

EAST AFR. PROT
38693

38693
REC'D
15 AUG 16

For
Pinning
1916
28 June
Last previous Paper
for
38693

Military Expenditure Funds

Submit items & estimates that to meet Post there of war expenses only £10000 a year can be made available from Revenue. Suggests however that necessary funds sh. be obtained in some manner as funds for Common charges account.

Mr. Butler

The arrangement of War Office advances for military expenditure is set out in 150/1155 and 34471 & 36314 show the normal action required. (The Gov's tel of 20 Sept is overdue). (now in 39822)

In 13646 the Gov's put in an item for the Post for our local military requirements. In January (150/28246) [subsequent to 150/28246] we Crowland of W.O. had refused to entertain the idea of W.O. financing the Post, so we merely asked that we might avail ourselves of the cheap way of receiving funds, C.A. repaying W.O. at price first met of hand: 7 of the despatches.

As regards the latter part of para. 7, I fear the Gov. is right. The W.O. originally (9386) offered to give the C.A. money to cover their local requirements (including

Cy 150 Com. 28 Aug 16

Next subsequent Paper
for
38693

ordinary (Protestant) ... of
 the Prot. funding money locally for military
 purposes, but by the time I drafted on 9/10/09
 was under the impression that only C.A.'s
 military requirements were concerned. The
 original arrangement was of ^{£40,000} per month (as if
 by a new protocol) on 29/134, but the
 August payment to C.A. seems to be hanging
 fire (see draft on 3/4/09).

The position now is:-

- A. The W.O. will no longer supply the Prot^e for its own local military requirements.
- B. The W.O. will continue to supply to C.A. for general Prot^e (as well as military) purposes as long as the Prot^e is paying money locally for military purposes.
- C. The Prot^e character, although for funding money locally is becoming elaborate and it is not at present my view that it has been put to use, & has been put for general purposes, military purposes.

As regards the last para of the draft, the fate of my efforts to evolve an interim arrangement as between W.O. & Prot^e does not concern me except that we should borrow at interest from the W.O., and the obvious thing to do is to get a further loan from the Treasury. As the Gov. indicates in para. 3, as paid off the part of the original loan which did not represent Prot^e own expenditure, but there is no reason why we should not go to them again.

W.O. 22/23/10
 2 p.p.
 The Gov. would not have seen our draft then he wrote the letter.

After discussion I submit draft to Gov. asking them to agree to the Gov's proposal until we know where we are & also annex a draft which may be useful in writing to the Treasury if W.O. demur.

W.O. 22/8/10

As regards C.A.'s requirements for Sept., (See Gov/39843-D), I have drafted an order to ask W.O. for the £40,000. It agrees sufficiently with the figures they gave in 3/4/09 + 3/5/10 and it is desirable to attempt operations W.O. 22/8/10

Off. to W.O. passed

W.O.

28/8/10

at m.c.

ordinary (Protestation) in connection of
 the Prot. funding money locally for military
 purposes, but by the time I drafted on 19/10/34
 was under the impression that only C.A.'s
 military requirements were concerned. The
 original arrangement was of local ^{central} ~~protest~~ (as if
 by a new protocol) on 29/1/34, but the
 August payment to C.A. seems to be hanging
 fire (an amt. of 34897).

The position now is:-

- A. The £500,000 will be income money to the Prot^E
 funds own local military requirements
- B. The £500,000 will be income money to C.A. for general
 Prot^E (as well as military) purposes so long
 as the Prot^E is funding money locally for
 military purposes
- C. The Prot^E clerical capacity for funding money
 locally is becoming exhausted and it cannot
 at present pay how much it has used for
 its own, & how much for general purposes,
 military purposes.

As regards the last para. of the despatch,
 the fate of my efforts to evolve an interim
 arrangement as between GO. & Prot^E does not
 concern me beyond that we should
 borrow at interest from the GO., and the
 objection they set to is to get a further
 loan from the Treasury. As the Gov.
 is desirous in para. 3, to pay off
 the part of the original loan which did
 not represent Prot^E own expenditure,
 but there is no reason why we should
 not go to them again.

GO/2207/16
 5/1/35
 The Gov. would not
 have rec^d and they
 should be with the
 SAs.

After discussion I submit diff. to Gov.
 asking them to agree to the Gov's proposal
 until we know where we are. I have
 annex a draft which may be useful
 in looking to the financing of GO.
 Revenue.

total
 22816

As regards C.A.'s requirements for Sept.,
 (see Gov/39843-D), I have hoped
 as to ask GO for the £400,000. They give
 sufficiently little to figure they gave
 in 34897 + 151820 and it is rather to
 attempt exactness.

to GO 22.8.16

Off. to W.O. passed

2/1/35

28 & 10

at once.



After discussion I submit ltr. to W.O. 668
 asking them to agree to the Gov's proposal
 until we know where we are. I also
 annex a draft which may be useful
 in looking to the Treasury of W.O.
 Denver

W.O.
 22.8.16

As regards C.A.'s requirements for Dept.
 (see Gov/39843-D), I have drafted so
 as to ask W.O. for the £40,000. Figures
 sufficiently like the figures they gave
 in 34287 + 3/520 and it is easier to
 attempt exactness.

W.O. 22.8.16

Off. to W.O. passed.

J.O.B.

25.8.16

at me.

669 864

38693

EAST AFRICA PROTECTORATE.

No. 79.

GOVERNMENT HOUSE,
NAIROBI.
REC'D
15 JUN 16
BRITISH EAST AFRICA.

CONFIDENTIAL.

June 28th, 1916.

RECEIVED
15 JUN 16
COL. OFFICE

Sir,

I have the honour to acknowledge the receipt of your Confidential despatch dated the 29th of March last and subsequent despatches on the subject of the provision of funds for military purposes in the East Africa Protectorate.

So
14473

2. The arrangement referred to in Mr. Read's letter No. 14473/1916 of the 27th of March to the Secretary, War Office, and in the concluding portion of your telegram of the 16th of May, raises the question as to the method whereby the Protectorate share of War Expenses, i.e. the expenditure on pay and allowances of local forces, is to be financed

So
14473

Jr
22709

in

THE RIGHT HONOURABLE
ANDREW BONAR LAW, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S. W.

in future.

3. In February 1915 the sum of £232,000 was advanced from the vote of credit for this purpose, and in the following December, when the expenditure on this account was estimated at £107,000, £125,000 of the amount advanced was repaid to the Treasury, no suggestion being made either then or subsequently as to the means by which the account was to be financed in future.

4. All the available funds in our charge, including the unexpended balance of Loan Funds, have been utilized to the utmost extent for the purpose of meeting expenditure arising out of the war; but as the up to date statement of allocation between the Protectorate share and Common Charges has not been furnished by the East Africa Pay Corps it is not possible to state definitely the proportion in which these funds have been used under either head. Their employment for this purpose can however only be regarded as a temporary measure, except in so far as part of the surplus balances of the Protectorate are used to meet the Protectorate share of War Expenses; and I therefore assumed, as it now appears incorrectly, that any further
funds

funds required would be supplied by the War Office without the necessity for making special arrangements.

Gov
10954

5. In paragraph 6 of your Confidential despatch of the 20th of March, on the subject of the Estimates for the current year, you intimated that in your opinion as large a proportion of war expenditure as possible should be met from revenue. The extent to which your wishes can be carried out is limited by the necessity of keeping up balances of Public Works Department Stores, which are little short of £40,000, of Railway Stores which exceed £75,000 (exclusive of stores for Capital and Loan works), and of cash, the minimum requirements of which are very difficult to state. It is therefore my opinion that, unless we are to have recourse to borrowing, our surplus balances must not be allowed to fall below £200,000.

Gov
40/27379
10954

6. On this estimate, and bearing in mind the fact that 5 lacs of rupees have recently been earmarked from surplus balances for currency purposes, I do not think that we could find more than £40,000 at the present moment out of revenue to meet the Protectorate share

share of War Expenses.

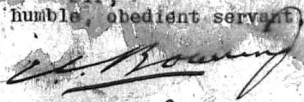
This estimate is now quoted, not with the desire for any immediate settlement, a proceeding which would have no effect on the financial situation and can be much more conveniently deferred until the termination of local hostilities, when the amount available should have increased, but in order to emphasize the fact that the resources at our disposal for financing the Protectorate share of War Expenses are limited and to point out the necessity for making arrangements to meet further requirements.

Ca
2064 → *15th* 7. From your Confidential despatch of the 3rd of May I learn that the Protectorate Account with the Crown Agents has been overdrawn in consequence of the repayment to the War Office of advances made to meet the Protectorate share of War Expenses, and the difficulties of working out an already sufficiently complicated problem in calculating interest on War Expenses will thus be increased. This correspondence also discloses a misunderstanding as to the desired arrangements for financing the Crown Agents account. It was intended that the War Office should supply funds for the whole of the Crown Agents account and not for expenditure on Common Charges only; and that the amount should be adjusted

adjusted in the Protectorate in order to avoid remitting money to London for the purpose at the same time as the War Office are remitting to the Protectorate.

8. I therefore suggest that the War Office should be approached with a view to obtaining the necessary funds for the Protectorate share of War Expenses from the same source and in the same manner as those which are provided for the Common Charges account. If this can be arranged, the advances for both Protectorate and Common Charges should be regarded in the first place as an advance to one account, as they cannot be definitely allocated until the accounts are made up, and the calculation of interest will thereby be simplified. The War Office should moreover be asked to pay to the Crown Agents the amount necessary to adjust the overdraft and, at the beginning of each month, the total sum estimated by the Crown Agents to be required for the whole Protectorate account. Both payments will be added to the amount advanced by the War Office for War Expenses to be allocated ultimately between Protectorate and Common Charges.

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



Gov
38693

EMO
AUG
28

669
674

2080 in duplicate. [Signature]

28 August 1916

ansd 45089

Sir,

With reference to the letter from this Dept. of the 24th of July and previous correspondence on the subject of the War Office promises for military expenditure in East Africa, I am directed by the Secy. of State to transmit to you, etc. laid before the A.C., the accompanying copy of a despatch which has been received from the Gov. of the E.A.S.

2. The A.C. will observe that the Government consider not in a position to say that the Public Govt will not in future be able to find any money for local

DRAFT.

(D. 34877)

To the Secretary

War Office

MINUTE.

Mr. Borthwick 22.9.16

Mr. Butler 28 f.s.

Mr.

Mr.

Mr. Read.

Sir H. Just.

Sir G. Fiddes.

Mr. Steel-Maxland.

Mr. Bonar Law.

for comment

Gov. call 28 June (18173)

military expenditure, and
that he is not, in the
present state of the
accounting work, in a
position to say how much
the Post has advanced
for common expenses
from Post charges. He
proposes that in future
the C. O. advances, to
be accounted for in
conjunction with the Common
Charge account, should
cover the requirements of
the Post for military
forces (as far as they are
not covered provided for in
the Estimates) and,
in addition, the whole of
the requirements of the
C. O. for the C. O. is combined
with the general expenses
S.A.P. account.

3. The former proposal was
made semi-officially to the
C. O. in January last, but
it being understood that the
C. O. was not prepared to
find

600/242

find money for military
870-875
expenditure in which they
have not previously concerned
themselves. The latter proposal was
referred to the Committee
on the 11th of May
that the excess of the
amounts advanced to C.A.
over the amounts required for
their expenditure on
Common charges was covered
by the Post to local
advances. As regards the
entire payment of a loan
to the C. O., which the Est.
refers to in the last para. of
his despatch, it is proposed
that he should, at the
date of his despatch, draw
of the decision that
advanced as before the Post to
Army funds should be
satisfied. This decision was
communicated to him on the
18th of May in the text of
your letter, 15/2.0/3031
(21), of the 11th of May.

(22390)

4. The former proposal was
prepared to ask the C. O. to

agree to the Governor's proposal
as a permanent arrangement,
nothing stands in the way
to changeable or not, but it
appears to him that it is
unnecessary in the present
circ^{umstances} to make arrangements for
the Gov^t to borrow from the
Gen^l Credit or other
funds which are required.

It is probable that the
means which have been advanced
locally are still materially in
excess of what there which the
Gov^t have paid (been included
in Gov^t advances in respect of
non-military charges, and in
any case the Gov^t proposal
which is now being made with
the credit of military expenditure
ought shortly to render it possible
to ascertain approximately
how matters stand in this
respect.

5. I am accordingly to suggest
that for the present the
Governor's ^{proposal} suggestion should be
adopted and ^{that} the local
military expenditure and
the Gov^t Agency's ^{own} total
requirements be included
in the monthly advances

before to the Governor's proposal
as a permanent arrangement,
and they already, whether it be
to change the amount, but it
appears to him that it is
unnecessary in the present
circumstances to make arrangements for
the Post Office to borrow from the
General Credit or other
funds which are required.

It is probable that the
amount which have been advanced
locally are still materially in
excess of what there which the
State have paid (been included)
in Gov. advances in respect of
non-military charges, and in
any case the two programs
which is now being made with
the credit of military expenditure
ought shortly to render it possible
to ascertain approximately
how matters stand in this
respect.

5. I am accordingly to suggest
that for the present the
Governor's ^{proposal} suggestion should be
adopted and ^{that} the local
military expenditure and
the Civil Service (as far as
requirements be included
in the monthly advances)

Understood that the
 arrangement would be
 to be made as soon as it
 was ascertained that the
 total amount of the
 budget is an Office advance, for
 part of military expenditure and the
 (C.A.'s civil expenditure) were greater than the local
 Prof. advance, & the Govt.
 would be requested to give
 the matter special attention
 in view that the position
 could be maintained as soon
 as the progress of the
 necessary work permits.

DRAFT.

(C.A.'s civil expenditure)

C. I. particular, see h.c.

Some have will be paid of
 the sum of ^{£65,000} ~~£100,000~~ ~~in total~~

(34887)

£100,000 now paid
 C.A.
 See 40523

^{now} they could be laid out to
 K.A. and if it had not
 been paid ~~already~~ ~~paid~~ ~~paid~~
 another £20,000 should be paid before
 a finalisation of the
^{viz. £20,000} ~~agreement~~ of the Govt. in
 accordance with the Govt's

proposal in the telegram of
 the 21st of August, a copy of

(34843)