

EAST AFR. PROT

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SURPLUS ON THE 31ST MARCH 1912

Date.

912

May

Previous Paper.

as

9968

Submits explanation of the discrepancy between the estd surplus on which the 1911-12 Estimates were based and the actual surplus on the 31st March 1912. Points out difficulties of preparing Estimates.

No further

This information was added for in the para as to assets & liabilities of Treasury Dept of 17th Feb (3044), a copy of which was enclosed in our despatch on 28th.

The copy has I think made out a good case. It is really interesting to have accurate Estimates in the

past for the past months working and

to each case. ...
summary.

Copy to Foreman ...
of the ...

MS. 7/6

W. ...
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at once.
J. R.
8/11

EAST AFRICA PROTECTORATE

May 19th 1912.

No. 332

Sir,

*of
58/4*

I have the honour to refer to your despatch No. 175 of the 29th of March last in which you ask for an explanation of the discrepancy between the estimated surplus on which the Estimates for 1911-12 were based and the actual surplus on 31st March 1911.

2. The difference in the figures was £89,396 and is accounted for by

Additional Revenue surplus	£37,697
Additional Expenditure Savings	<u>51,699</u>
	£89,396

Reference to Appendix B of the 1911-12 Estimates will show that the estimated statement of Assets and Liabilities on 31st March 1911 was prepared on 7th November 1910. At that time the accounts of the Protectorate were compiled up to 31st August 1910 - vide Official Gazette of 15th November in which it will be seen that the August accounts were signed on 5th November - and there were thus only five months' transactions available on which to frame the necessary estimate.

THE RIGHT HONOURABLE
LEWIS BARCOURT, F.R.S., C.P.
SECRETARY OF STATE FOR THE COLONIES

In that estimate the gross Expenditure for the year 1910-11 was placed at £733,740 which figure is arrived at as follows:-

Sanctioned Expenditure for 1910-1911 as per Estimates.	£726,885
1st Supplementary Estimate for 1910-11	17,545
2nd do. do. do. do.	1,753
3rd do. do. do. do.	4,693
4th do. do. do. do.	<u>14,864</u>
	765,740
Less Savings on Expenditure provided in sanctioned Estimates for 1910-11	<u>62,000</u>
	£733,740

4. The actual Expenditure for 1910-11 finally amounted to £682,041 - vide the Appropriation Accounts. This was £51,699 less than estimated in November, but the apparent savings must be reduced by £9,131 representing certain expenditure included in the 1910-11 Estimates which was expected to be spent during that year but which was not spent and is therefore included in a Supplementary Estimate for 1911-12. The net difference between the expenditure as estimated in November 1910 and the actual expenditure is therefore £42,568. This represents approximately 5% on the total expenditure estimate for the year.

5. I submit that the results of only five months' expenditure, which are further discounted by the fact that the earlier months of the

the financial year include a period of comparative financial inactivity - due to the "big rains", which interfere with travelling and other out-door work, and to the delay in embarking on new public works owing to the necessity of obtaining from England and elsewhere the necessary material - are of but little assistance in estimating what will ultimately be expended. It is, in addition, obviously necessary to be on the safe side when estimating the requirements of the Protectorate in order to avoid the embarrassing position which would arise were the Grant-in-Aid to be based on an estimated surplus which were after all not realised. The result is that the Protectorate Government has perhaps always been a little too cautious in preparing their Revised Estimates, but this is, I submit, a fault on the right side.

B. With regard to the Revenue the actual surplus was £60,697 as against the November estimate of £23,000 - a difference of £37,697.

7. In the case of Revenue also, it is quite impossible to forecast any approximate figure from the results of the earlier part of the year. By the end of August £211,505 only had been collected out of an eventual total of £509,586.

8. The following table shows in detail the months in which the Revenue for the year was received.

April

	<u>Collections during month.</u>	<u>Collections to end of month.</u>
April	35,716	35,716
May	37,546	73,262
June	44,715	117,977
July	43,607	161,584
August	50,021	211,605
September	53,659	265,264
October	59,303	324,567
November	62,575	387,142
December	60,155	447,297
January	53,511	500,808
February	48,965	549,773
March	59,813	609,586

9. When the revised Revenue estimate was prepared at the beginning of November there was no indication that there would be any appreciable surplus on the Customs Revenue. Eventually a surplus of £14,500 accrued. Hut Tax produced a surplus of £15,968, whereas in November the surplus under this head was estimated at £3,480 only - a difference of £12,488. The bulk of the tax is collected at the end of the year, and as any local adverse influence, such as an epidemic or the failure of crops, may intervene at the last moment, upon all our calculations great caution is necessary in dealing with this source of revenue. The surplus on Rents and Land Sales was £9,008 against an estimate of £3,780, due to an unexpected demand for township plots and

high

high prices realised. A loss which was feared on Forest Rents and Royalties was reduced by £1,000. Game Licences brought in £1,700 more than was expected in November. Stamp Duties, Survey Fees, Port Dues, Transit Fees and Cranage and Pier Dues, all produced more Revenue than could be foreseen.

10. In conclusion, I submit that, under a system which necessitated the preparation of Estimates so far ahead and in a State-aided Colony in a growing condition of administrative and commercial development such as this Protectorate, where any temporary setback may have a very large proportionate effect on the finances of the Government, it is impossible to produce Estimates even approximately accurate, and that the exercise of the greatest caution is an absolute necessity.

I have the honour to be,

Sir,

Your humble, obedient servant,

J. B. Bourne

ACTING GOVERNOR.