

1931

Kenya

No. 17302

E.

SUBJECT

CO 533/415

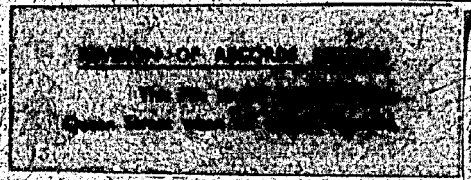
Estimates 1932.

Reduction in Expenditure.

Moratorium on see Lease.

Previous

Sub File D



Subsequent

See 91764/3/32 (Revenue)

15235/32 K

(Anticipation)

- SCHEDULE -

END

Revenue Head	Table 1	Table 2	Table 3.
	Revised Estimate 16.12.31	Revised Est- imate 2.11.31.	Sanctioned Estimates 1931.
I. Customs	£	£	
II. Licences, Duties, Taxes, etc.	690,000	740,000	851,239
III. Fees Municipal Revenue and Payments for Specific Services	851,300	875,960	1012,318
IV. Reimbursements	125,500	127,600	145,228
V. Posts & Telegraphs	887,300	881,266	839,646
VI. Earnings of Govt. Departments	168,000	168,000	189,677
VII. Revenue from Govt. Property & Royalties	88,800	89,460	98,482
VIII. Sale of Govt. Property	69,100	70,185	81,059
IX. Miscellaneous Receipts	14,500	12,680	23,600
X. Interest	14,500	12,850	10,450
XI. Forest Dept. Revenue	32,300	32,320	64,784
XII. Land Sales	29,500	34,300	44,000
XIII. Colonial Development Fund	31,600	31,600	53,500
	51,800	51,343	
	2,328,500	2,117,564	3,515,983

C. 333
 413
 PUBLIC AFFAIRS DIVISION OF THE
 REPORT OFFICE, LONDON

is and, moreover, that its credit to-day stands high. The decision of the Government to suspend certain loan works and to hold the funds thereof in reserve was taken at a time when the whole Empire was facing a situation of such gravity as has never before confronted it and when every little help was needed at the heart of the Empire. The Colony could do little, Sir, but it could at least conserve its resources and so avoid the possibility of having to embarrass the Home Government by further demands on London. The grave danger which threatened has been very narrowly averted but it has not yet entirely disappeared and the Government, wisely I think it will be agreed, propose to continue suspension of the loan works for a time until the outlook is clearer and the Colony's cash position strengthened. The position was, I think, fully explained to the Select Committee and is dealt with in the Report which was signed by most of the Honourable Members opposite, including the Honourable Member for Nairobi North. If there should be any holder of the Colony's stock who, because of the misguided and ill-informed statements which have recently been made public, feels anxious as to his position, I would remind him that his security is not only the particular ~~works~~ for which he subscribed but also the general revenues and assets of a Colony of whose great and prosperous future there can be no doubt.

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PUBLIC RECORDS OFFICE LONDON

There are, Sir, three sources from which temporary borrowings can usually be made by the Government.

From London

From Local Banks

From Deposits held by the Government.

The Government feel that it would be unhelpful to England at the present time and would probably be expensive to attempt to borrow in London. The deposits held by the Government are constant between £250,000 and £300,000. These deposits are quite apart from loan funds. Now, Sir, if the Colony left its deposits and its unspent loan funds with a Bank and overdrew on the Bank in respect of its revenue account and other temporary requirements, it would have to pay in interest 1% per annum more on its overdraft than it received on its deposits. To follow that course would, I submit Sir, be bad business and unsound finance. At the present time, Sir, the unspent balance of loan funds remains intact and could be produced to-morrow, if required, without causing the Government the slightest embarrassment. My belief, Sir, is that those funds can be held intact until they are released for the purposes for which they were raised, unless we are faced with some dire calamity which would justify their use temporarily for other purposes.

From this short explanation Honourable Members may judge of the ridiculous charges which have been brought against the Government, such as that made two days ago, of "direct misapplication of loan funds" "raised in London." Such unfounded charges, Sir, are liable greatly to damage the credit of a Colony if not challenged, and I am glad of this opportunity publicly to refute them. These charges beg the question whether the Government is solvent

SPEECH BY THE TREASURER IN LEGISLATIVE
COUNCIL ON DECEMBER 9th. 1931.

Statements have been made in this Council and elsewhere recently in regard to the financial position of this Colony, and in particular to its cash position, of such a nature that it has become necessary to place the matter beyond doubt or question. It would be stupid of us to attempt to hide or disguise facts, as a Balance Sheet certified by the Auditor is published monthly for all to read who can. I think the position of the Revenue Account of the Colony is well understood. It is estimated that at the close of the year our Surplus Balances will be reduced to about £310,000, whereas our working capital and our temporary commitments against Surplus Balances require about £420,000. Obviously, therefore, a sum of about £110,000 has to be obtained by temporary borrowings to carry on. Our surplus is tied up as to about £200,000 in working capital (cash and stores) and the remainder represents loans, of which no less than £212,000 have been lent to Agriculture.

Now if, with revenue assets of £420,000, although tied up but with the credit of a Colony such as this behind them, is it an unsound practice temporarily to borrow £110,000 to ease the cash position until the policy of progressive economy, or the liquidation of some of our frozen assets, or the receipt of new revenue, restores it? I say it is not only justifiable, but if such a common commercial practice were denied wholesale bankruptcies would result and the business of the world be brought to a standstill.

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SPEECH BY THE TREASURER IN LEGISLATIVE
COUNCIL ON DECEMBER 9th. 1851.

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Obviously, therefore, a sum of about £110,000 has to be obtained by temporary borrowings to carry on. Our surplus is tied up as to about £200,000 in working capital (cash and stores) and the remainder represents loans, of which no less than £217,000 have been lent to Agriculture.

Now Sir, with revenue assets of £420,000, although tied up but with the credit of a Colony such as this behind them, is it an unsound practice temporarily to borrow £110,000 to ease the cash position until the policy of progressive economy, or the liquidation of some of our frozen assets, or the receipt of new revenue, restores it? I say it is not only justifiable, but if such a common commercial practice were denied wholesale bankruptcies would result and the business of the world be brought to a standstill.

There

No 32 on
16300/30

recorded in this despatch, avenues for immediate further economies on departmental votes for 1932 are being explored, bearing in mind the considerations put forward in paragraph 6 of your predecessor's telegram No.241 and the desirability of causing the minimum of dislocation of services. I will keep you informed of any important developments in this connection.

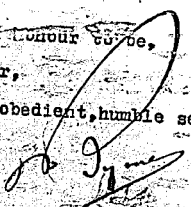
It is desirable to bear in mind the grave situation that may arise in the event of a further locust invasion during 1932. Should this menace develop to any serious extent and result in great destruction of crops, the Colony's revenues will suffer severely and it may be necessary to provide famine relief measures. The possibility of an emergency of this kind arising during 1932, considered in conjunction with the probable difficulty in raising funds from the Crown Agents, was the main factor in my decision to suspend certain loan works and to hold the funds in reserve. I sincerely trust that this menace will not actually develop but should it do so it might be necessary further to consider the proposal dealt with in your telegram No.256 of the 17th August, 1931.

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I have the honour to be,

Sir,

Your most obedient, humble servant,



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

for which they were specifically provided.

Mr. Hill
(17302/31)
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In this connection you will observe that on page 3 of the Report of the Select Committee on the Draft Estimates for 1932 forwarded under cover of my despatch No. 700, the proposal is recorded to keep the unexpended balance from Loan Funds of £266,708 to meet possible emergencies until the revenue position is restored.

This proposal has given rise to a considerable amount of adverse criticism both in Legislative Council and elsewhere, and I considered it advisable to call upon the Treasurer to expound the true facts in Council. A record of his speech made on the 9th December is enclosed for your information.

The main advantage of temporarily borrowing sufficient money for current needs from the Loan funds available lies in the saving of the additional interest which would be incurred on an overdraft. I see no strong objection to this course since the full amount of loan funds can be made available by incurring an overdraft if and when the need arises. The matter is one of considerable difficulty, however, in view of the objections referred to and I should appreciate your advice by telegram as to the best course to be pursued. In the meantime, the Treasurer has considered it desirable to place all cash available to the credit of a separate account at the Bank so as to satisfy any doubt as to whether the Colony possesses sufficient cash to meet its loan liability. This measure has necessarily resulted in the Colony's General Account at the Bank being in debit, as it would probably be if loan funds were not available, but the Colony's collective accounts at the Bank are of course not overdrawn and no interest charges...

but that a considerable portion of this may be required further to assist certain farmers if the loss of monies already advanced is to be avoided.

7. There appears to be little doubt that, until the revenue position is restored and a substantial addition to surplus balances is made, the Colony must have recourse to borrowing for its cash requirements on revenue account. There are four sources from which temporary borrowings could be made, viz:-

- (a) Miscellaneous Deposits held by Government
- (b) Crown Agents
- (c) National Bank of India Ltd., Nairobi.
- (d) Loan Monies.

There is normally a substantial sum in Government's possession representing various deposits but this would not suffice to meet anticipated requirements. An overdraft from the Crown Agents would be costly with the present high interest rates and in view of the terms of your predecessor's confidential telegram No. 308 of the 8th October, this source of borrowing is particularly undesirable. There remain the expedients either of obtaining an overdraft from the Local Bank or of utilising for the time being the loan monies amounting approximately to ~~2250,000~~ 2250,000 which it has been decided to hold in reserve by postponing certain building construction. An overdraft with the National Bank of India as an alternative to utilising loan and deposit monies would necessitate having to pay an interest 1 or 1½ more than is received on the

No. 8. on
17279/31

the estimated deficit to an approximate figure of £300,000.

G. The excess of assets over liabilities on 31st December, 1930, was £510,702. In paragraph 8 of my despatch under reference I estimated that this figure would be reduced to £310,120 at the end of the current year. In view of the revised estimate of revenue it now appears probable that the excess of assets over liabilities on that date will be approximately £211,000. This sum will be insufficient to cover the existing appropriations from surplus balances amounting to £419,500, which is made up as follows:-

	£
Cash for working requirements	100,000
Unallocated Stores Account	80,000
Advances to Local Authorities	2,500
Agricultural Advances	100,000
Maize Subsidy and Grain Industries (freights)	117,000
Advances to Famine Relief	<u>20,000</u>
	£ 419,500

The Treasurer has instructed his sub-accountants to restrict their cash balances to minimum needs during 1932 in order that all surplus cash may be available at Nairobi to meet current requirements. Departments responsible

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total collection of more than £521,000 on this account as against an estimate of £533,000 a month ago, and one of £609,318 in the approved Estimates of Revenue and Expenditure for 1931. The Acting Chief Native Commissioner intimates in this connection that, owing to some extent to delays in collection of tax occasioned by illness of Administrative officers in Nyanza Province, the sum of approximately £40,000 due to be paid this year will not be collected before 1932.

No 11 on
16300730

4. In the enclosed schedule the revised estimates of revenue under the various revenue heads are given in table 1, while in tables 2 and 3 respectively are shown the revised estimates as on 2nd November, 1931, and in the sanctioned Estimates forwarded under cover of Sir Edward Grigg's despatch No. 767 of 8th December, 1930. In submitting the revised estimates of revenue shown in table 1, the Treasurer states that further shortfalls of revenue may occur particularly in respect of revenue from land rents, petrol tax, and interest on monies held in London, the latter being uncertain on account of the position of the Joint Colonial Fund.

5. The revised estimate of expenditure for 1931 which takes into account all authorised economies and all adjustments and additions on account of supplementary provision

thought not unreasonable to anticipate a total collection for the year of £740,000. It later transpired that the increase in October collections was due to abnormal withdrawals from bonded stocks as a result of public apprehension of a general tariff increase arising out of the Conference of East African Treasurers and Commissioners of Customs.

With regard to the other of the two main sources of revenue, Native Hut and Poll Tax, it was thought that sufficient allowance had been made for the effects of famine and general trade depression. Reports of collections indicated a satisfactory state of affairs in all but one of the provinces. In Nyanza, however, the position was uncertain and later advice has shown that a substantial shortfall in revenue collections this year will occur. It is hoped that some part of the arrears will be collected during the early part of 1932 but it is not proposed at this stage to anticipate any increase in the 1932 estimates on this account until the prospects have become clearer.

3. During the past ten days, the September accounts have been completed and preliminary

for which they were specifically provided.

In this connection you will observe that on page 5 of the Report of the Select Committee on the Draft Estimates for 1932 forwarded under cover of my despatch No. 700, the proposal is recorded to keep the unexpended balance from Loan Funds of 2266,708 to meet possible emergencies until the revenue position is restored.

This proposal has given rise to a considerable amount of adverse criticism both in Legislative Council and elsewhere, and I considered it advisable to call upon the Treasurer to expound the true facts in Council. A record of his speech made on the 9th December is enclosed for your information.

The main advantage of temporarily borrowing sufficient money for current needs from the Loan funds available lies in the saving of the additional interest which would be incurred on an overdraft. I see no strong objection to this course since the full amount of loan funds can be made available by incurring an overdraft if and when the need arises. The matter is one of considerable difficulty, however, in view of the objections referred to and I should appreciate your advice by telegram as to the best course to be pursued. In the meantime, the Treasurer has considered it desirable to place all cash available to the credit of a separate account at the Bank so as to satisfy any doubt as to whether the Colony possesses sufficient cash to meet its loan liability. This measure has necessarily resulted in the Colony's General Account at the Bank being in debit, as it would probably be if loan funds were not available, but the Colony's collective accounts at the Bank are of course not overdrawn and no interest charges are therefore being incurred. I may add that in view of the developments

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Public Relations Office LONDON

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(17304/31)
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7. There appears to be little doubt that, until the revenue position is restored and a substantial addition to surplus balances is made, the Colony must have recourse to borrowing for its cash requirements on revenue account. There are four sources from which temporary borrowings could be made, viz:-

- (a) Miscellaneous Deposits held by Government
- (b) Crown Agents
- (c) National Bank of India Ltd., Nairobi.
- (d) Loan Monies.

There is normally a substantial sum in Government's possession representing various deposits but this would not suffice to meet anticipated requirements. An overdraft from the Crown Agents would be costly with the present high interest rates and in view of the terms of your predecessor's confidential telegram No.308 of the 8th October, this source of borrowing is particularly undesirable. There remain the expedients either of obtaining an overdraft from the local Bank or of utilising for the time being the loan monies amounting approximately to 3255,768 which it has been decided to hold in reserve by postponing certain building construction. An overdraft with the National Bank of India as an alternative to utilising loan and deposit monies would necessitate having to pay an interest 1 or 1 1/2% more than is received on the funds standing to the Colony's credit at the Bank. On the other hand temporary borrowing from the loan funds held in reserve is likely to be misinterpreted as an attempt permanently to divert loan funds from the purposes

No 8. on
17279/31

Public Account Office, London

the estimated deficit to an approximate figure of £300,000.

6. The excess of assets over liabilities on 31st December, 1930, was £510,702. In paragraph 8 of my despatch under reference I estimated that this figure would be reduced to £310,120 at the end of the current year. In view of the revised estimate of revenue it now appears probable that the excess of assets over liabilities on that date will be approximately £211,000. This sum will be insufficient to cover the existing appropriations from surplus balances amounting to £419,500, which is made up as follows:-

	£
Cash for working requirements	100,000
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Advances to Local Authorities	2,500
Agricultural Advances	100,000
Maize Subsidy and Grain Industries(freights)	117,000
Advances to Famine Relief	<u>20,000</u>
	£ 419,500

The Treasurer has instructed his sub-accountants to restrict their cash balances to minimum needs during 1932 in order that all surplus cash may be available at Nairobi to meet current requirements. Departments responsible for the maintenance and purchase of stocks of stores have also been requested to confine their purchases to essential requirements and it is hoped that the authorised appropriation for unallocated stores will not be fully required. With regard to Agricultural Advances, the position is that the Board is now completing a review of each case and until this is done no definite information can be given. The Treasurer(Chairman) informs me however that so far as he can judge at present £75,000 may be recovered next year

total collection of more than £521,000 on this account as against an estimate of £533,000 a month ago, and one of £609,318 in the approved Estimates of Revenue and Expenditure for 1931. The Acting Chief Native Commissioner intimates in this connection that, owing to some extent to delays in collection of tax occasioned by illness of Administrative officers in Nyanza Province, the sum of approximately £40,000 due to be paid this year will not be collected before 1932.

4. In the enclosed schedule the revised estimates of revenue under the various revenue heads are given in table 1, while in tables 2 and 3 respectively are shown the revised estimates as on 2nd November, 1931, and in the sanctioned Estimates forwarded under cover of Sir Edward Grigg's despatch No. 767 of 8th December, 1930. In submitting the revised estimates of revenue shown in table 1, the Treasurer states that further shortfalls of revenue may occur particularly in respect of revenue from land rents, petrol tax, and interest on monies held in London, the latter being uncertain on account of the position of the Joint Colonial Fund.

5. The revised estimate of expenditure for 1931 which takes into account all authorised economies and all adjustments and additions on account of supplementary provision is £3,360,500, and the revised estimate of revenue £3,033,500. The estimated deficit on 31st December, 1931, is therefore £327,000. Against this figure must be set such general savings as may be effected under the various expenditure heads. All those who are in any way responsible for the control of expenditure are fully aware of the need for, and have been instructed to ensure, the strictest economy in expenditure and I anticipate that general savings will reduce

No 11 on
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thought not unreasonable to anticipate a total collection for the year of £740,000. It later transpired that the increase in October collections was due to abnormal withdrawals from bonded stocks as a result of public apprehension of a general tariff increase arising out of the Conference of East African Treasurers and Commissioners of Customs.

With regard to the other of the two main sources of revenue, Native Hut and Poll Tax, it was thought that sufficient allowance had been made for the effects of famine and general trade depression. Reports of collections indicated a satisfactory state of affairs in all but one of the provinces. In Nyanza, however, the position was uncertain and later advice has shown that a substantial shortfall in revenue collections this year will occur. It is hoped that some part of the arrears will be collected during the early part of 1932 but it is not proposed at this stage to anticipate any increase in the 1932 estimates on this account until the prospects have become clearer.

3. During the past ten days, the September accounts have been completed and preliminary revenue figures under the two main heads for October and November have become available. The most recent figures disclose the disquieting prospect of a further substantial shortfall of revenue. The approximate Customs revenue collections for Kenya and Uganda in November indicate a reduction of some £30,000 below those for October, and it seems now to be unlikely that the net amount accruing to Kenya from this source in 1931 will exceed £690,000 unless December collections show a marked improvement on those of November.

With regard to Hut and Poll Tax, I am advised that the trend of collections makes it unwise to anticipate a



KENYA

NO. 185.
CONFIDENTIAL.

GOVERNMENT HOUSE,
NAIROBI,
KENYA.

24th December, 1931.

RECEIVED
4 JAN 1932
COL OFFICE

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Sir,

I have the honour to inform you that as a result of a scrutiny of the latest revenue statement from the various authorities concerned, the Treasurer has been compelled to revise his forecast of the financial position in respect of the current year as reported in paragraph 8 of my despatch No. 700 (Reserved) of the 10th December last.

2. You will observe that it is there stated that the estimated deficit on the present year's working would amount to £200,582. This estimate was calculated on the assumption that, while no immediate improvement in the revenue prospects of the Colony were to be expected, there was little reason to anticipate that the proceeds of the main sources of revenue would continue to decline. Stocks of goods available in the country were low and, bearing in mind the usual seasonal increase in clearances of goods through the Customs it appeared reasonable to anticipate that customs collections for November and December would, in conformity with the trend of former years, tend to increase. This view was strengthened by the marked increase in customs receipts for October over the collections for the previous months and in the circumstances it was

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Main file
(173004/1)*

*copy 6 lines. See on 17302/1/51
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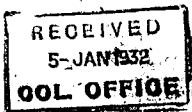
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ALLY WITHOUT PERMISSION OF THE
PUBLIC RECORD OFFICE, LONDON

THE RIGHT HONOURABLE
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., K.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.1

DECODE

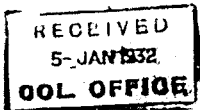


Telegram from the Governor of Kenya to the Secretary of
States for the Colonies

Dated 4 January 1932. Received 6.55 p.m. 4 January 1932.

No.4. Confidential. My despatch of 24th December Confidential
No.185 paragraph 5. Latest return indicates greater general
saving for 1931 than previously anticipated but revenue position
in some directions remains obscure. Request you withhold
comment upon figures contained in my despatch until I can report
more definite appreciation of result of year's working. But
with reference to paragraph 7 of my despatch I should be grateful
for advice requested.

DECODE



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Dated 4 January 1932. Received 6.55 p.m. 4 January 1932.

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3. Crown Agents cash account

to
shows balance credit of Kenya

on January 7th of £668,000

What does this represent, and

what calls are likely to be made

~~in this case~~
on it by 31st March 1952?

upon it can be foreseen

3. Crown Agents cash account

to
shows balance credit of Kenya

on January 7th of £668,000.

What does this represent, and

what calls are likely to be made

~~in the next quarter~~
on it by 31st March 1932?

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O. O.

Mr. Freeston, 71

17302 "D"

Mr. *Mun 7 atance*

Mr.

Mr. Tomlinson.

Sir G. Bottomley.

Sir J. Shuckburgh.

Sir G. Grindle.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State

RECEIVED
18 JAN
1932

*Coded sheet
7.0 P.M.
7-1-32
S.H.*

120

No. 4 Conf. Your telegram 4th January

No. 4 Confidential. It will assist

my consideration of the question

raised in para. 7 of your despatch

of 24th December No. 185 Confidential

if I may receive information as

follows:-

1. (a) Present amount of miscellaneous deposits.

(b) Summary of liabilities against them:

(c) Dates when these liabilities mature.

2. Is reserved balance of loan funds held by Crown Agents or by National Bank of India?

DRAFT Tel.

GOVERNOR

NAIROBI

NO.

Mun 7

copy to CA 10

CONFIDENTIAL

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2.

for 1931 will be about £100,000 and loss on transactions for 1931 between £200,000 and £225,000 as against £300,000 reported in paragraph 5 of my despatch 24th December Confidential No 185. In these circumstances he anticipates that with January revenue which normally exceeds expenditure by substantial amount they will have no difficulty for the time being in meeting all cash demands without encroaching on the loan fund or obtaining overdraft. Should emergency arise however such as unanticipated short fall of revenue or famine conditions arising from locust invasion it would be necessary to arrange for temporary borrowings and in preparations for such emergencies I shall still be glad of early advice as to which course you prefer.

DECODE

RECEIVED
19 JAN 1932
COL OFFICE

48

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

Dated 18th January. Received at 6-45pm 18th January 1932.

No 14 Confidential.

No 3

Your telegram No 4 Confidential. Present amount of miscellaneous deposits will not be known until March when the Colony's December accounts are completed. At the end of September miscellaneous cash deposits eliminating court deposits and special invested funds amounted to £125,000 comprising main items of Currency Board £33,933 Native Trust Fund £15,000 Post Office £34,000 Mombasa Water Renewals Fund £10,000 Immigration £7,000 Sundries £25,000. The total of the deposits is a liability theoretically payable on demand. Adjustment and repayment occurs from day to day but no appreciable reduction of the total occurs on the average over normal years.

Unspent balances including reserve balance of £265,708 estimated to amount to £1,020,000 at end of December 1931 are held partly by the Crown Agents for the Colonies and partly locally.

Whole of the cash held by the Crown Agents for the Colonies represents unspent loan moneys. Unless transfers of surplus cash are made from here it is anticipated that the balance with the Crown Agents for the Colonies will be exhausted next July by payments for interest stores leave pay pensions etc. Meanwhile the balance will of course accumulate here. The position of the Currency Board and Joint Colonial Fund is implicated in this consideration.

It is not possible accurately to estimate cash position at the end of December until the accounts are closed. A rough estimate however indicates that cash held in London and locally amounts to £1,090,000 against loan liabilities of £1,020,000 leaving cash excess of £70,000 to meet current requirements.

The Treasurer now reports that general savings

copy to CA 10

Cham 5



7
In reply
please quote Regd. No.
S.36993.

TREASURY CHAMBERS,
WHITEHALL, S.W.1.

17th February, 1932.

Dear Freeston,

We concur in the line of your telegram to Kenya on the subject of the method of financing immediate cash requirements.

It is a small point, but might it not be better to say "normal" in line 8 rather than "legitimate". The latter epithet seems to imply that what you are now authorising is illegitimate.

Yours sincerely,

M. H. Woods.

L.B. Freeston Esq., O.B.E.,
Colonial Office.

86

C.O.

17302 "D".

Mr. Freeston.

Mr. Allen 1/12/32

Mr. Tomlinson 1/12/32

Mr. Bottomley

Sir J. Shackburgh

Sir G. Grindle

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

16/2/32
at once
copy to every conference
CAF: 18/4

boxed & sent
12-30 pm
18/2/32
ad

RECEIVED
19 FEB
1932

No. 36 Confidential.

DRAFT Tel

the 4

Your telegram 15th January No. 14

Confidential. In this special case

I should raise no objection to

temporarily borrowing from reserve loan

funds to meet cash shortage provided

that (a) interest on the borrowed is

credited to loan funds; (b) proper

arrangements are made to ensure that

the loan funds borrowed shall exclude

immediately available funds for

~~immediate~~ purposes other than required.

This condition will be fulfilled if

the sums borrowed do not at any time

exceed the maximum amount for which

the National Bank of India could be

prepared at the time to allow an

overdraft.

GOVERNOR

NAIROBI

Hand 9

of draft
copy to hand 6
copy to CA 10

copy

Copy of Nos. 1, 2, 4 and this to
Crown Agents Ltd. For info.

Copy to L.F. ref 7.

9

LONDON

FOR REGISTRATION

115

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

Dated 23rd March Received 4.6.P.M. 23rd March 1932.

No. 52 Confidential. Your telegram No. 36 Confidential.

Am glad of report that 1931 accounts are now almost closed
and reveal more favourable position than that reported in
last paragraph of my telegram No. 14 confidential. Treasurer's
latest estimate which is subject to minor adjustment shows
deficit on working of the year 1931 amounting to £153,000
approximately. Of Loan works enumerated in paragraph 11
of Select Committee Report I have authorised recommencement
of work on Law Courts and certain administrative
offices involving release of about £100,350.

12 APR 1932
19 APR 1932

Copy
H. ...
2/c

FOR REGISTRATION

175
1932

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

Dated 23rd March Received 4.6.P.M. 23rd March 1932.

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approximately. Of Loan works enumerated in paragraph 11
of Select Committee Report I have authorised recommencement
of work on Law Courts and certain administrative
offices involving release of about £100,350.

Copy to J. S. 12 APR 1932
SA B/c 19 APR 1932

*are now
withdrawing a sum*

*The following adjustments for this statement are indicated
to despatch above mentioned*

3. In consequence of this the net surplus of assets as at 31st December, 1931 now becomes £283,702 plus £74,000, equals £357,702, and the estimated net surplus of assets as at the 31st December, 1932, becomes £332,639, plus £74,000, equals £406,639.

The addition in each case of £74,000

I have, etc.,

(Signed) L. B. FREESTON.

do

as now
~~under revision~~
The following adjustments in the statement of assets indicated
in the despatch above mentioned

3. In consequence of this the net surplus of assets, as at 31st December, 1931 now becomes £283,702 plus £74,000, equals £357,702, and the estimated net surplus of assets as at the 31st December, 1932, becomes £332,639, plus £74,000, equals £406,639.

In addition, in each case of £74,000.

I have, etc.,
(Signed) L. B. FREESTON.

17302/D/31.

12

C. O.

Mr. Priestman. 8/4

Mr. *Drummond* 8/4

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Boltamley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

O.D.
R 9-APR
D 11-

DOWNING STREET.

12 April, 1932.

Sir,

I am, etc., to refer to my letter
(No.9) *from the Office* of the 22nd February (No. 17302/31) on

the subject of the cash position of the Government of Kenya and to transmit to you to be laid before the Lords

Commissioners of the Treasury, the accompanying copy of a *telegram* despatch from

the Colony the Governor of Kenya regarding the *anticipated outfall of the year working in 1931.*

2. I am to observe that the

estimate of the financial position of Kenya contained in paragraphs 3 and 4 of Sir P. Cunliffe-Lister's despatch of the 29th February, a copy of which was forwarded to you in my letter

No. 17302/A/31 of the 7th March, was based on an estimated deficit for 1931 of £227,000, *It will be seen, therefore, which now proves to be*

estimate mentioned in that despatch of the

that the estimated surplus of results at the close of 1931 was £262,000 in excess of the latest estimate.

of 1931 and 1932 require adjustment

(29. 17302/A/31)

17302/D/31.

4
12

C. O.

Mr. Priestman. 8/4

Mr. *M. M. M.* 8/4

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DOWNING STREET,

12 April, 1932.

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No. 17302/A/31 of the 7th March, was based on an estimated deficit for 1931

of £227,000, which now proves to be *that the estimate surplus of £224,000 in excess of the latest estimate*

estimate mentioned in that despatch of the

of 1931 and 1932 require adjustment

DRAFT.

THE SECRETARY,

TREASURY.

(29. 17302/D/31)

CAS required
no 17279/A/31

11 Jan. Tel - 52. Conf - 22/3/32

I had to report that Treasury's latest estimate, which is subject to minor adjustments, shows deficit on working of the year 1931 amounting to £153,000. Treasury has authorized commencement certain loan works involving release of £100,360.

- ? a copy of this telegram should go to Treasury reference 30 in 17302.17/31 to explain the alteration in the financial position - Draft submitted.
- ? a copy should also go to CAS reference 10.

M. P. ...
8/4/32

1/2
1/3
1/4

J. G. ... - w/c 11 - 12 APR 1932
C.A. ... - w/c 11 - 13/c 19 APR 1932

Crown Agents

We should be glad for your
opinion on the question raised in
para. 7 in No. 1 on this file.

Allen
1/2/32

Colonial Office

We see no technical reason why the
loan funds (and perhaps also the "miscellaneous
deposits", though we do not know the conditions
attaching to these) should not be made use of in
order to pay the excess in interest which would
be incurred on the overdraft for current
requirements, provided that proper arrangements
are made to ensure that the loan funds shall
be available immediately for their
intended purposes whenever required. This
condition will be fulfilled if the borrowings
be general revenue from the funds in question
do not at any time exceed the maximum amount
at which the N.F.I. would be prepared at the
time to allow on account.

Davis

Finance Department
Crown Agents' Office.
10th February, 1932.

H. Allen
W. H. M. Spence

The Crown Agents' views seem very
sensible; I send you a draft telegram for con-
sideration. In the interests of financial
economy it seems desirable that loan funds
should receive from general revenue the benefit

of the interest which they are presumably losing
from the banks, or Crown Agents, with whom they are
lodged.

Crown Agents' Office have a copy of the
correspondence and will be in a position to draft.

Allen
1/2/32

Allen
1/2/32
17/1/32

~~6~~ Treasury - To - 15/2/32
~~REMOVED UNDER STATUTE~~ Would like to be consulted before
final instructions are communicated to Gov.

6/2 To Genl. (Woods) - 5 and - 9 w/c telegram
~~REMOVED UNDER STATUTE~~ cons - 16 FEB 1932

7 Treasury - To - 17/2/32
Concern in the terms of the proposed
Tel - suggest a minor amendment
Tel. may now issue with the
amendment

8 Review to J. P. P. - 23/1/32

8 To Gov. tel. 36 conf. - 18/2/32

9 To Treasury - w/c 8 - 18/2 22 FEB 1932

10 To CA w/c 1, 3, 4, 8 - 15/2 23 FEB 1932

Bo. 36/3/32 re New York
(4)

Allen
1/2/32

Submits a revised forecast of the financial position in respect of the year 1931.

Asks if he may be informed by telegram as to the best course to be pursued in regard to temporary borrowings for the Colony's cash requirements.

26 Jan. Kenya — Tel. 4 — 4/1/32

States that latest return indicates greater General Savings for 1931. Requests that comment on figures in Nat. B. will held until he can report more definitely. But would be grateful for advice as to temporary borrowings.

Mr. Allen

We discussed with Sir John Campbell this morning the point raised in para. 7 of No. 1, and I submit a draft telegram on lines agreed. C.A. (M.)

(M.A.) have concurred in (3) of the draft.

R. B. B. 7/1

M. Allen 7/1

7/1

at all

3. To Gov. Kenya Tel no 4 Conf. 7/1 Jan 32

4 Gov. Kenya Tel. 14 Conf. 18th January, 1932

States that present amount of misc. deposits will not be known until March when Colony's December A/Gs are completed. States position as at end of September. Gives figures of unspent balances and how held. Shows estimate of cash held in London and locally shows cash excess of £70,000 over loan liabilities to meet current requirements. States revised figure for loss on transactions in 1931, and in circles anticipates that with January revenue there will be no difficulty for time being in meeting all cash demands.

(Copies of 1, 2 & 4 have been reported on the 1932 Estimate pp. 1 & 2 and necessary action is being taken thereon so far as the Estimate is concerned) This file has been consulted with the Estimate pp. returned to me on 18th Jan 1932