

KENYA
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REC.
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SEPT

Paper.

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BUDGET 1920-21

RAILWAY RATES

Confirms telegram No. 520. and explains present financial position. Requests telegraph acquiescence to retention of surcharge on present railway rates.

See on 52099

50571
GOVERNMENT HOUSE
REC'D NAIROBI
SEP 13 1920

27 September, 1920.

338

My Lord,

In reply to Your Lordship's telegram of 10th September 1920, I have the honour to confirm my telegram No. 520 of the 10th September 1920, reading as follows:-

"Your telegram 10th September. Budget for 1920-21 was balanced on assumption that Railway rates would be increased and surcharge removed. Uganda refused agree to revision. Railway rates so surcharge has been retained result being Railway net revenue will be £100,000 below Budget figure. Parastate deficit on Current Year's account at approximately £150,000 as it is doubtful if Budget figure for Income Tax can be collected this year. Every effort being made with view reducing above indicated deficit. Detailed figures being sent by despatch."

2. In amplification of this information

I have the honour to report that, at the commencement of the current financial year, the estimated excess of liabilities over assets at 31st March 1920 was £247,595, the composition of which will be found on reference to Appendix B of the Estimates

501

HONOURABLE
 MOUNT MILNER, P.C., G.C.B., G.C.M.G., &c., &c.,
 SECRETARY OF STATE FOR THE COLONIES,
 DOWNING STREET,
 LONDON, S.W.

9273
(L.H. 100)

for 1920-21 forwarded with Governor's despatch No. 938 of 25th August 1920. There was, therefore, no surplus balance available for the current financial year and the Budget was accordingly balanced on the assumption that the existing Railway rates would be increased simultaneously with the removal of the surcharge.

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3. As indicated in Sir Edward Northey's telegram No. 421 of the 6th September 1920 the Governor of Uganda found himself unable to agree to this proposal, and I was therefore left with no option but to retain the surcharge with the attendant result that the net revenue of the Uganda Railway will be £100,000 below the figure originally budgeted.

4. For Your Lordship's information I append a brief statement of the financial position now disclosed :-

DEFICIT.

Decrease in Railway net revenue.	£ 100,000
Other items.	15,000
Unexpended balances for 1919/20 required to be reverted for the current year but not provided for.	60,000
Unrecovered expenditure to date.	12,000
Unrecovered expenditure probable further requirements.	18,000
Survey fees to be written off (vide despatch to Colonial Office, No. 908, of 14th August 1920.	33,000
Protectorate Share of War Expenses.	30,000
Total sum required to be found.	£ 268,000

APPENDIX

£ 288,000

ADDITIONAL REVENUE.

340

Increase in Customs revenue. 247,000

Other items. 10,000

Profit on subsidiary business at date taken over by new Currency Board. 35,000

Possible savings on expenditure in Estimates 1920/21, excluding Railway. 43,000 132,000

Leaving a net deficit of £ 150,000

5. I am by no means confident that the sum of £59,528 shown in the Estimates as revenue to be provided by means of the new Income Tax will be realized this year, and I am disposed to estimate the deficit which must be faced at £150,000.

6. I have given instructions that every effort is to be made by all Departments to restrict expenditure to the barest minimum consonant with efficiency, with a view to reducing, however slightly, the deficit indicated above.

7. I trust I have now made the present financial position of the Colony quite clear to Your Lordship, and I shall be grateful if Your Lordship will notify me by telegraph of your acquiescence in my proposal to retain the purchase of the present Railway rates for the reasons already set out.

I have the honour to be,
Your Lordship's
humble, obedient servant.

Edward Norkeg

GOVERNOR