th of ^{March} ~~April~~, 1932, which had been submitted to Government.
2. Arising out of the last report of the Committee, the Treasurer stated that he had been unable to prepare any written information which would be of assistance to the Committee in regard to the operations of the Currency Board. He informed the committee that the Currency Board's position had become precarious last year, owing to the continued contraction in the circulation and to the slump in the values of securities forming the Board's invested reserve. The Board's position had improved in recent months; security values had risen appreciably and there had been some expansion of the currency in circulation in East Africa.

The Treasurer stated that currency to the value of one and a half million pounds approximately had been withdrawn from circulation in East Africa between March 1929 and December 1931. Practically the whole of this reduction in the circulation represented a withdrawal of coin; in Kenya alone, the withdrawal of coin during that period amounted to £424,128, the total coin in circulation in Kenya having been reduced from £1,169,105 in March, 1929, to £744,977 in December, 1931. The Treasurer explained that these figures could only be taken as a general guide as to the Kenya position, since they represented the difference between

issues and with-drawals from Currency Stocks in Kenya and might not necessarily represent a contraction in the coins actually circulating in Kenya. Coin passed freely over the borders between Kenya, Uganda and Tanganyika and it was not possible at any time to state how much money was in circulation in each of the three territories.

The Treasurer further stated that the conclusion he drew from the fact that the reduction in the circulation had occurred in the coin portion of the currency was that the natives in the reserves had become impoverished. This, he considered, was a significant factor in the general financial situation, since it suggested that the reduced purchasing power of the natives would be reflected in a decreased volume of those goods imported from abroad for native consumption.

Mr. Legat expressed the view that the contraction in the circulation was largely due to the lower prices realised for the cotton crop since 1930. He informed the Committee that the proceeds of the recent cotton crop were accumulating in the Uganda Banks, whose deposits had recently increased considerably.

3. Copies of graphs and figures showing comparative customs revenue receipts, month by month, during the years 1929 to 1931, were given to members of the Committee. The Commissioner of Customs also produced departmental charts showing the trend of imports and revenue collections, which were examined by the Committee. Mr. Walsh stated that the reduction in customs revenue could be attributed to some extent to increased consumption of local products and to the fact that cheaper goods were being imported, notably cotton piece goods from Japan. Full details are given in the Customs Trade Report for 1931, advance copies of which were handed to members. Mr. Walsh was of the opinion, however, that the main factor in the reduction of Customs revenue was

the reduced purchasing power of the country which was reflected in the currency circulation.

The Commissioner of Customs drew attention to the comparative statement of Customs duty collections appearing on page 5 of the Trade Report, which gave detailed information in regard to the decreases that had occurred in 1931.

4. A letter dated the 14th of March from H.H. Senior Trade Commissioner to the Treasurer was read to the Committee, who were informed also that the Government Statistician had been unable to prepare suitable information for this meeting of the Committee in regard to the general trade position. The Statistician had expressed the opinion, however, that statistics bearing on the general economic condition of the Colony show a distinct tendency towards recovery since the third quarter of last year. The Committee felt that further information would be useful in support of this view.

The Treasurer stated that he was preparing some figures relating to the Colony's balance of trade and he hoped to have them ready for the next meeting of the Committee.

Mr. Legat stated that the debit and credit transactions of the National Bank of India had shown very large reductions and that he had not seen any indications of recent improvement.

Colonel Tucker mentioned that there was an impression at the Coast that trade had reached the lowest point and that an improvement would occur. This was confirmed by the Commissioner of Customs, who thought that some improvement in revenue might be anticipated towards the end of the year, although he did not anticipate that there was any reasonable likelihood of recovering in full the considerable shortfall that would accumulate during the earlier months of the year.

Mr. Legat considered that traders would continue to import sufficient only to meet current requirements and that they would not endeavour to lay in stocks of goods until

confidence was fully established and improved conditions assured.

5. The Committee proceeded to examine the revenue statements for January and February which were submitted together with the Treasurer's memorandum No. 4636/33 dated the 29th of March, 1932. The Commissioner of Customs stated that the combined Customs revenue for Kenya and Uganda amounted to approximately £75,000 in March, excluding parcels post revenue, which would be offset by revenue due to Tanganyika Territory. It was estimated that Kenya's share of the March revenue would amount approximately to £48,000, which was some £14,000 less than the amount received in March, 1931. Mr. Walsh added that Excise revenue was coming in satisfactorily and that he did not anticipate any serious shortfall on the total excise revenue estimates.

6. With regard to Customs revenue, it was suggested that the total yield during 1932 might not exceed £600,000 and Mr. Walsh stated that it was not unreasonable to contemplate revenue falling as low as this, in view of the considerable shortfall on the past three months of the year.

7. The Treasurer informed the Committee that the budget surplus had been reduced by £24,428 from £48,937 to £24,509 in respect of certain items of additional expenditure which it was anticipated would be incurred during the year.

8. The Chairman stated that Government were considering a programme of economy which would produce the sum of £100,000 suggested in the last report of the Committee. The present position was that a sum of £54,000 approximately had been secured by definite economies and that the undermentioned items were expected to bring the total near to the amount required:-

General Savings	£8,000
Road Expenditure Saving	7,000
Leave Moratorium	<u>17,000</u>
	£ 32,000

In addition, appreciation of Savings Bank investments might bring in £11,000 and Heads of Departments had been asked to reduce their expenditure on Other Charges votes to the level of 1931 expenditure where possible. All replies, indicating the savings that would accrue, had not yet been received, but the indications were that savings to the value of £100,000 would in fact materialize, irrespective of the £11,000 referred to above on account of Savings Bank investments.

9. The Commissioner of Customs stated, in reply to a question from the Chairman, that he was not in a position to forecast the probable Customs revenue for April, although he did not think that any leeway would be made up during that month.

Mr. Walsh thought, however, that monthly customs revenue collections throughout the remainder of the year would not consistently reflect so serious a disparity in comparison with equivalent periods in previous recent years, the yield of Customs revenue during the first quarter of 1932 being abnormally low, even under the present depressed conditions.

10. After considering the revenue statements, and in the light of their discussions, the Committee advises Government to face the probability of a shortfall on the 1932 revenue estimates of £200,000 and to take steps to secure the balancing of the accounts after allowing for this reduction in revenue.

11. With regard to the general revenue prospects for 1933, the Committee felt that they were unable at this stage to give any indication of the probable trend of revenue in 1933.

They consider, therefore, that the expenditure estimates for 1933 should be prepared independently of the revenue and that Departments should be required to budget for their minimum

131
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needs without reference to any possible improvement in the revenue position taking place next year.

The Committee further consider that the preparation of the revenue estimates should be deferred to as late a date as possible, in order that guidance may be obtained from collections during 1932.

Colonel Tucker referred to the Government announcement which had recently appeared in the Press on the subject of economics and asked whether it was the intention of Government to issue further communiqués after each meeting of the Standing Committee. The Chairman replied that no definite procedure had been considered by Government, but that he had no doubt the Government would be ready to make further announcements if such a course seemed desirable. Lord Francis Scott and Colonel Tucker thought that if as full a statement as possible of the financial position could be published before the next meeting of Legislative Council, such an announcement might prevent unnecessary questions and debate when Council met.

The next meeting of the Committee was arranged to take place at 9 a.m. on Tuesday, the 3rd of May, 1932.

(Sd.) H. E.-M. MOORE

CHAIRMAN.

H. H. RUSHTON

G. WALSH

F. SCOTT

A. A. LEGG

T. E. TUCKER

MEMBERS

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