

EAST AFR. PROT.



4563

C. O. 4083
Recd 8 FEB 09 133

Government No. 21
1909
14 Jan 7

Estimates 1909-10

Previous Paper
4/2
1905

Swas is observ^{ing}

Mr Read

? print + circulate in proof.

SAC 10/2

If this is the reversed procedure

has
retr

Mr Butler

Minute within

SAC

Mr Read

has

retr

at copy alt to you 12/14/08
printer to take up of the
make the copy of the
copy 12/14/08 15/08

100
 sub-led

These estimates were considered by the Finance Committee at their 15th meeting. The Committee recommended that a grant should be asked for a grant in aid of £145,000 and that the necessary economies should be effected in the estimates of expenditure.

The Committee also recommended that the customs revenue collected at the Office of the Customs for the year should be paid to the Comptroller of the Customs Office, subject to a deduction for the loss of customs revenue, and should not appear in the total revenue of the Port for all other expenditure.

That a sum of £100,000 should be set aside for the purchase of land for the purpose of the proposed extension of the Harbour, and that the same should be provided for the year 1909-10.

That minor works provided for should be limited to £100,000 instead of £100,000 as proposed.

That the estimate of the cost of the proposed extension of the Harbour should be £1,000,000 instead of £1,000,000 as proposed.

That a grant should be made for the expenditure of £100,000 for the proposed extension of the Harbour.

That it should be considered whether much of the expenditure provided as special work could better be provided under other heads on the ordinary vote.

That the estimates should be made more complete, particularly by including in both sides of the paper.

Chas. J. ...

100

J. C. ...

Mr. Butler,

The estimates may be compared with those of previous years in the following table.

Year	Estimated Revenue	Actual Revenue	Grant in Aid	Actual Receipts	Estimated Expenditure	Actual Expenditure	Surplus or Deficit
	£	£	£	£	£	£	£
06-7	380,046	461,363	164,000	625,363	616,994	616,521	+ 10,842
07-8	547,392	474,780	152,975	627,755	781,569	688,917	- 61,182
08-9	533,429		138,000		737,138		Estimated - 65,699
09-10	534,377		155,500		760,723		- 70,846

Cleared of the obstructions of 'demand' expenditure the financial position may be stated as follows:

Excess of assets	31/3/08	201,766
Revised estimate of revenue	1908-9	510,439
Grant in aid	1908-9	138,000
Revised cost of expenditure	1908-9	779,323
Estimated surplus of assets	31/3/09	70,882
		£ 850,205 - £ 850,205

The estimate for 1909-10 gives the following result:

Estimated surplus of assets	31/3/09	70,882
Estimated revenue	1909-10	534,377
Grant in aid	1909-10	155,500
Estimated expenditure	1909-10	760,723
		leaving a nominal surplus on 31/3/10 of £36,036

This is of course the reverse of satisfactory, and the Governor proposes to ^{address the S. of S. on} deal with the general financial position shortly. Some decision must be reached before next year's estimates arrive; for the present we can only attempt to tide over the coming year. It seems to be contemplated to appoint a local commission to enquire into the finances. I cannot think that this will satisfy the Treasury. It can be anticipated that such a commission would recommend further taxation of natives, reduction of "burdens" on the settlers, and a loan. I would suggest that a financial expert should be sent to make such a report as Sir D. Harbour made on the finances of Jamaica, ^{additional} dealing with possible sources of revenue and the reduction of expenditure. Such a report, with the Governor's comments, would form a basis for discussion with the Treasury as to our future course.

The revenue is estimated at much the same figure as last year, and appears to be very inelastic. The increase under Hut-tax is roughly set off by the decrease under Customs, said to be due to depression in trade. In the Treasurer's statement it appears that there is a proposal to remit the suggested poll-tax in the case of natives who have worked for a month for wages. This is not the place to discuss the general aspects of this proposal, but from a revenue point of view it has the disadvantage of exempting the very man who is presumably able to pay. Incidentally it involves a subsidy to the employers of labour.

On the expenditure side there appears for the first time an item, the proportion of the receipts from customs duties on goods entering Uganda through the E.A.F. The sum agreed upon is £17,500. This at present appears as expenditure under the head Customs; it would more properly appear as a separate head.

An equal sum is added to the Grant-in-aid, and this

had been
advised to in
the correspondence
H.P.S.

will have to be taken into account when the estimates are under consideration.

Allowing for this item, the actual increase of expenditure is some £6000. As the increase of revenue is only some £900, the "half and half" principle, under which half the increase of revenue should go to the reduction of the grant-in-aid, is inoperative; *with a small provision in the estimates for the*

The Governor has not yet brought into operation the new regulations for abolishing travelling allowances in certain cases, giving officers whose duties involve much travelling, adequate consolidated salaries. The system will be brought into force at the beginning of the financial year, but the net financial result will probably be trifling.

The Director of the Imperial Institute has urged the carrying out of a general survey of the E.A.S., at an annual cost of £2000. The discovery of mineral wealth might wholly alter the financial position, and I think that we should send the correspondence to the Treasury, and urge them to sanction the expenditure.

In discussing the details of the estimate of expenditure I have made suggestions involving a net decrease of nearly £11,000. If this reduction can be effected, we shall have something in hand to meet the inevitable supplementary estimates.

The principal alterations in staff and in the scale of salaries have already been discussed in the correspondence of which prints are annexed, which should go to the Treasury.

The former recommends the addition of £600 in reporting the debates of Council. I think this is a matter which can be deferred; a report appears in the local press, a many bundles of fossils and antiquities are connected with this.

the allowance is above the in-aid should be some figure last year

45102/101

~~_____~~
 Details of expenditure.

Pensions. This head shows an increase of £539, and must continue to increase for some time.

Printing. There is an additional £1000 for printing and stationery.

Provincial Administration. Provisional approval has already been given to the addition of two District Commrs. and five Asst. D.C.s to the staff, to open up new districts and to collect the increasing hut-tax. This increase of staff may be expected to be immediately remunerative. The Gov. was asked to furnish estimates of the initial cost of the new stations, the total annual cost, and the probable receipts. This has not been done; but it may be stated that the ^{total} increase of expenditure under this head, apart from the transfer of certain municipal expenditure from the P.W. vote, is rather more than £1000, while £1160 is provided for the establishment of new stations. The estimated increase of receipts under hut-tax is £10,496.

The S. of S. has approved the grant of a personal allowance of £150 to the officer holding the post of Provincial Commr. of Jubaland. (36079)

Provision is not made for the salary and expenses of the Inspecting Officer, Abyssinian Boundary. The I.O. have urged the retention of this officer, and we have undertaken to ask the Treasury to ~~xxx~~ allow the retention of this post for the present. (3970) £150 must be added to the estimate for this purpose.

Treasury. Provisional approval has been given to the duty allowance of £100 to the officer in charge of the Branch Treasury, Mombasa, in view of the special responsibilities of the office.

Port and Marine. We have learnt recently that the "Juba"

has broken down. Arrangements will have to be made to replace this vessel, but pending the receipt of the Governor's recommendations temporary arrangements will have to be made, ^{for carrying on the work.} and the estimate can stand provisionally. £850 is provided for a motor launch for the Tana River, the original launch having been condemned.

36000/00
Legal Dept. The Magistrates have been placed on an incremental scale, with the S. of S.'s approval. (36080) The Registrar of the Appeal Court has been granted a duty allowance of £60, in view of the transference of the Appeal Court to the mainland.

the item should have been inserted
£500 - £700
 Provision has been made for a separate Administrator's General's Dept. The S. of S. approved this, if the Dept. were shown to be self supporting. (36079) The Gov. furnishes no particulars; but the Treasurer in his budget statement implies that no other arrangement is now possible. The Treasury might be asked to sanction the cost provisionally.

£45
of the
which
falls
 The increases of salary under Registration of Documents were not approved by the S. of S. (36077) £18 should be cut off.

Police. The total expenditure is approximately the same as last year. No general decision has been come to as to the reorganization of the Police, and we await the recommendations of Capt. Richards, who was sent out to re-organize the force. For the present the Treasury might be asked to sanction the estimate, on the understanding that, so soon as the efficiency of the force is improved, the question of reducing expenditure will be carefully considered.

It was intended to abolish the Asst. Commissionership when the new arrangements for a joint Inspector Gen. with Uganda came into force, and the Gov. should be reminded of this.

The provision for training officers at Dublin has been cut out: it has been decided that this cannot be done at present, and the amount, £220, must be restored.

Prisons. The S. of S. did not sanction the increase of the salary of the Gaolers, Nairobi, and £20 must be cut out. (36078)

Medical. Owing to the separation of the Medical Depts. of E.A. and Uganda, there is some increase of expenditure.

The Treasury have been asked to sanction the erection of a quarantine station at Mombasa, at an initial cost of £3000, the annual saving being estimated at £1500. If they approve the estimates must be altered accordingly.

£2680 is provided for special expenditures in connection with sleeping sickness.

Hospitals. Provision is made for the addition of a matron and a nurse. An additional nurse has already been sent out, the idea being to select a matron from the staff, and the Gov. was asked if this was not enough for the present. (36079) £165 can be cut off provisionally.

Education. Nothing definite can be decided pending the receipt of the report of the ~~Sanitary~~ expert borrowed from the Indian Govt., who has now reached the Prot. The estimate might stand provisionally.

Military. The total vote is practically the same as last year. £281 has been added for the salary of an Armourer Sergeant for the Volunteer Reserve; the Gov. asked for only £200 in the first instance. (36078) An addition of 20 men to the Battrn. in Nyasaland, to provide drafts for E.A.P., has been approved by the S. of S. at a cost of £267 annually.

Bombay Agency. Treasury are being asked separately to approve of increase of £100 in the Agent's salary. This will only cause a small increase in the P.A.P. share of the cost.

£20
£1000
P.W.E.)

£1300
P.W.E.)

£165

Post Office. There is a total increase on this head of £1835, and the Gov. strongly urges that this should be allowed. The S. of S. approved of his increasing the estimate by £2000 if he considered it desirable, having regard to the claims of other Depts. He has reported that new post-offices are not opened unless they are required for Govt. purposes, or unless the receipts cover the local expenses. The cost of postal facilities is very high, having regard to the fact that the P.O. is at present of little service to the natives, who pay a great part of the taxation. Having regard ^{however} to the ~~Government's~~ Governor's strong recommendation (43754) I think we must ask the Treasury to approve the increase which was disallowed last year.

P.O. Special Expenditure. We have told the P.O. that we cannot provide a wireless installation in Jubaland at E.A.P. expense. The installation is mainly required for communication with the Italian Benadir, and can be supported on international grounds only. £3000 can be cut out for this service. The provision for telephone construction is not explained, and in view of the financial position I think this should be regarded as a luxury and £1000 saved, unless the go. can show that it is required.

Agricultural Dept. We have asked for further particulars as to the proposed Agricultural Asst. (£6079) and the provision of £395 might be cut out for the present.

The Manager of the Naivasha Stock farm has been granted as a temporary measure an entertainment allowance of £50, in view of the number of visitors to the station.

The Treasury have refused to sanction the provision for a tobacco expert, but we have asked the Governor for further particulars to put before them. *This item may stand for the present.*

The provision for a Chemical Division is not explained, and I would cut it out, saving £600, pending further info.

we are hoping to be the add off. the Clerk from the P.O. is mistaken as to the amount. I know the provision is £80. I have to see.

£3000

£1000

for 4 purposes, under the estimate. This is a small amount on outlay.

£325

3580/09.

£550

There has been a total increase of 2-3

stock, but the
is £1300.

Veterinary Division. The Treasury have approved of the salary of the Chief Vet. Officer being carried out at £625.

4114/08

Bacteriologist £200 is provided this year, as against £100 last. Sir D. Bruce is trying to get a man from Pretoria, and this increase had better stand until we hear further.

~~_____~~
~~_____~~

Veterinary Officers. The Govt. has been informed that the S. of S. is not satisfied as to the necessity of the two additional officers, and has been asked for further details into their duties. £200 can be cut out. Veterinary Specialist £200. Is provided for combating diseases of stock, owing to the outbreak of East Coast fever.

4215/08

£80

Survey and Land Depts. The totals are approximately the same, but there are some minor additions to staff of which I find no explanation.

Public Works Dept. Provision for a Quantity Surveyor has been approved, as have also the increases in the salaries of certain of the staff. The question of the appt. of an Inspector of Machinery is forming the subject of separate correspondence.

Public Works Recurrent. Certain municipal expenditure has been transferred to Provincial Administration, so that there is an actual increase of some £2000.

Public Works Extraordinary. The total is £42,000, against an original estimate last year of £27,355, cut down here by £3,000, including revotes, the only items of importance are £2500 for the Police Depot,

as to which a separate letter is being addressed to the Treasury, and £10,000 for new Govt. offices at Mombasa and Nairobi. The latter items might, I think, well be deferred pending consideration of the general financial position.

To sum up the suggested alterations in these estimates:

	Increase	Reduction.
Prov. Administration.	£450.	
Registration of Documents.		£45.
Police.	£388.	
Prisons.		£90.
Medical.		£1300.
Hospitals.		£165.
Post Office Special.		£1000.
Agricultural Dept.		£975.
Veterinary Dept.		£800. See 573
Public Works Ex.	£5000	£10,000.
Miners Survey.	£2000.	

£ 6379 £ 17,305
 6379

Net reduction £ 10,926

HRC 15th Feb.

W. Head.

I am afraid that I am not yet in a position to contribute anything of value to this discussion. One point which strikes me is that the extent to which, even allowing for the reductions proposed

by Mr. Cresswell, the half and half principle is being departed from, I gather that the principle is applied on the basis of ordinary expenditure, by which I mean the total expenditure less the remnant legacy from the previous year.

143

The new arrangement by which Customs revenue is handed over to Uganda complicates the calculation. This amount should, I think, for purpose of applying the half and half principle, be struck out of both sides of the account. If this is done, the estimated revenue appears as £516,000. This is less than the estimate of £533,639 of 1908-9. Therefore no increase in expenditure is justified. The ordinary expenditure in 1909-10, as estimated and excluding £26,000 remnant of £7,500 to be paid to Uganda, is estimated at £716,823. The proposed reductions knock off £109,260, leaving £607,563, as against the approved ordinary expenditure of £694,755 for 1908-9. I do not see how this can be helped, but we must show the Treasury that we appreciate the fact.

As for the future, we might await

the despatch which the Gov. promises
shortly. He does not himself say that
he is going to appoint a commission to
enquire into the financial position such as
that of which the Treasurer speaks. Even
if he did so, the commission made recom-
mendations of which the S. & B. of the
Treasury could not approve, I don't
see that the position would be ¹⁴⁴₃₀
embarrassing as the Treasurer seems to
say. I am afraid it would create a
more embarrassing situation if we pressed
for the despatch of a financial expert from
this country before we have heard what
the Gov. has to say.

Finance Committee.

EBB

Feb 17.

at once

4/2

17/2

Nairobi

2nd Nov. 1908

Dear Mr. Carters

Corrube has returned
and told me of the visit which
you were kind enough to give
him in connection with his
salary -

I had already written on the
10th Sept^r by Officially to plead
in this connection, but was
doubtful why I felt unable
to raise the question again of-
ficially, much as I should
have liked to -

In any case it would be too

Sanction to...
the estimates for the...
... on the 16th inst.

As I have the sanction of his
... may be when he recommended,
and that his salary may be found,

as I requested in my last letter
No 14 of the 7th Oct: 1907, may

I wish that the necessary
... in the estimates for
... the ...

that I may be informed by telegram
before the ... of Oct: , when
the ... is ...

He is ...

Yours sincerely
J. ...



C.O.
4553
REC 8 FEB 09

Governor's Office

Nairobi,

January 14th 1909. 146

EAST AFRICA PROTECTORATE.

No. 21.

(Incl. 5.)

My Lord,

With reference to my telegram No. 228 of the

20
4556g

11th ultimo and previous correspondence I have the

Estimates
(10 copies)
Budget Statement
(6 copies)

honour to transmit herewith 10 copies of the Draft

Estimates for the year 1909-10 as passed by the

Treasurer
O.1058/128 Dec. 30.

Legislative Council together with the Treasurer's

covering letter and six copies of his Statement in

Council introducing the Budget.

2. These items in the various schedules, which present any unusual features or call for any special remark, will, I think, be found to have been fully explained by Mr. Bowring and in certain cases have already formed the subject of reference from myself

to

S.M. Principal Secretary of State

for the Colonies,

Downing Street,

LONDON, S.W.

to Your Lordship.

3. There are however one or two points to which I would venture to invite Your Lordship's special attention.

4. A decision is asked as to the correct method of showing the contribution which this Protectorate is in future to pay to Uganda on account of Customs Revenue.

It would be somewhat misleading to deduct it from the Gross Customs receipts and on the other hand it cannot be properly described as expenditure. I would recommend the proposed solution, in accordance with which it would be treated as a separate head.

5. Your Lordship will observe that a hope is expressed in the 18th paragraph of the Treasurer's Letter that the deficit in this year's estimated revenue will not be so great as was anticipated at the time when the Estimates were introduced in the Council. It is proposed in the event of the realization of our hopes in this connection, to increase the vote for Minor Public Works, which has had to be reduced to a figure incompatible with the requirements and progress of the Protectorate. I trust that this proposal will meet with Your Lordship's approval.

6. Certain suggestions which emanated from the unofficial

unofficial members during the debate on the Estimates in the Legislative Council merit consideration.

7. It has not hitherto been possible to report the proceedings of the Council, especially the debates in Committee, in extenso, and a wish has been expressed for verbatim shorthand reports. It may, perhaps, be thought that it is early yet to make the provision referred to in paragraph 13 of the Treasurer's letter, and so far as the Official Members are concerned this would not be necessary. But with the unofficial members the case is different; allusions have frequently been made by them to opinions expressed in Committee on a previous meeting of the Council, and it is inconvenient that there should be no full record of what was actually said. I therefore recommend that the provision of £400 asked for be added to the estimates.

8. The question of the maintenance of the Zanzibar Sanitary Station was again the occasion of critical remarks on the part of the unofficial members, who, not unnaturally, take exception to the incidence of this

charge

charge upon our revenues. If possible I shall be glad to see the question reopened with the Foreign Office.

9. Recommendations from the same quarter urging an increase in the Education Vote rest upon ever pending the report of the Education Expert Professor Frazer, who has arrived and is proceeding with his investigations. It attaches very great importance to the introduction of a proper scheme of education in West Africa and I shall address your Honorable Body again on this subject when Professor Frazer's report has been completed.

10. I regret that owing to the shortness of the time available it has not been found possible to take allowance in the draft estimate for the abolition of Travelling Allowances and the question of the improvement in the position of the Senior Administrative Officers. A separate communication will shortly be addressed to your Lordship on this subject. In the meanwhile the usual provision for Travelling Allowances has been left in the estimate to be adjusted later. I may add that the Administrative

Officers

Officers are not the only ones concerned in this question of Travelling Allowances. A large number of other Officers are affected some of whom are already on an incremental scale of salary, and their case will also require careful consideration. The subject is one which will take time to deal with. The orders contained in Your Lordship's despatch Confidential of 2nd October 1907 will be given effect to from the 1st April next.

11. I must now revert to a consideration of the general financial situation as disclosed in the estimates themselves and in the Treasurer's statement and letter referred to above.

12. In the first place it will be noted that it has once more been found impossible to adhere to the half-and-half principle, although every effort has been made to do so. I need not recapitulate the arguments put forward by the Treasurer in his letter of December 20th, 1907 enclosed in my despatch Confidential of the 20th idem, but they apply with even greater force now. The Revenue has not expanded as much as we hoped, mainly owing to a general failure

failure of crops and to commercial depression both local and general. On the other hand situated as we are with the future of a great country before us, we cannot expect the ordinary Administrative expenditure of the Protectorate to decrease; on the contrary it must for some time to come increase, and, as the Lords of the Treasury have been unwilling to recognise the special character of votes in connection with the development of the country (Agriculture, Forestry, Land and Survey) and Public Works Extraordinary, we are confronted with a most difficult position.

13. The result has been that, as was the case last year, we have had to subsidise ourselves from accumulated balances, an expedient which, I need scarcely say, could not be expected to last, and which will be exhausted with the ensuing year.

14. The matter is engaging the earnest attention of myself and my advisers, and I shall shortly address Your Lordship on the financial position as it will arise in connection with the estimates for 1910-11. Fortunately we have time for a thorough consideration of the question and I hope that the proposals I shall be able to place before Your Lordship will be such as to enable Your Lordship and the Lords of the

failure of crops and to commercial depression both local and general. On the other hand situated as we are with the future of a great country before us, we cannot expect the ordinary Administrative expenditure of the Protectorate to decrease; on the contrary it must for some time to come increase, and, as the Lords of the Treasury have been unwilling to recognise the special character of votes in connection with the development of the country (Agriculture, Forestry, Land and Survey) and Public Works Extraordinary, we are confronted with a most difficult position.

13. The result has been that, as was the case last year, we have had to subsidise ourselves from accumulated balances, an expedient which, I need scarcely say, could not be expected to last, and which will be exhausted with the ensuing year.

14. This matter is engaging the earnest attention of myself and my advisers, and I shall shortly address Your Lordship on the financial position as it will arise in connection with the estimates for 1910-11. Fortunately we have time for a thorough consideration of the question and I hope that the proposals I shall be able to place before Your Lordship will be such as to enable Your Lordship and the Lords of the

Treasury to arrive at a practical solution of the difficulty. We have a great and rising country to develop in the resources and ultimate destiny of which I have the greatest confidence; but in order to realize full the prosperity which we hope for it will be necessary to provide in the next few years for a larger expenditure on capital outlay which can be met from Revenue and the grant-in-aid on a permanent basis.

I have the honour to be,

With the highest respect,

My Lord,

Your Lordship's most obedient,

Humble servant,

J. D. Sullivan

INCLOSURE No. 3

In Despatch No. 21 of Jan: 14 1909.

The Treasury,

153

Mombasa. 30th December, 1908.

Govr. No. 105a/128.

SECRETARIAT

No. 5

Recd: 4.1.09

Sir,

I have the honour to transmit herewith
10 printed copies of the Estimates for the year
1909-10 as passed by the Legislative Council at the
second reading of the Appropriation Ordinance 1909.

2. I have further the honour to enclose 6
copies of the statement with which I introduced the
estimates at the first reading of the Bill. In this
statement I dealt with the accounts of the Protector-
-rate for the year 1907-08, the revised estimates
for the current year, the financial position of the
Protectorate and the detailed estimates for the
year 1909-10.

3. Between the first and second readings of
the bill, however, a number of alterations in the
estimates became necessary. The more important of
these were:-

4. Revenue Schedule 3 (page 6 of the
estimates). Hut Tax and Poll Tax Province of
Ukamba now shown at £13,137 instead of £20,145.

Against

HIS EXCELLENCY THE GOVERNOR,

NAIROBI.

Against this, the sum of £960, provided under Expenditure Schedule 8, Provincial Administration, Province of Ukamba for "subsidy to village Headmen and assistants", has been deleted. The reason for this is that the Provincial Commissioner for Ukamba is not yet in a position to draw up lists of Headmen who are to receive fixed salaries and it is therefore considered advisable to continue the original system of remunerating them by means of commission on the tax collected with special assistance and gratuity. The net amount to His High Revenue is amount. This alteration shows the total local Revenue from £1,155,000 to £1,154,040 (change in the estimates).

The Expenditure under S. Customs Provision has been inserted under Other on the contribution which it has been decided shall, in future, be paid over to Uganda in respect of import duties on goods imported into the Protectorate via East Africa. The amount, £11,500, was agreed to by Your Excellency and Sir H. Bell to the year 1909-10 after the Treasurer for the Uganda Protectorate and myself had gone into all available statistics bearing on the matter. I have been in some doubt as to the correct method of showing this item in the estimates. For purposes of comparison with previous years, it was undesirable to show it as a deduction from Revenue. At the same time it does not appear to be altogether correct to show it as Customs expenditure. The amount represents a net amount consisting of the approximate

approximate Uganda Exports less a portion of the cost of the East Africa Customs Department which deals with the imports and collects the duties. It would perhaps have been better to open a special heading, or to have shown the contribution together with the Rent and Interest to His Highness the Sultan of Zanzibar under a new head which would take the place of Expenditure Schedule 1. I would suggest that this matter be referred to the Colonial Office for decision.

6. The effect of providing for this contribution has been to increase the Grant-in-aid by a like amount (vide page 2 of the estimates).

7. Under Schedule 9a. Port and Marine Departments, special expenditure, provision has been added, since the first reading of the Appropriation bill, for a motor launch for the Tana River at a cost of £850. The original launch, the "Geraldine", has recently been condemned as no longer fit to run on the river. She is reported to be not worth repairing, more especially since she is not suitably constructed to negotiate the frequent bends in the River on account of her length. It is proposed to sell her if an offer can be obtained.

8. Under Schedule 23, Agricultural Department, provision to the extent of £650 has been added for a chemical sub-department. This has been very strongly advocated by the Director of Agriculture and I

understand

understand Your Excellency is addressing the Colonial Office separately on the subject. 156

9. To provide funds for the two last-named items of Expenditure, viz: £850 for the launch and the £850 for the Chemical Department, the sum originally inserted for a similar purpose was under Public Works Extraordinary (page 92) and has been deleted.

10. Under Schedule 51, Public Works Extraordinary, £4500 has been inserted for the acquisition of a Police Depot, authority to spend £1500 on which during the current year has been applied. It is proposed to provide funds for this £4000 by utilizing £1500 of the savings on the 1909 year's expenditure and reducing the balance of assets on 31st March 1909 by the same amount (vide page 180 of the estimates) and (b) by reducing the provision under Public Works Extraordinary for Offices at Nairobi from £10,000 to £8,000.

11. A number of minor alterations have been made in various schedules of expenditure, the net result of all the alterations made since the first reading of the bill being that the balance available on 31st March 1909 is reduced from £42 to £36.

12. Since the estimates were revised for the second reading of the bill, further information has come to hand which makes it probable that the Revenue Deficit will not be so large as at present

shown on page 100 of the estimates. Should this prove to be the case it would be possible for the sum provided for "Minor Public Works" (page 97 of the estimates) viz: £2184 to be increased, which would appear to be very desirable in view of the large number of urgently required buildings for which it has not been possible to make provision. 157

13. During the debate on the estimates it was suggested that provision should be made for a shorthand writer for the Legislative Council together with some additional provision for publishing a local Hansard. This would probably cost about £400 in all, viz: salary and house allowance £200 and printing £200. I understand Your Excellency to be in favour of this proposal and if it is approved by the Colonial Office the necessary additions could be made to Schedule 4 of the estimates before the bill is read a third time.

14. Attention was again drawn to the provision of £1500 for the maintenance of the Zanzibar Sanitary Station and it was urged by the non-official members that the East Africa estimates should be relieved of this annually recurring charge. I understand that this can only be done if the Colonial Office and the Foreign Office can come to some arrangement.

15. On the question of education the unofficial members pressed for more liberal provision under Schedule 16 and also asked that, pending the arrival

and

and report of the Officer who is being sent over from India, the Education Vote should be treated as a one line vote. I have accordingly the honour to suggest that Colonial Office sanction be obtained to allow any reallocations between subheads until a definite education scheme has been accepted.

16. It has not been possible to make the necessary alterations in the estimates consequent on the abolition of travelling allowances in the case of officers, as by the nature of their duties they are required to be constantly travelling. There are many separate classes of officers to be considered and I hope very shortly to be able to address your Excellency on the subject and to make certain proposals for Your Excellency's consideration and submission to the Secretary of State.

17. As pointed out in my budget statement, it will be necessary to draw upon the whole of our accumulated balances in order to meet the proposed expenditure. The question of our future finances will therefore require to be considered without any undue delay.

18. I understand that Your Excellency is considering the advisability of appointing a special financial commission to go thoroughly into the matter. I would respectfully suggest that if this is to be done, such commission should include at least two non-official members of the community. I consider

that

that a commission on such lines would be of the greatest benefit to the Protectorate. There is of course the danger that the commission might recommend proposals which would not be acceptable to the Colonial Office or the Treasury and that an embarrassing position might thus arise. Such a position might be obviated if the duties of the commission were distinctly laid down and limited by the Secretary of State.

16. In the event of a commission on these lines being appointed I would respectfully put forward the names of Lord Delmege and Mr. A. G. Turnbull as the non-official members. The former is the only gentleman who can be said to hold the confidence of the up-country settlers.

17. Mr. Turnbull, the Manager of the Mombasa branch of the National Bank of India is a gentleman who commands the respect of all those who have come in contact with him in his business capacity. He has been in Mombasa for eight or nine years and has seen the development of the Protectorate from before the date of the arrival of the earliest planters or settlers.

18. Since the 'half-and-half' principle was decided upon I have year by year vainly endeavoured to adhere to it regarding the estimates on Your Excellency's instructions. Last year I made certain proposals as to a reconsideration of the principle which did not, however, command themselves to the Secretary of State.

19. Year by year we have been obliged to balance deficit on the Estimates by drawing on certain funds which had accumulated under exceptional and unusual circumstances. The time has, however, now arrived

593
I have
to
the
Secretary
of
State

we have no longer any funds on which to draw and it has become necessary to consider the future financial policy of the Protectorate.

160

I have ac., &c.,

Sd/- C.C. BOWRING

Treasurer.

Budget Statement of Treasurer in Legislative Council, November, 1908.

YOUR EXCELLENCY,

161

I beg to move the first reading of a bill to apply a sum of money for the service of the year ending the 31st day of March, 1910.

It will be remembered that on account of the special circumstances attending the preparation of the estimates for the year 1908-09, chief of which was the visit to East Africa, late in 1907, of the Under Secretary of State for the Colonies, who himself perused the draft estimates in detail, it became necessary to carry through both the first and second readings of the appropriation Ordinance at the same Council meeting in order that the estimates could arrive in England by the prescribed date. It was therefore only possible to place the draft estimates in the hands of the Honourable members a very few days before the debate which arose thereon.

This year, however, I am able to introduce the estimates a month earlier, and members will have ample opportunity of studying the same before the second reading of the bill. I wish to point out, that it would greatly facilitate matters when the debate takes place next month, if members requiring information on any details would communicate with me beforehand, specifying as far as possible those points on which they require further information.

Before dealing with the estimates for the ensuing year, I will refer briefly to the actual figures for the year 1907-08 and the revised estimates for the current year.

When the current year's estimates were prepared it was anticipated that there would be an excess of assets over liabilities on 31st March, 1908, of £153,112. The actual figure was £201,766 from which has, however, to be deducted £24,299 of remanet expenditure required but not revoted during 1908-09. The net balance of assets was therefore £177,467 or £24,355 more than expected.

The manner in which this excess of £24,355 accrued was as follows:—

	£	£
1. Decreased Revenue surplus	2,931	
2. Reduction in Grant-in-aid	25	
3. Increased savings on Expenditure		18,805
4. Reduced Railway deficit		3,506
5. Savings on Military vote temporarily earmarked for rearming Palace or for transport of troops to Nyasaland		3,000
6. Net excess	24,355	
	27,311	27,311

The failure to realize the whole amount of surplus revenue which was anticipated when the 1908-09 estimates were prepared, is due to the Customs receipts for the last quarter of the year having fallen short of expectations. It is at this period of the year that the North-East monsoon blows and enables dhows to arrive from India and Arabia, and in past years the March quarter has invariably been that in which the largest sums have accrued from import duties. During the year under review, however, not only did the March quarter fall far below what might have been justifiably expected, but it was less than that of the June and September quarters and actually brought in £2,400 less Revenue than the corresponding period in the preceding year. In fact the increased revenue derived from the dhow traffic was more than counterbalanced by a falling off in the European trade. I regret to have to report that the general depression in trade has continued into the current financial year with the result that a serious deficit is anticipated on the current year's Customs Revenue.

I am of the opinion that, although the shortage in Customs Revenue can be partially ascribed to the general financial depression which has recently existed throughout Europe and America, we must acknowledge that local conditions are to a great extent responsible for the unsatisfactory state of affairs. It must be admitted that in the past the influx of Europeans intending to settle has temporarily swelled our Revenues and that a large number, having spent their available cash, have now either left the country or are settling down to develop their invested capital. Such a state of affairs is almost inevitable in a new country and it is impossible to correctly gauge the real progress of a Colony during the earlier phases of its development. 162

The increased savings on the expenditure estimated for 1907-08 which (exclusive of the Railway Department) after allowing for all remanet expenditure amounted to £18,805, could not be foreseen when the 1908-09 estimates were compiled. Vacancies in the staff were not filled up and the Military and Police were below strength. Both these circumstances caused also corresponding savings on the transport votes. Further, the Public Works programme was not carried out in full, and numerous economies were effected on works and buildings.

The reduced Railway deficit of £3,506 is apparent only and is due to the difference between the system of Railway accounting and the system of Government accounts generally. Briefly, the Railway Department show earnings and expenses, and the Protectorate accounts show actual Receipts and Expenditure. Thus, owing mainly to certain expenses which were taken into the General Manager's accounts for 1907-08, though not actually paid till the current year, the Railway Departmental Accounts show a profit of £64,713 as against £68,500 shown in the Protectorate general accounts. The difference between these two figures is £3,793, or approximately the same as the reduced Railway deficit.

The further £5,000 saved on expenditure is that referred to by me last year in introducing the budget. At one time it was thought that this amount which was derived from savings on the Military Department, would be required either for the cost of transporting the reserve battalion of the King's African Rifles back to Nyasaland during the first quarter of 1908, or, if it were decided not to return the troops, for the purpose of rearming the Police. It was eventually decided to retain the reserve battalion, but at the same time the reorganization of the Police Department was decided upon and the cost of rearming the men will be defrayed from the ordinary Police estimates, without regard to savings on the Military vote.

Turning now to the finances of the current year, (1908-9) I would ask the Honourable Members to refer to appendix B to the draft estimates now before them (page 100). This appendix is a statement of assets and liabilities, partly estimated as on March 31st, 1909.

It commences with the actual excess of assets over liabilities on March 31st, 1908, which as I have already stated amounted to £201,706. The two next items under the heading assets, are the Revenue for the year 1908-09 as originally estimated and the parliamentary grant-in-aid.

The fourth item represents the savings on the sanctioned expenditure for the year amounting to £33,000. A portion of this amount has been reallocated to items included in a supplementary estimate and consequently figures on the opposite side of the statement. But a large portion consists of clear savings which will I regret be required to meet Revenue deficits. The principal source of savings is the Abolition of Slavery vote for which a special sum of £40,000 was originally granted. It is now estimated that one half only of this sum will be required for the purpose for which it was voted. The remaining £18,000 is expected to accrue on departmental votes on account of vacancies on the staff, savings on sub-heads, etc.

The last item, £26,400, represents sums voted during the current year which it is expected will be unspent by 31st March, 1908. They are detailed in appendix D, page 105, of the draft estimates, and are revoted in 1909-10. Being deferred expenditure, and not actual savings, they are shown separately in appendix B. They form of course a portion of the estimated surplus of assets on 31st March, 1909.

The first item on the liability side of the statement is the sanctioned expenditure for 1908-09, as shown in the printed estimates for the current year.

The second item, £32,585, is the amount of the supplementary estimate recently voted by this Council. It includes the £24,299 to which I have already

alluded as being expenditure deferred from 1907-08. The balance of £8,286 is, as was explained when the supplementary estimate was introduced, unavoidable expenditure, which was not foreseen when the current years estimates were framed.

The third item, viz. £1,000 for a Mahomedan School, has already been discussed by the Council. It will be included in a supplementary estimate as soon as the site, plans and other details have been decided upon.

The next two items form the unpleasant feature of the current year's finances, representing as they do anticipated deficits on revenue. I have already alluded to the unsatisfactory condition of our Customs receipts. It now appears that we were too sanguine in estimating for a revenue of £14,000 from this source. The actual receipts for 1907-08 were £78,717 and the revenue for the completed portion of the current year does not justify a higher estimate than £82,000 for 1908-09. It will be seen later that the estimate for 1909-10, has been put at £83,000.

Further, a considerable deficit in hut tax in the Ukamba Province has to be accepted. This is a large deficit due to the prevalence of diseases amongst stock and consequently amongst the cattle trade. On the other hand a surplus in the Hut Tax in the Province is expected, and one or two miscellaneous items of revenue have accrued.

The main deficit is due mainly to a too sanguine estimate of the up-traffic which is not fulfilling expectations.

In view of the convenience to tabulate the revised expenditure and revenue figures for the current year, which work out as follows:-

	£	£
Estimated expenditure	33,000	
Expenditure other than remabet expenditure for 1907-08, included in the supplementary estimate		8,286
Mahomedan School		1,000
Revenue deficit		13,000
Railway		10,400
Balance - net surplus on the year		714
	33,000	33,700

It has been seen from these figures that the estimated expenditure savings have to balance the deficits on revenue and unestimated expenditure, the estimated balance of excess assets as on March 31st, 1909, is shown at £745,885 after deducting £26,400 for deferred expenditure, at £45,982.

This figure of £45,982 can be arrived at also in the following manner:-

	£	£
Balance of Assets over liabilities on March 31st, 1908	201,776	
Year ended net surplus on 1908-09 account		714
Required on side of general expenditure 1908-09		23,314
vide Appendix D to current year's estimate		108,885
Revs net expenditure revoted in 1908-09		24,299
Revised expenditure in supplementary estimate for 1908-09		45,982
Balance		
Total	202,480	202,480

I must here state that in preparing the estimated statement of assets and liabilities as on 31st March, 1909, I have, as compared with the views of the Heads of the various Departments, erred, if anything, on the side of hopefulness. Should I unfortunately prove to have been too sanguine, any deficit on the estimate will require to be made good by savings on next year's expenditure, but I trust that this will not be necessary.

As regards the estimates now before the Council, it will be seen that a total expenditure of £745,725 is proposed. Of this, £26,400 is deferred expenditure from 1908-09, leaving £719,325 as fresh expenditure to be incurred. It is proposed to meet this by a Revenue of £535,385 a grant-in-aid of £138,000 and withdrawal from accumulated balances of £45,940.

The withdrawal of this sum of £45,940 will practically exhaust our reserve fund as shown in Appendix D, (page 102), of the draft estimates.

The sanctioned expenditure on the current years estimates is £693,638, of which £108,885 was revoted from 1907-08, leaving a balance of £694,753 as expenditure voted for the first time.

The increase in new expenditure is therefore £24,572. This increase includes a sum of £2,180 on page 31 of the estimates for salaries to Headmen and Chiefs in lieu of Hut Tax Commission which is shown as a deduction from Hut Tax

Revenue. The next increase is therefore £22,392. If the various items of "special" or non-recurrent expenditure are deducted the figures stand as follows:—

	£
Proposed recurrent expenditure	6,44,870
Estimates for 1909-10	6,25,009
	<hr/>
Increase in 1909-10	19,861
Less transfer from revenue	2,180
	<hr/>
Net increase	17,481

The increase is mainly due (1) to increase of staff under Provincial Administration which is required if the estimate for Hut Tax Revenue is to be realized, (2) to an increase under Medical (a) on account of £1,000 transferred from the Railway Department and (b) on account of the severance of the combined Medical Departments of the East Africa and Uganda Protectorates, (3) Increase of staff and other charges under Hospitals and Dispensaries consequent on the growth of the Department, (4) Increase of the Post Office staff to secure a more efficient service which it will be remembered was proposed for the current year but disallowed by the Colonial Office, (5) An increase of £2,720 (apart from the transfer of £1,000 referred to above) in the working expenses of the Railway which is almost entirely due to the provision for working all four Railway steamers on the Lake during the year instead of three for the whole year and one for six months only as far as 1908-09, and (6) to increased staff in the Public Works Department required for the more efficient administration of the Department.

Every effort has been made to keep down the recurrent expenditure of the Protectorate, but it has not been found possible to keep it below the figure quoted having due regard to the requirements of the various Departments, both as regards efficiency and the collection of Revenue.

The special and extraordinary (or non-recurring) expenditure for the year stands at £74,655 as compared with £69,744 for the current year the increase being thus £4,911. A very much larger expenditure was originally contemplated but it was found necessary to reduce it in order to keep the total expenditure of the Protectorate at a figure which would not necessitate an increased grant-in-aid.

In dealing with the various expenditure schedules, the details of the increases will be further referred to, and any further information on the subject can be elicited at the debate on the same.

It will be noticed that no provision is made for any new large Public Works, such as water supplies, railways, etc. Such works are quite outside the limited scope of the Protectorate estimates and should any be decided upon, special financial arrangements will require to be made as in the case of the construction of the Uganda Railway.

The Revenue for the year 1909-10 is estimated at £535,385, as against £533,439 for the current year.

But, as I have already stated, a deficit of £18,000 is now anticipated in the current year's estimates in addition to a £10,000 deficit on the Railway working. Deducting these two items, the revised estimate for the current year is £510,439 and the increase is therefore £24,946 less the £2,180 referred to as being a transfer from Revenue or £22,766 net. Increases over the revised estimate for the current year are expected in the Railway and Post Office earnings, Customs receipts, Licences, the Native hut and poll tax, the sale of stock by the Agricultural Department and in rents.

Survey fees show a distinct falling off as fewer fresh applications for land are expected. The Forestry Department Revenue is less than originally estimated for 1908-09, owing to the difficulty of fully exploiting the forests removed from the Railway line.

Land sales are also shown at a smaller figure, owing to the policy of leasing rather than permanently alienating lands.

It will be noticed that the sub-head under licences, etc., (pages 5 and 6 of the estimates) formerly styled "Hut Tax" now appears as "Hut Tax and Poll Tax." This is owing to a proposal to impose a Poll Tax in certain districts on able-bodied males not paying a Hut Tax, which Poll Tax will be remitted in the case of natives who have worked for a month for wages.

Before referring to the expenditure Schedules in detail I have to announce

The other two important amendments will be to the Customs Revenue. Hitherto the East Africa Protectorate has collected all import duties at the Coast whether the goods on which the duties are levied are for use in the East Africa or Uganda Protectorate. It has now been decided that a fair share of the Customs Revenue shall be handed over annually to the Uganda Protectorate. The amount to be thus ceded is at present under consideration by the two Governments, but no final decision has been arrived at. The effect of this transfer of funds will be to increase our grant-in-aid by the amount handed over, the Uganda grant being correspondingly reduced.

The other items that will be necessary, refers to the various items for "travelling allowances" appearing throughout the departmental estimates. The Colonial Office have decided to abolish these allowances in the case of a large number of officials, and have proposed some form of compensation in the shape of increased, or incremental, salaries. A decrease on the subject is expected from the Secretary of State, but until it is received it will be necessary to make the necessary adjustments. The proposed change will effect an economy in the estimates.

The Expenditure Schedule which allows for constant or recurrent increased estimates No. 6, Provincial Administration, which shows an increase of £6,511. Of this £2,189 in the Kisumu Province is the increase for the salaries already referred to consequent on the introduction of a system of fixed salaries for chiefs and headmen in lieu of giving them a percentage on the collection of hut tax. Further sums of £976 in the Seyidie Province and £1,236 in the Kisumu Province represent municipal expenditure which in former years has been charged against Schedule 29, Public Works Recurrent. The net increase under Provincial Administration is therefore £2,162.

Under the sub-division "General Staff" an increase of 2 District Commissioners and 5 Assistant District Commissioners is provided.

This increased staff is required partly for opening new stations, and partly to supplement the existing station staff. It is proposed to open new stations at Marsabit and on the Usam Guishu Plateau. Four of the increased staff will be required for these stations and the appointment of the remaining three is amply justified by the large increase which is anticipated in the hut tax receipts.

In the Province of Seyidie increases are provided in the pay of the Mudirs, it being difficult to obtain the proper class of men at the salaries now available. In this connection it may be remembered that the Native Civil Administrative Staff on the Coast have suffered considerably in the loss of their slaves.

A new heading, 60 Provincial Administration - Special Expenditure, has been opened in the 1909-10 estimates. It is proposed to place the amounts provided at the disposal of the Provincial Commissioners, and they will provide therefrom the necessary temporary equilibrium as well as any station staff which may be required and which cannot be supplied from their respective provincial votes.

When experience has shown what is actually required at these new stations, the staff and buildings will be voted. In the case of old established stations, under the proper sub-heads of the estimates.

Schedule 8, Customs, has been revised by the newly appointed Chief of Customs. In spite of the decrease in the Customs Revenue estimate, it has not been found possible to provide for an increase of less than 1,618, although the appointment of a Deputy Chief of Customs has been deferred to a future date. A number of the clerks are entitled to increases under their existing agreements and the Chief of Customs who has had considerable experience in other Colonies is anxious to organise his staff on proper lines.

Under "Legal Departments," Schedule 11, provision is made for a new Administrator General's Department at a cost of £970. The duties of Administrator General have in the past been performed by one of the Judges and are at present being temporarily carried on by the Recorder of Titles. The Judges find that they no longer have the necessary time to do the work of Administrator General in addition to their other duties, and the Recorder of Titles will before long be solely engaged on the work for which he was appointed.

Schedule 12, Police, figures at practically the same figures as for the current year in spite of the opening up of new Districts.

It will be seen that the schedule has been recast. This has been done in accordance with the recommendations of a special Commission recently appointed by Your Excellency, but the estimates cannot be considered as final as the reorganization of the Department is being entrusted to the newly appointed Inspector General, who will be requested to study and revise the estimates on his arrival from England at the end of the month. It is probable therefore that the Police estimates will be eventually resubmitted in a completely different form.

The Colonial Office having decided to separate the Medical Departments of the East Africa and Uganda Protectorates, an increase of expenditure is involved in schedules 14 and 15, "Medical" and "Hospitals and Dispensaries." The cost of certain of the Headquarters Staff, which was formerly shared by the two Protectorates, is now borne entirely by East Africa. The post of Deputy Principal Medical Officer is, however, abolished. Further, the whole cost to East Africa of the Zanzibar sanitary station is now charged against the Medical Department instead of two thirds of the cost being charged against the Railway as heretofore. This is merely a change in accounting and does not affect the total expenditure of the Protectorate.

A sum of £2,620 is provided under Schedule 14*g*, Medical, Special Expenditure for measures to be taken to stamp out "Sleeping Sickness" at the Lake. It will be within the recollection of this Honourable Council that a special supplementary vote of £2,000 was taken this year for the same purpose.

Schedule 21, Post and Telegraphs, shows an increase of £1,768.

It will be remembered that at the 3rd reading of the appropriation Ordinance for the current year, the total cost of this Department was reduced from £26,318, at which figure it was passed through the 2nd reading, to £24,858, as the Secretary of State could not see his way to sanction the whole increase proposed. For the year 1909-10 the figure has been placed at £26,626, which, although not satisfying the demands of the Postmaster General, will at any rate allow of some increase in his staff. It will be noted that an increase of £1,800 is estimated for Post and Telegraph Revenue.

I will not refer to the expenditure on the Railway Department, Schedules 22 and 22*a*, as the Honourable the General Manager, who is present, is in a better position to do so.

A larger increase of Agricultural expenditure under Schedule 23 was contemplated but the financial position of the Protectorate has not justified provision for further expenditure under this head. It will be noticed that an increase of £1,300 is estimated from the sale of stock raised or imported by the Agricultural Department.

The spread of East Coast fever has again made it necessary to make special provision for combating diseases of stock. A sum of £6009, of which £400 is revoted from the current year, is therefore provided under Schedule 23*a*.

The expenditure on forests under Schedule 24 remains at the same figure as for the current year, viz. £12,000. Here again it was hoped that increased expenditure would be possible during 1909-10. The Chief Conservator of Forests has pointed out that with the small sum placed at his disposal each year it is impossible for him to carry out the conserving of our forests to anything approaching a full extent, and that prospective Revenue is being destroyed daily by a policy of immediate economy, but unfortunately the state of the Protectorate's finances does not justify any increase under this head for the present.

An increase of £1,894 is provided for the Staff of the Public Works Department, Schedule 28. Of this, £910 provides for three fresh appointments in the General Staff namely a quantity surveyor, an inspector of machinery and an Office Superintendent. The two latter appointments have been provisionally filled during the current year and the cost is being defrayed from savings.

In spite of the reduced Public Works expenditure it has been found necessary to increase the Staff of the Department in order to bring its work up to the proper standard of efficiency.

Schedule 29, Public Works Recurrent, shows an apparent decrease of £87, but the provision for Municipal Expenditure, which in 1908-09 amounted to £3,044 having been transferred to Schedule 6, there is really an increase under this head. It is hardly necessary to point out that the expenditure under "Public Works Recurrent" including as it does provision for the upkeep and maintenance of all Public Works, must necessarily increase automatically as new Public Works are undertaken.

Works Extraordinary, is placed at £27, 21 ... Excluding remanet expenditure, it amounts to £10, 000 for 1908-09.

Owing to the various ... Public Works and Buildings advocated by the various ... and the comparatively small sum available for expenditure thereon, the greatest difficulty has been experienced in selecting the more urgent of the works.

It was eventually decided to submit the Public Works estimate for 1909-10 in a form different to that in which it has appeared in past years. It has been divided into three general headings "Major Works", "Minor Works" and "New Roads and Bridges."

Under "Major Works" is inserted provision for all works the cost of which exceeds £1,000 and only 3 ... come into this division the remaining being expenditure devated from 1908-09.

The Circuit House at Mombasa is a rest-house for the use of Heads of Departments and other officials who have to visit Mombasa from time to time on their other duty. The very limited house accommodation at Mombasa makes it impossible at present to set outside a house for this purpose and the circuit house will be desirable to admit of several officials occupying it at the same time independently of each other.

The inadequacy of the existing temporary Government Offices at Mombasa and Nairobi are so well known that the provision made for permanent Office requires no special comment. It is universally admitted that the present substantial Government Offices is a valuable asset to the Government in which they are situated.

The object of inserting a lump sum for "Minor Works" is to obviate the necessity of bringing a supplementary estimate before the Council on each occasion when a "reallocation" becomes necessary. Estimating so far as is possible with such limited funds at our disposal, it is impossible to state which works will be the most urgent when the time to spend the money arrives.

As for the current year, a lump sum has been inserted for new roads and bridges. The figure for 1909-10 is placed at £17,000 or £2,000 more than for 1908-09. The manner in which this sum will be spent will be decided after consultation with the various local Road Boards.

The foregoing notes are by no means exhaustive and there are many other items on which Honourable Members will desire further information. I have endeavoured to touch on the more important of the ... the recurrent expenditure and to explain the necessity for the different "Special Expenditure."

In conclusion I must point out that, for the reasons given at length in the statement with which I produced the current year's estimates, it is necessary to adhere to the "half-and-half" principle in preparing the budget for 1909-10.

105

C.D.
26
27



For 4563 P.A.P.

Copy to [unclear]

[unclear] 27 Feb 09

163

Sir,

I am dir. of the [unclear] to transmit to you, to be laid before the [unclear] of the Treasury, the accompanying copy of a [unclear] from the Gov. of the I.A.P., transmitting the draft estimates of the Prot. for the year 1908-10, and other [unclear] bearing upon the subject.

The financial operations of the ^{years 1906-7} + 1907-8 ~~years~~ may be shown in tabular form as follows:—

DRAFT

The Secretary
Treasury

Ans'd 15/9/05

MINUTE

Mr. Bullen 26
Mr. Just. Mr. Reid 26
Mr. Andrews 26
Mr. Cox
Sir C. Lucas
Sir F. Hopwood
Col. Seely
The Earl of Crewe

	Revenue	Grant in aid	Expenditure	Surplus
1906-7	661,363	164,000	614,521	+ 10,842
1907-8	474,760	152,975	688,917	- 61,182

3. The figures of the year 1908-9 may be stated as follows:

Access of assets, 31/3/1908	201,766			
Revised Estimate of revenue, 1908-9	510,439			
Grant in aid, 1908-9	138,000			
Revised Est. of expenditure, 1908-9				779,323
Estimated Surplus of assets, 31/3/1909				70,882
	£250,205			£250,205

4. The estimate submitted by the Governor for the year 1909-10 gives the following result:

Estimated surplus of assets				
31/3/1909	70,882			
Estimated revenue, 1909-10	536,777			
Grant in aid, 1909-10	155,500			
Estimated expenditure				780,723
1909-10				
Estimated surplus of assets				36
31/3/1910				
	£760,759			£760,759

for [unclear] 26
1909-10
11th Sept. 1908
19th Nov. 584
11th Sept. 461
19th Nov 585
2470
3970
20. 20th Jan.
25. 7.0. 27th Jan.
29. 0. 3rd Feb.
20.4/unc. Tr.
195
1/100
2/100

It will be seen that the Governor's proposals, while involving a grant-in-aid exceeding that of last year by £17,500, contemplate the absorption of practically the whole of the surplus balances of the Prot. by the end of the coming financial year.

Lord Crewe cannot regard the financial position of the Prot. with satisfaction. But he would propose to await the further inspection of the accounts of the Governor before taking any further steps. The proposals for meeting the requirements of the year 1911-12.

The proposals... estimate... the total... amount of... head of customs duties a sum of £17,500 has, under the new arrangements, been allocated to Uganda and represents the net proceeds from the duties of articles imported into Uganda through B.A. ports. In the estimates as submitted this amount is shown as expenditure under the head Customs; but, subject to the concurrence of the Audit Office, Lord Crewe proposes to instruct the Governor to show the amount as...

Sept. 31000
Nov. 29 5000
Jan. 45754
July 4500
5783

8. Allowances being made for this item, the estimates, as submitted by the Governor, contemplate an expenditure of £745,223, or some £6000 in excess of the approved estimate for the year 1908-9. Lord Greve recognises that, since the revenue of the Prot., after deduction of the proportion of customs receipts payable to Uganda, falls considerably short of that of the year 1908-9, there is no justification, under the "half and half" principle, for an increase of expenditure. He has, therefore, caused the estimate of expenditure to be carefully examined, and ~~has been able to effect economies involving a net reduction of expenditure~~ ^{suggest} exceeding £10,000.

9. By this means it will be possible to reduce the grant-in-aid applied for to £735,000. Lord Greve regrets that it should be necessary to apply for an increased grant, but their Lordships will observe that the increase is necessitated by the depletion of the surplus balances of the Prot.

10. In the corresp. of which copies are enclosed, the Director of the Imperial Institute, ^{has suggested,} and the Governor of the U.A.P. ^{has recommended,} that a mineral survey should be made of the Prot. The cost is estimated at £2000 a year for three years, and Lord Greve hopes that their Lordships will consent to provision being made for the survey in the estimates for 1909-10.

11. The Governor in his covering desp. asks that provision may be made for reporting the debates of the Legislative Council,

48302
5055

but Lord Inverclyde is not satisfied that the financial position justifies this expenditure, at present.

12. Details concerning the proposed increase in the staff and salaries of the several Depts, are given in the copy of which prints are enclosed, but Lord Inverclyde directs me to refer more particularly to the following items of the estimated General Provincial Administration. It is his wish that their Lordships will examine the effect on the staff of the District Commissioners and five Asst. Dist. Commrs. The extension of administration may be expected to be immediately remunerative. The several Depts do not furnish separate estimates of the initial and recurrent cost of the new services to be provided, but it will be seen that the total increase of expenditure under this head, apart from the increase of certain minor items, exceeds £100,000, which is rather more than £100,000 which is provided for the establishment of the new Depts. The estimates of expenditure under the salt-tax 1/2 on the other hand, £10,000.

Provision has not been made in the estimates for the salaries and expenses of the Inspecting Officers, Abyssinian Boundary. I am to transmit, for their Lordships' info., copies of corresp. with the T.O. on the subject of the retention of this office, and to request that sanction may be given to the addition of £450 to the Estimate for Port and Marine. The Governor has also reported the breakdown of the R.S.

Lord Cromer proposes to ask the Gov. whether the expenditure of £300 on Libraries is not excessive.

Pending the receipt of the Governor's proposals for replacing the vessel, the estimate under this head may be allowed to stand. Legal Depts. The increases of salaries under this head are explained in the accompanying ^{printed} corresp. It will be seen that Lord Cromer has refused to sanction the increases under Registration of Documents.

Police. The total expenditure under this head is approximately the same as last year. The question of the re-organization of the force is still under consideration, and Lord Cromer hopes that the estimate may be sanctioned provisionally, on the understanding that, so soon as the efficiency of the force is improved, the question of reducing expenditure will be carefully considered. It was intended to abolish the post of Asst. Commr. of Police, and the Gov. will be reminded of this. *A reduction of £450 can be made in respect of this appointment.*

Correspondence taken place with Mr. [unclear] as to the proposal to establish a Police Depot at Lordships are aware of that correspondence

~~Lord Cromer has decided~~ that the arrangements under which officers are trained at the Depot of the Royal Irish Constabulary cannot be abandoned at present, and the amount provided for this service in 1908-9, viz: £229, ^{annually} must be ~~restored~~ added to the estimate. Medical. I am to invite reference to the letter from this Dept. of the 22nd Jan., on the subject of the establishment of a quarantine station at Bombay. If the proposals in that letter are approved, a reduction of £7500 will be possible under this head, but £5000 will have to be provided this year under Public Works.

Education. The question of education in the

Prot. is now being considered by the Govt. with the advice of an expert lent by the Bombay Govt. Pending ^{the receipt of} his report I am to request that the estimate may be allowed to stand.

Bombay Agency. A separate letter is being addressed to you on the subject of the Agent's salary. The effect of the proposals on the estimate will be trifling.

43754/or
6550/09

Post Office. The Governor, in the proposals which copies are enclosed, strongly urges that the increase under this head may be allowed to stand, and I am to ask that his request may receive favourable consideration.

In the estimates an exemption provision is made for the salary of an additional postal clerk from 1st Oct. It has since appeared that the position of the clerk is urgently required, and an addition of £80 must be made to the estimate for this service.

Post Office Special Expenditure. The installation of wireless telegraph in Jubaland is mainly required for communication with the Italian demand, and Lord Greve does not think that the interests of the E.A.S. are sufficiently involved to justify expenditure ^{from Arab funds} on this account.

In view of the financial situation, Lord Greve proposes to re-arrange the provision for telegraph construction, unless the Govt. can show that it is required for Govt. purposes, or unless the estimated receipts show an adequate return on the outlay. Thus a ^{total} saving of £4000 is effected under this head.

Agriculture Dept. Lord Greve proposes, pending

The installation will be justified on international grounds, & Lordship understands that if for Foreign affairs address then Lordship the matter.

ing the receipt of further info., to refer provision for the Agricultural Assistant and for the Chemical Division, thus saving £275 in all. He has asked the Gov. for further particulars in support of the proposal to appoint a tobacco expert, referred to in your letter of the 30th Jan., no. 586/09, and he would ask that the provision may be allowed to stand for the present.

Veterinary Division. The Governor, in a despatch of which a copy is enclosed, adduces strong reasons in favour of the appointment of two Veterinary Officers, and Lord Crewe hopes that the provision may be sanctioned.

Public Works Dept. The question of the appointment of an Inspector of Machinery is forming the subject of separate corresp.

Public Works Extraordinary. A separate letter ^{has been} ~~is being~~ addressed to you on the subject of the Police Depot. Lord Crewe thinks that the provision for new offices at Mombasa and Nairobi might ~~also~~ be deferred, pending consideration of the general financial position.

The changes which it is proposed to make in the Estimates may be summed up as follows:—

	Increase	Reduction
Prov. Administration.	450	4
Registration of Documents.		45
Police.	929	450
Prisons.		20
Post Office.	80	

CONTINUED ON

NEXT FILM

