

1921

KENYA

620

27224

FROM
GOVERNOR NORTHEY
TELEGRAM NO. 286

DATE
28TH MAY 1921

Recd
1 JUN 1921

OR CIRCULATION: -

SUBJECT

FINANCIAL POSITION

Regrets that instead of surplus revenue Treasurer estimates deficit of £300,000 chiefly due to shortage on railway contribution, Income Tax and Customs resulting from abnormal trade depression. Excess of liabilities over assets on 31st March last exceed £350,000. Desp. follows explaining position which is very serious.

- Mr.
- Mr.
- Mr.
- Mr. Grindall.
- Sir H. Lambert.
- Sir H. Road, 7/6/21
- Sir G. Eddes, 7
- [Signature]*
- Mr. Churchill.

Previous Paper

MINUTES

Sir H. Road

[Signature]

I write the following minutes after discussion with you.

This telegram shows the financial position to be most serious.

In the draft Estimates for the 9 months 1st April to 31st December 1921, the budget was just made to balance, or rather there would have been a small surplus of £25,000 odd if the original estimate of the yield of Income Tax had been realised. It now appears that instead of a small surplus there will be a deficit of £300,000.

*Miss Lett copy 10 June 21 ✓
to C.A.*

In the draft Estimates:-

£50,000 was provided for Railway contribution.
338,413 for Income-Tax
301,500 for Customs, making
£679,913 in all, so it looks as though the totals

in the draft Estimates must be nearly halved.

So much for the budget for the present year (or rather 9 months), but the position becomes worse when we turn to the result of *last year's* working

Subsequent Paper

30070

MINUTES

MINUTES NOT TO BE WRITTEN ON THIS SIDE.

of the year 1930-31. It now appears that instead of an estimated deficit of £166,000 as estimated in the draft Estimates, a deficit has to be faced of £350,000.

In his memorandum but says that he has been told by Treasury that he hopes that the Government will be able to raise money from the sale of certain items of building equipment. I don't know, but he has estimated that a deficit of £350,000 is likely to be incurred. I don't think it is likely that we shall have anything from the Government.

The position, therefore, is that we start the year with a deficit of £350,000 and are threatened with a further deficit of £300,000 before the end of the year.

Clearly every effort must be made at once to increase revenue and cut down expenditure. It is out of the question to increase the native poll-tax. Income-tax has proved a broken reed. The railway is now entirely separated from the ordinary Colonial revenue and expenditure, so that it is impossible to have recourse to increasing railway rates, even if it were justifiable; and the only hope of increased revenue so far as I can see, lies in the immediate increase of Customs duties. We have in a recent letter asked the Foreign Office, whether, now that France has ratified the Convention of 10th September 1919 revising the Berlin and Brussels Acts, we cannot

and a certain amount of money for it. 6/23

at once go ahead with this matter and chance any protests, and we should now write again to the Foreign Office explaining that a telegram has been received from the Governor, from which it appears that the financial position of Kenya is very serious and that it is imperative to increase Customs duties without further delay. The Governor some time ago estimated that we should get £200,000 out of increased duties, but that was before the present slump and the estimate was made in respect of a 12 month financial year. Clearly £100,000 is the utmost

we must expect from this source and we should be fortunate if we get that.

On the expenditure side the Estimates had already been pruned very severely before they were submitted to the Secretary of State and the only bit of any size that we can see possible is the exclusion of the provision of £50,000 for increased salaries. I am sorry for the civil servants, but in present circumstances there is nothing for it but to omit this item, especially having regard to the fall in the cost of living. Apart from this it may be possible to pare off a few hundreds here and there but no other big reduction seems possible.

The addition of £100,000 to revenue and



and the reduction of expenditure by £80,000 will leave a more bridgeable gap of £120,000 so far as this year is concerned; but we are left with a deficit of £350,000 at the beginning of the year which I see no means of meeting. Of course if improvement in trade were to set in, things would at once begin to assume a more rosy appearance, but there seems no sign of the slump coming to an end at present and it is impossible to build upon this.

? Write to the Foreign Office as proposed, and Telegraph to the Governor saying that the Secretary of State has read his telegram with much concern, and that clearly every effort must be made at once to increase revenue and cut down expenditure. Indicate the action taken with regard to Customs duties, express Sec. of State's regret that in present circumstances the provision of £80,000 for increased salaries must be omitted. Say that there should be no further buying for unallocated stores account if possible (vide 27223) and ask whether the Governor can make any other suggestions to increase revenue or decrease expenditure.

? Check the obvious ways to save money
W.C.

W.C.B.
3/8/21.

Also say that we hope, unless he sees urgent grounds to the contrary

R.C. has written to the Sec. of State asking for any suggestions that can be made to...

agreements & look of things meeting a date already and some which can be suspended if not too late.

As regards the Railway, it is I cannot promise to a final Lord's decision but the Uganda Railway should no longer be the witch cow of Kenya, but, apart from Uganda's custom protest, the yield on diminishing assets would be small. In the matter, as in that of Customs, to run the risk of recalculation by our action to extinction of what trade there is.

W.C.B. 3.6.21.
See also 27223.

H. J. K.
7/1/21

As to the stores problem, we cannot suggest any other action pending recd. of his Dep.

W.C.B.

Take note a report - and then send to S.G. for his information

W.C.B.
at home

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

C O
27224
REC'D
REC'D JUN 21

Dated 28th May.

(Received Colonial Office 9.12 a.m. 1st June 1921).

Gov
19682

286 28th May your telegram 16th May regret that instead of surplus revenue treasurer estimates deficit of £800,000 chiefly due to shortage on railway contribution Income Tax and customs, resulting from abnormal trade depression. Excess of liabilities over assets to 31st March last exceed £350,000. Despatch follows explaining financial position which is very serious.

21,000
5,413
1,500
9,913

6,000

NORTHEY.

EASTERN TELEGRAPH COMPANY, LIMITED.

LONDON STATIONS —

LIAMENT STREE 'S W

5

- 14th 1921

P. J. J.

28 May 1921

Nairobi

28 May 1921

Chapelton

28 May 1921
 marshy - nitrogen record

late surprise revenue treasure
 decompose for bottle sheets

shortage on railway
 institute an custom
 from abnormal trade

stressed excess of
 over assets on

REPLIES SHOULD BE ORDERED *Via Eastern*

Doubtful words should be officially reported. See Blue Book

No inquiry respecting the Telegram can be attended to unless the production of a receipt

CO 587 / 239
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THE EASTERN TELEGRAPH COMPANY, LIMITED.

LONDON STATIONS

SENT FROM
PARLIAMENT STREET & W

-100 57

2/2

*insate envelope from the ...
remained followed to ...
Korthe*

REPLIES SHOULD BE ORDERED *Via Easter's*

Copyright words should be officially registered by Rule Book
The company ... the program can be ...

625-A

See
~~*James Grant*~~
Indy

DRAFT.

Downing Street,
10 June, 1921.

TO AGENTS
FOR THE COLONIES.

Gentlemen,

MINUTE.

In confirmation of semi official instructions already communicated to you, I am etc. to inform you that it has been decided for the present to suspend action on all vacant appointments in Kenya, and that, pending further instructions you should not proceed, therefore, with any agreements to which you are not already committed.

I am, etc.,

- Mr. Waterhouse. 9.6.21.
- Mr. *B. Tomkey 9.6.21*
- Mr. Grindle.
- Sir H. Lambert.
- Sir H. Read.
- Sir G. Fiddes.
- Col. Amery.
- Mr. Churchill.

2 Drafts
Can already sent
to semi-officially
contact to this effect.

Sent 11.35 am
10/6/21
AWB

Int
Priority

Urgency
10 June,

unfusible

Your telegram of 28th

whalethrow fellowless

May No. 286 Financial Position.

roughlike

Am urging Secretary of State for

alonge

Foreign Affairs to agree to

inacable cushions

immediate increase of Customs

tickdunge

Duties in view of France having

1919 Convention

now ratified and will telegraph

annulans

sewingbird

further as to this as soon as

possible.

What increase de-

Troumatine

alerts

you propose and what is estimated

sh

ceperom

yield. In present circumstances

recremos amputaris Tercetaria
regret that I am unable to

consider any propoals for increased

salaries. sh any considering
I propose unless

abruptivo

action a vacant abruptivo

DRAFT TELEGRAM (CODE)

MAIROBI.

MINUTE.

Mr. Batterbee, 9.6.21.

Mr.

Mr. Batterbee 9.6.21

Mr. Grandis.

Sir H. Lambert.

Sir H. Road.

Sir G. Fydes.

Col. Amory.

Mr. Churchill.

Drafts

I am drafting £40
in the paper as to the
1919 Convention, and
am making a note
of a copy of the
letter which is attached
to this paper.

etresapote
I have seen you

comment

urgent ground to the contrary

in any particular case
in any case to suspend action on vacant

william
appointments and I shall be glad to learn

whether there are any indents already

sablade *stiggfell* *latterday*
sent home which can be suspended if not

too late *deplorers* *parnigram*
Desirable that if possible

subtype
there should be no further buying for

unallocated stores account *Can you*

allurement *shurbeam* *inavidiace*
make any other suggestions to increase

revenue or decrease expenditure.

Roughly