

EAST AFR. PROT
31259

C O
31259
REC'D
AFD 8 SEP 13

July
1913
Sept
Last previous Paper
26926

CONTROL OF FINANCES

Considers that the Prot: should now be regarded as self supporting and that the control of finances should from 1st April next be in hand of C.O. Considers however reserve fund should not be allowed to fall below £100,000. Suggests advisability of rule limiting increase in recurrent expense in any one year to the amount of the increase in the estimated revenue.

July Fiddle

Subfactory

Para 3 We proposed a reserve of £50,000
are matter of fact £100,000 is not
widely large, but only about 5 weeks
revenue, and I think this can be
had until we can start for the
limitation. I have recently worked out
that, including all forward calls on
the balance at 31st March last,
£110,000 will remain, and we know
that the gross income & net profits
on the railway alone is expected to amount
to about £35,000 of which only
£10,000 is to be spent on special
railway expenditure. There should
therefore be a handsome balance on
31st March next.

To the Secy
Messrs. Anglo-Siam

Next subsequent Paper
23645

... of at all, on
the side of expenditure. If we budget
up to the full extent of the estimated
revenue for 1914-15, then any necessary
increase in extraordinary expenditure in
1914-15 would mean the creation of a deficit
have to be met from balances, and
be a real effect on the country's finances,
& relying on unanticipated surpluses.
In sending this letter out I think we
should bring out the point and say rather
that increases of recurrent expenditure
which may be recommended must
depend on the additional conventional
expenditure which is necessary to be met
but in any case exceed the difference in revenue
& revenue?

Mr. Peckham, by telephone, seeks to
apply the new arrangement in one
or two cases which relate mainly
to the future but have a bearing also
on the current year. He asks how
far we can take this, but clearly
the Treasury are prepared to relax
their control at once.

The first thing to be done is to settle all

Your despatch of 9 July 525 you
may provide for expenditure up to
full amount of estimated revenue provided
at least £100,000 shall be left in reserve

... In view of recurrent expenditure and
must not exceed increase in revenue
and should be kept as low as possible
in first year

And follow up with respect to expenditure
satisfaction that the Post Office may now
be regarded as self supporting, but
saying that it will be necessary to
go slow at first in view of the
Protective Committee's commitments

W.S.
9/9/13
Mr. Harcourt

I agree with Treasury as to
the £100,000. We must be careful to
avoid recurrence to grants in aid in any
given short of a catastrophe.

We send Treasury copy of our despatch
and send copy of memorandum to the D.C.A.
[We shall get no more money
one of Treasury for Magdalen expenditure
& could not expect it. As a precaution
I had been for in as far as the
Estimates must provide for this]

I agree
9/10/13

1259

TREASURY CHAMBERS

G.O.
31259
REC'D
6th September 1913

183

In the reply to this letter the following
Number should be quoted.

[Handwritten signature]

17332
13

996

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Read's letter of the 20th ultimo (26825/1913) and its enclosures on the subject of the control exercised by this Department over the finances of the East Africa Protectorate.

In reply I am to request you to inform Mr. Secretary Harcourt that in all the circumstances of the case My Lords concur in his opinion that the Protectorate should now be regarded as self-supporting and, subject to the observations made below, they assent to his proposal that from the 1st of April next the control of the Protectorate's finances will pass from the Treasury to your Department.

regard being had, however, to the capital liabilities of the Protectorate, especially in respect of the Magadi Soda undertaking, My Lords are of opinion that for the present the reserve fund, referred to in the 4th paragraph of Mr. Read's letter, should not be allowed to fall below £100,000.

They would also suggest, with reference to the penultimate paragraph of Mr. Boring's despatch of the 9th July last (525), the advisability of a rule limiting the increase in the Protectorate recurrent expenditure in any one year to the amount of the increase in the estimated revenue.

I am, Sir, etc
Your obedient Servant,

[Handwritten signature]

Under Secretary of State,
Colonial Office.

* No
7 No 26826

31259

~~January 1913~~
31259
~~1913~~

24 September 1913

996

DRAFT

The Secretary to the Treasury

MINUTE

- Mr. B. H. ...
- Mr. ...
- Sir G. Riddell
- Sir H. Just.
- Sir J. Anderson
- Lord Emmott
- Mr. Harcourt

[Handwritten signature]

* No 31259

No 31259 No
(C. H. ...)

... to ... with ...
26526 ... 31259 roll

I am directed by the Secy. Harcourt to ack. the recd. of your letter ~~...~~ of the 8th of September, ^{*} from which he asks with ^{subsequent} ~~...~~ that the Lord Commissioner of the Treasury ~~...~~ in his proposal that the South Africa Protectorate may now be regarded as self supporting and that the control of its finances may pass as from the 1st of April next, from their hands to those of the Secretary of State. He readily accepts the condition that

3811

a balance of \$100,000 shall be
held in reserve, and they
will observe, from the
date of the act of God,
that, while it is necessary
to lay down as a
fundamental rule, that
no restriction is to be
imposed on the
income of recurrent
expenditure, that limitation
will be observed, if the
income is recurrent
expenditure is not still
further restricted, during
the first year for years

9 a. etc

+ No. 31259.

Friday 3 SEP
3/259

171

996

2nd Jan

13 September

Felt

DRAFT

Income

MINUTE

- Mr. Ashurst
- Mr.
- Sir C. Fiddes
- Sir H. J. G. A.
- Sir J. Anderson
- Lord Emmott
- Mr. Harcourt

Your despatch of 9 July
 525 - You say proceeds for
 to extend to
 full of
 revenue for
 £200,000 and
 require a
 recurrent expenditure
 must not exceed
 revenue and should
 be kept as low as possible
 to next year
 must cover any possible
 for special
 expenditure required
 next year
 Treasurer

Further action
early

31259

Miss E.A.P.
31259

10/24

172

24 September 1913

996

copy of 26/9/13

DRAFT

E.A.P. (no. 501)

6/13

MINUTE

Mr. Bottomley 20/9/13

Mr.

X Sir G. Fisher

Sir H. Just

X Sir J. Anderson

Lord Hammill

Mr. Harcourt

23
[Handwritten signature]

* No 26826
+ No 31259

Copy from 26/9/13

Please refer to the
part of your despatch no. 525
of the 9th of July* and to
compare my telegram of the
13th of Sept. which I refer
to that happened of
your visit to the draft
Estimates for the year 1914-15
provision for expenditure up
to the full amount of the
estimated income provided
that a balance of £400,000
£100,000 remains in reserve

2. On the receipt of your
despatch I took the opportunity
of representing to the Lords
Comrs of the Treasury that
the time had come when
the East Africa Protectorate
might be resumed as

Copy from 1/10/13

Estimates 2/10/13

self-supporting and that
through the inherent control
which they have obtained
exercising over the finances
of the Protectorate might
from the 1st of April next,
bring to the Secretary of
State. It would follow
that the security for the
obtainment of the half and
half principle would
disappear, as that security
was restricted only to
ensure the gradual
disappearance of the
Imperial grants in aid
and that secured the
purpose was to the
need for financial aid has
ceased.

23. I am glad to be able
to inform you that His
Lordship has agreed to
my proposal, subject to

The maintenance of
substantiated revenue in
view of prudence, the
reasons for the in practice
cases will be by the
Government.

(This is hardly
correct.)
G.M.

reference to which I referred
173
to my telegram the
necessity for it is due to
the large capital liability
of the Protectorate, especially
in connection with the proposed
Soda condensing ^{and} ~~plant~~
also ~~the~~ ^{fact}
is also desirable as a
prudent measure to
be taken against any unexpected
loss of revenue during the
year.

4. The Lords Com^{rs} of the
Treasury have also suggested,
that with regard to the
penetration proposed of
the dispatch, that a rule
should be adopted by which
the increase in recurrent
expenditure is any one year
to the extent of the
estimated revenue. I do not
desire to insist on a rigid

Providence if in the future
the security for large
non-recurrent expenditure
becomes less pronounced
than it is at present, but
for the first few years at
all events this restriction
should be carefully
observed and, if possible, the
increase in recurrent
expenditure should be kept
within the narrow limits
then there indicated. I did
not imagine you that the
necessity for expressing any
idea regard to the Protectorate
finances has been incurred rather
than demanded through the
removal of the automatic
restriction of the half and
half principle, and that
the Protectorate Govt are
responsible for ensuring
that no occasion arise
for applying to the Imperial
Government for assistance

DRAFT

MINUTE

- Mr.
- Mr.
- Sir G. Fiddes.
- Sir H. Just.
- Sir J. Anderson.
- Lord Emmott.
- Mr. Harcourt.

5. I referred in my letter
the result of passing 171
the draft Estimates on the
understanding that
they must cover any
Special Budget expenditure
that may be required next
year. It is of course an
essential condition of the
removal of the existing restriction
that no further restriction should
be placed on the
Special Budget expenditure
which shall be met from the
Fund.
The House