

EAST AFR. PROT.

1911



40863

125

Ord. Conf. 114

Date

Draft Estimates 1912-13.

Half and half principle

Ref. No.

Previous Paper

40958

40862

Submit case for modification of present arrangement, on lines indicated

Sir G. Fiddes

Please see the attached memo enclosed in this despatch. If you know in the course of the proposed in the memo, a ^{to the Treasury} reference can be dropped in it to form the ground letter to the Estimates for 1912. The attached memorandum on these Estimates which Mr. Batterbee is preparing.

Yours faithfully
JAB

Submitted on 8/1/12
40862
JAB

Sir J. Anderson
I agree with the letter in effect which had no grant in aid in (P. 4.1) address to the Treasury has ceased to be a grant in aid of the year's grant
JAB

Subsequent Paper

40944

Sir P. Girouard's Confidential despatch No. 110
of the 10th of August 1911.

... out
 ... paint of ...
 ... the appreciation of the half and half
 ... to the Protectorate estimates. The Protectorate
 ... is entirely dependent for its increase in revenue
 ... year on railway earnings. Railway revenue
 ... compared with other resources
 ... of its own and
 ... principally in the increase of revenue
 ... a reduction of
 ... there is the fol-
 ... of railway revenue
 ... which under
 ... they could have been in-
 ...
 ... total net
 revenue available for division under the half and half
 is thus £21,761, and only half of this, namely, £10,880,
 is

is available for increased expenditure on departments other than the railway. If the railway revenue had been allowed to rise to the level of the revenue available in the half and half period, the revenue available for other departments would have been correspondingly reduced. It is true that to have, in the past, raised the railway to the level of an ordinary department for the purposes of the half and half principle, and that, only two years ago, we resisted the proposal made by Sir P. Girouard that only the net profit of the railway should be shown in the protected estimates and the General accounts. This decision was based principally on the ^{desire} ~~desire~~ of the control of the railway expenditure by the Legislative Council. It was quite possible, at the time, to have had this control to make a special arrangement for the regulation of railway earnings in connexion with the ~~control~~ ^{control} of railway expenditure. It is clear from the figures for the railway accounts that the railway has consistently been in a position to provide, in the amount of £10,800 referred to above, for such capital expenditure as the urgently required new Government

Offices

Offices, the steamer for Lake Victoria, the wireless telegraph station at Gondosa, and the other services to which the ^{Government} refers.

Sir P. Girouard proposes to offer two alternative remedies for this state of affairs.

(a) The first remedy, as stated in paragraph 6 of this despatch, is unintelligible to me. If, however, his statement of the principle is ignored, and the illustration given in paragraph 7 (1) is alone considered, it is easy to see what he suggests. He would take into account, for the purposes of the half and half principle, not the net ~~figure~~ ^{increase} in railway revenue from year to year, (that is, the gross increase minus the amount of expenditure required to earn it). He points out that, if this were done, he would, in 1912-13, have £47,416 available for expenditure on departments other than railway, as against £10,000 under the present system.

(b) His second suggestion is that he should be allowed to take over and above the expenditure permitted under the half and half principle an amount equal to 10% of the actual surplus balance on the 31st of March of each preceding year, subject to the condition that no such percentage should be allowed if the balance fell below £100,000.

Of these two alternatives the first is clearly to be preferred. There is something of a precedent for it in the loan works which are to be carried out from the loan of £250,000 recently sanctioned for the Protectorate. The accounts of these works are to be

not separate from the ordinary accounts of the Protectorate and only the net revenue or the deficit, as the case may be, is to be brought to account. The revenue and expenditure of the Protectorate for the purposes of the half and half principle. The estimated expenditure would have a merit of imposing an additional burden on the Government without any corresponding benefit being realized.

It is suggested that the railway should be worked on a half and half basis between the Government and the Protectorate. The Government would contribute to the expenditure of the railway in the same proportion as the Protectorate. If the estimates of the railway are not approved by the Protectorate, the Government would not be bound to contribute towards the expenditure of the railway.

On the whole, it is suggested that the railway should be worked on a half and half basis between the Government and the Protectorate. The Government would contribute to the expenditure of the railway in the same proportion as the Protectorate. It is suggested that the railway should be worked on a half and half basis between the Government and the Protectorate. The Government would contribute to the expenditure of the railway in the same proportion as the Protectorate. It is suggested that the railway should be worked on a half and half basis between the Government and the Protectorate. The Government would contribute to the expenditure of the railway in the same proportion as the Protectorate. It is suggested that the railway should be worked on a half and half basis between the Government and the Protectorate. The Government would contribute to the expenditure of the railway in the same proportion as the Protectorate.

run and Uganda would therefore be under the permanent necessity of reducing expenditure which could, apart from the ^{expenditure} expenses of the railway, have been incurred on ^{the} that department. If, as proposed under

Girouard's first alternative, the net income of the railway revenue were alone taken into account for the purposes of the half and half principle, the expenditure incurred by the East Africa Protectorate on the Juba-Addis Ababa line would be simply cancelled by an equal amount of the earnings of the line, and the balance would be handed over to the East Africa Protectorate finances.

If, P. Girouard's second alternative were adopted, it is clearly out of the question, and would in any case be a precarious and fluctuating form of adding to the expenditure authorised under the half and half principle, as it is hardly to be expected that the East Africa Protectorate would leave permanently in the hands of the East Africa Protectorate a balance of the amount which Sir P. Girouard appears to contemplate.

In addition to all that is urged in this dispatch there is one respect in which the present application of the half and half principle bears hardly on the Protectorate. That principle is applied to the estimates of each year, and not to the ascertained results of the year's working. When, as in the current year, there is a large increase of revenue over the amount estimated, the whole of that increase, or a large part of it, that is, making allowance for any additional expenditure required to raise the additional revenue, goes bodily

into

run and Uganda would therefore be under the permanent necessity of reducing expenditure which could, apart from the ^{operating} expenses of the railway, have been incurred on ^{other} departments. If, as proposed under Sir P. Girouard's first alternative, the net increase in railway revenue were alone taken into account for the purpose of the half and half principle, the expenditure incurred by the East Africa Protectorate on the Jingo-Kakindu line would be simply cancelled by an equal amount of the earnings of the line, and the balance would be handed over to Uganda without any disturbance of East Africa Protectorate finances.

Sir P. Girouard's second alternative is, I think, clearly out of the question. It would in any case be a precarious and fluctuating form of adding to the expenditure authorized under the half and half principle, and it is hardly to be expected that the Treasury would consent to leave permanently in the hands of an Exchequer-aided Protectorate a balance of the amount which Sir P. Girouard appears to contemplate.

In addition to all that is urged in this connection there is another respect in which the present application of the half and half principle bears hardly on the Protectorate. That principle is applied to the estimates of each year, and not to the ascertained results of the year's working. When, as in the current year, there is a large increase of revenue over the amount estimated, the whole of that increase, or a large part of it (that is, the allowance for any additional expenditure required to raise the additional revenue), goes bodily

into balances and so that available at some stage or other for the redemption of the grant-in-aid. The Protectorate does not benefit by half of the realised excess of revenue as it would have benefited if that excess had been foreseen ^{and been} and included in the original estimates of the year. This consideration should make the Treasury more willing to allow of some modification of the half and half principle in favour of the Protectorate.

It is now necessary to bring what has been said above into relation with ^{the} actual figures of the estimates for the year 1912-13. The Governor proposes a total expenditure of £866,908 with a possible addition of £2,500 for an increase in the salaries of the administrative staff under the scheme put forward by the Tropical African Services Committee. This expenditure represents an amount of £20,700 in excess of what could be justified by the half and half principle in its present form, or of £31,200 if the £2,500 for increased salaries is added. He proposes, in order to meet the expenditure of the year, a grant-in-aid of £65,000 (as against £115,000 for the current year) and the application of £12,704 (or £15,224 if increased administrative salaries are given) from balances. He anticipates a balance of £164,628 on the 31st of March next after making full provision for the working of the current year and spending from balances £20,000 on steamers in accordance

according to the... in the way of... and yet...

in point of fact his balance on the 31st of... be... the current year... the 31st of March next... to the same time... the year 1912-13...

it appears... more than the unpaid £1,000 for... because it is now clear... the Crown Agents have sent... the cost of... will exceed the original... £24,000...

if he is to have the... he has thus... in 1912-13 £24,000... in... estimated... of expense...

... £24,000... £2,500 is added... £2,500 is added... £2,500 is added...

... £2,500 is added... £2,500 is added... £2,500 is added... £2,500 is added...

... £2,500 is added... £2,500 is added... £2,500 is added... £2,500 is added... £39,214 (as a maximum) from balances, and, to us... in the hands of the Protectorate, a net balance of £139,604, after making full provision for the service of 1912-13. The

The difficulty about pressing ^{the amount} solution No. 1 upon the Treasury for the year 1912-13 is that it would permit of new expenditure of £47,416 only, whereas we want new expenditure of ~~some~~ £60,000. We should

be in a position of recommending a new Treasury asking them to allow us ^{the} the very first year. The size of the balance in the 31st of March provides us with a way out of the difficulty. It is clearly possible to ask the Treasury to give us a grant-in-aid of £50,000 and at the same time leave in the hands of the Protectorate a net balance after making full provision for the service of 1912-13 of £139,604. It would in fact be asking the British taxpayer to put up money which is not at all required for the service of the year. We should, I think, tell the Treasury that we ~~will~~ forego ~~the~~ as an additional ~~amount~~ is will leave in the hands of the Protectorate after making full provision for the service of something over £100,000 and we will ask of the Treasury as a quid pro quo for our ~~services~~ ^{the} ~~of~~ £20,000 mentioned above in excess of the amount warranted by the half and half principle as at present applied;

(e) an understanding that, in 1913-14 and future years, the half and half principle shall be modified in respect of increased railway revenue in the manner suggested under solution No. 1 above.

I think that a fairly convincing letter might be written setting out the defects in the application

of the half and half principle as stated in the earlier reports, referring briefly to the finance part of the report as above, and concluding by asking for the expenditure required for that year, the grant-in-aid, and the modified half and half principle for the future.

SPAB

Jan 2

This note takes no account of the provision which the Treasury is pledged to make (up to a ~~maximum~~^{total} of £350,000) for the equipment of the Uganda Railway for the Malaga soda traffic. £65,500 is wanted for this purpose in 1912-13 as against £75,000 in the current year.

C.O.
40863

GOVERNMENT HOUSE,
NAIROBI,

BRITISH EAST AFRICA
November 30th, 1911.

INDIA OFFICE PROTECTORATE.

No. 116. (Confidential)



535

In my despatch of the 14th of even date I have
 in paragraph 10 referred to the existing
 arrangement under which half and half principle
 by which the total revenue in one year
 is divided between the Grant-in-
 aid and new expenditure in equal proportions.
 I would venture to ask for a reconsideration
 of this arrangement for the reasons
 mentioned in the succeeding paragraphs.
 I propose to take the year 1912-13 as
 the year for which the estimate for that year is
 an estimate. The anticipated increase in Revenue
 over 1911 of the current year is £107,000.
 £117,300 is the amount of the
 vote to new expenditure. It
 is £117,300. It is £117,300 to
 enable it to carry the increased revenue
 £117,300; that is to say nearly 69% of the
 increased revenue of the Railway must be
 devoted

THE RIGHT HONOURABLE
 LEWIS HARGREAVES, P.O., M.P.,
 SECRETARY OF STATE FOR THE COLONIES,
 DOWNING STREET, LONDON, E.C.

devoted to earning such revenue. This leaves but £10,880 for all other services. No definite benefit would accrue to that would appear as obvious proposition of reducing the expenditure and I do not at present suggest

The sum of £10,880 is absolutely inadequate to meet the urgent needs of a Protectorate such as this, and here I would mention that under Public Works alone I have been charged for 1912-13 to delete items amounting to £100,000 before I could adjust expenditure to revenue.

5. The neighbouring Protectorate of Uganda is under a necessity of providing nearly 60% of its forest revenue producing department for its maintenance, nor I believe is any other Colony or Protectorate so situated as East Africa.

I would therefore suggest for consideration that one of the following proposals be adopted in place of the existing arrangement:-

- (1) that the half and half principle be applied after a settled percentage of the anticipated increase in Railway revenue has been deducted from the total increased revenue,
- or (2) that, after the existing half and half principle has been calculated, a settled percentage

of the actual surplus balance as shown on the list of the preceding March be allowed to be added for general expenditure other than that incurred on the Railway; such percentage I suggest should be 15%.

7. I will now illustrate how the above proposals would work in practice, again taking the estimated figures for revenue and expenditure for 1912-13 as a basis.

(1) Anticipated increase £167,005 less £73,072 (Railway Expenditure) would leave £93,933. Half of this, or £47,416, would be available for the reduction of the grant-in-aid, and a similar amount (instead of £10,880) for new expenditure;

(2) Half of £167,005, or £83,952, would be available for reduction of the Grant-in-aid and £83,952 less £73,072 (Railway Expenditure), or £10,880, for general expenditure, but 15% of the actual surplus balance on 31st March 1911 would amount to £22,050 making a total for new expenditure, other than Railway, of £32,930.

8. In making the above proposals I do not wish for a moment to be understood as in any way complaining of the present treatment of the Protectorate by yourself or the Honble Commissioners of the Treasury, for I fully recognise that most generous assistance has been accorded, but I desire to emphasize the fact that we appear to be somewhat retarding the progress of the general services

services of the Protectorate under the present system.

9. Further I should not wish to press the matter of any alteration from the existing system were my proposals to meet what might properly be called capital expenditure out of surplus balances sanctioned from time to time. In illustration, it is obviously impossible for me with only £10,000 strictly available under the half and half principle, to entertain for a moment such projects as the long line Lake Nyanza and Inballa. In 1902 I proposed £100,000 for wireless telegraphs, £10,000 for a wireless telegraph and £10,000 for a wireless telegraph (£1,400), and £10,000 for a wireless telegraph (£1,400), and £10,000 for a wireless telegraph (£1,400).

10. I fully realize the value of my proposals, but the absolute disappearance of the Grant in 1903 has somewhat retarded, and were I to be allowed to read one of the proposals I would incline to proposal (2), and even were I to propose that proposal a minimum of £10,000 balances could be fitted be on which it would not be permissible to take 15%. Such a sum would suffice for a period of five years, at the end of which revision might be necessary.

11. I trust that my anxiety for the general progress of this Protectorate may be taken as an excuse for entering into the question at so great a length.

I have the honour to be,
 Sir,
 Your humble, obedient servant,

[Handwritten Signature]
 GOVERNOR

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1917

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"	2	New vessels for St. Victoria
"	4	Successor to Miss Clouston
676	5	Med. attendance for officers
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Feb.	21	Draft Estimates 1912-13
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710	24	Naval office for European subordinates
711	24	Brown birds on Mombasa Island
Feb.	24	Dispatch of patrol to Mombasa
715	25	C. A. Lynd's concession

(Public Office)

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