

DESPATCH



EAST AFR. PROT.

36532

C. O.
36532
Recd
Nov 6 1899

Governor. No.

Hard 574

1909

Oct.

Previous Paper

15795

ESTIMATES

Submits observations as to the framing of Requests instructions as to opening a separate head under Revenue for such reimbursements by other Governments as now appear under certain Expenditure Heads, the transference to an Appendix of details of Pensions and suggests that the net profit only of Railway working should be shown in the Protectorate Estimates.

Mr Read,

Of the six points raised in this despatch, the first five were mentioned in paragraph 11 of our despatch approving the Estimates, a ~~copy~~ of which is attached. The remarks in that paragraph were made on the recommendation of the Finance Committee (See Minute ~~attached to Gov/4563/99~~)

(a) It is true that the existing system of showing reimbursements by other governments as miscellaneous entries in the expenditure schedule under the appropriate head was prescribed in Lord Elgin's despatch No. 173 of the 30th of March, but I think there can be no doubt that that rule was ~~erected~~ from the point of view of strict accounting, and that we must adhere to the ~~recommendations~~ of the Finance Committee that such reimbursements must come under a separate revenue head, the full gross expenditure being shown under the appropriate ~~head~~ of expenditure. There is substance in Sir Percy Girouard's complaint that, if this

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is done, a certain unfairness results in the application of the half and half principle. The half and half principle roughly requires that any increase of expenditure must be justified by an increase of revenue of double the amount. The expenditure will be swollen by the amount of the deductions formerly made, the revenue will be swollen by a corresponding amount, but not by double that amount; and when the estimates are being considered in bulk, the net result will be that an increase of expenditure in some other direction which could otherwise have been justified will now be ruled out because the half and half principle is not lived up to. It should however, be possible to make some allowance for this fact in considering the estimates, and I do not think that the proposed allowance should stand in the way of the adoption of strict accounting.

(c) I presume that all pensions, whether new or old, should be shown in an appendix. There is no reason for showing the new ones in the body of the estimates. New pensions can be discriminated from the old in the appendix by a star or dagger or some other mark.

(d) I understand that what Sir Percy Girouard proposes is that the Expenditure Schedule shall always begin on a separate page, not that they should be printed on one side of the paper only. I think this is reasonable.

(f) This point was not touched by the Finance Committee. I doubt whether Sir Percy Girouard realizes the full implications contained in his proposal. If only the net profit of the railway was shown in the estimates, the railway expenditure would be outside legislative control, subject

merely

merely to the General Manager producing the net amount of revenue estimated. He would be able to swell his working expenses to any amount provided that his receipts rose pari passu so that the net amount of revenue anticipated was realised. This would not be a satisfactory state of affairs. It would also, I have not the least doubt, be rejected by the Treasury as cutting into the half and half principle, for it would in practice mean that any increase of railway expenditure was justified which was accompanied by an equal (not a double) increase of revenue. It would also, I think, be unsatisfactory from the point of view of the Protectorate's finances as a whole. After all, the railway is an integral part of the administration, and its gross receipts and expenditure can no more properly be cut out of the general account of the Protectorate than the gross receipts and expenditure of any other revenue earning department. The proposal is also in the direction of erecting the railway into a separate and semi-independent department, which Sir Percy Girouard is eagerly combating in another despatch on the subject of communications.

has made direct to the Colonial Office by papers on hand

Feb 17/12
H. Fisher
J. S. [unclear]
H. J. [unclear]
12/12



GOVERNMENT HOUSE,
Nairobi,

October 7th 1909.

EAST AFRICA PROTECTORATE

No. 574

C. O.
36532
Recd
6 NOV 09

My Lord,

*Incps
15/10/09*

With reference to paragraph 11 of Your Lordship's despatch No. 295 of June 3rd making certain suggestions as to the method of framing the Protectorate Estimates, I have the honour to make the following observations:-

*Incps
9/10/09*

(a) With regard to the suggestion that a separate head should be opened under "Revenue" for such reimbursements by other Governments as now appear under certain Expenditure Heads, the existing system was adopted in consequence of a ruling in paragraph 10 (2) of Lord Elgin's despatch No. 173 of March 30th 1906 given in response to a request for instructions in connection with the 1905-06 estimates. This despatch stated that the "contributions payable by the Uganda Protectorate should appear as minus entries in the expenditure schedule". In view of this I should be glad to know whether Your Lordship approves of an adherence to the present system or whether a change is desired, and in this connection I submit that, unless there are strong reasons to the

H.M. PRINCIPAL SECRETARY OF STATE
FOR THE COLONIES,
DOWNING STREET,
LONDON, S.W.

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the contrary of which I am in ignorance, and if the "half and half" principle is to be maintained, in considering the grants-in-aid from Imperial Funds, it is desirable to keep both Revenue and Expenditure at as low a figure as possible, rather than to swell both to the same extent by including cross entries.

(b) The suggestion that Minor Public Works provided for en bloc should be limited to £100 has been adopted in the current year's Estimates and a similar procedure will be followed in future.

(c) With regard to the transference to an Appendix of details of Pensions and Gratuities, I have the honour to ask whether this system may be applied to existing pensions only, and that all new ones may be included in the body of the Estimates. This is, I understand, the system adopted in other colonies, and serves to bring all new pensions into prominence.

(d) I have noted Your Lordship's instructions as to discriminating between Ordinary and Special Expenditure.

(e) The Estimates for 1909-10 have been printed on both sides of the paper, according to Your Lordship's instructions. For the 1910-11 Estimates I propose to discontinue the practice of allotting a separate page to each Head of Revenue; but I should be glad if the Expenditure Schedules might adhere to the present system, in view of the great convenience for manuscript notes.

(f) Further I have the honour to suggest that the

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net profit only of the Uganda Railway working should be shown in the Protectorate Estimates and General Accounts and not the gross receipts and expenditures.

I agree with Mr. Bowring in thinking that this proposal should be adopted in view of the impossibility of estimating even approximately the gross figures, which leads to considerable differences between the estimated and actual figures of the total Protectorate Revenue and Expenditure at the end of the year, and also in view of the fact that the Railway Accounts are not subject to supervision by the local Treasury and the consequent tendency to confusion and complication of Statistics.

I have the honour to be,
Your Lordship's humble,
obedient servant,

E. P. C. Brown
GOVERNOR.

Gov/36532/1909.
East Africa Protectorate.



R. 20
D. 2

~~DRAFT~~

For

Downing Street,
23 November, 1909.

Colonel Sir P. Siraoud, K.C.M.G., D.S.O., R.E.

MINUTE.

- Mr. Butler. *Nov 19* Sir,
- Mr. Read *19*
- Mr. ~~...~~ *Fiddes 19*
- Mr. Andrews
- Mr. Olin
- Mr. C. Latham
- Mr. F. Howard
- Col. Sney
- The Earl of Crewe

I have the honour to acknowledge the receipt of your despatch No. 574 of the 7th of October, relating to certain points in connection with the method of framing the Estimates of Revenue and Expenditure of the East-Africa Protectorate.

2. It is the fact that the existing system of showing reim-

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difficulty which you anticipate in this connection should stand in the way of the adoption of a system which is demanded by strict accounting. ~~requirements.~~

3. The rule, as to the details of pensions and gratuities given in paragraph 11(c) of my despatch No. 295 of the 3rd of June last should be applied to all pensions and gratuities without distinction. New pensions could be discriminated from old ^{pensions} in the appendix by a star or some other ^{appropriate} ~~proper~~ mark.

4. I understand from the remarks made in your despatch under ^{the heading (e)} ~~head (3)~~ that you propose that the Expenditure Schedule, shall always begin on a separate page, not that they ^{shall} ~~should~~ be printed on one side of the paper only. If I am correct in this understanding, I consider your proposal reasonable.

5. I regret that I am unable to approve of the proposal that the net profit only of
the