

DESPATCH

EAST AFR. PROT.
No. 33070

C O
33070
15 SEP 15

Year 1905
Month Aug
Previous Paper No. 32641

(Subject.)

Treasurer's Annual Report 1904-5.

Trs. Requests sanction to exp^d during 1905-6 of funds in hand on March 31, 1905.

W. Read.

(Minutes.)

The only point requiring action is the matter of carry-ing forward unexpended balances. This arose in connexion with the budget of the 1st Battⁿ when we sent the despatch referred to by Mr. Seppie on page 16 of this report. It has not been possible during the summer to take up the general question for the settlement of which a Somali Land paper (Comm/10061 UNK) is writing ^{has written} (with me).

The principles which have been laid down by the Treasury in regard to Grant-in-aid Colon^{ies} & Protectorates in ^{Comm/1007000} (see page 17)

(1) that no excess on the total of gross authorized expenditure should be incurred without the previous authority of this Board - even if the excess were caused by an increase of Revenue beyond the estimate; and

(2) that as soon as the Appropriation Accounts are received, the savings and excesses on the

Copy sent to the Treasury comm 7 Nov.
Aug 42 31 Jan 06
See 45723/05

services Subhead - as sanctioned by the
S. P. D. should be stated to T. L. for
their info only.

See also
for the
attached to
15798

If you are not sure, I suggest that you
write to Mr. [Name] and ask him to
confirm that S. P. D. heads have been
The Treasury principle, stated by Mr.
Dillens to Mr. [Name] and me, that unexpended
balances must be used to reduce the grants
in aid for future years and must not be
expended as available for additional expenditure.
This does not preclude the possibility
of increasing the gross authorized expend. line for
1905 (where it is absolutely necessary), since
this possibility is implied under the Treasury
attitude seen to be mainly directed against
the accumulation of balances (yielding interest)
by an administration which is imperially assisted
in a position which recently occurred in
Bechuanaland.

This will have
the Treasury
I could have
understand

On the corresponding despatch last year Sir C.
Hill mentioned as follows:-

"The expenditure set out in Schedule C is for
services which were sanctioned in the Estimates
for 1904-5. The money was not expended before
March 31 for the reasons stated given and
formal sanction is required to continue the
execution of the services into the new year.
This does not mean any unauthorised
expenditure on fresh services."

A seems to contain the whole force of
the matter about the continuance of the services
throughout the year and not the expenditure
of the money. It must be borne in mind that
although the services are authorised, they are not
sanctioned for the year's estimate and that
therefore the continuance may involve an

A
B

372.567
352.560
20,007

excess on the gross authorised expenditure
for that year. Whether it will do so or
not cannot be foreseen at the time
when the Treasury report comes in,
but it is obvious that, if the gross
authorised expenditure is not
exceeded, the desired object can be obtained
by a re-allocation from Head to Head, if
not from Sub-head to Sub-head, and that,
if the gross authorised expenditure will
be exceeded, the previous authority of
the Treasury is required.

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The possibility of re-allocation from
Head to Head does not seem to have
occurred to Mr. [Name] (see foot of p. 16).
But I think this is the time we ought to take
and that we should ^{not} procure a form
which makes the S. P. D. appear to approve
without Treasury sanction
of expenditure which may lead to an excess on
the gross authorised expenditure.

As a matter of fact, the total expenditure
in 1904-5 was £70,000 under the gross
authorised expenditure (pp. 41 & 12), and the
difficulty of forecasting in October the expenditure
which will have come to account 18 months
later is so great that there would probably
always be savings (or rather unspent money) to
cover these unexpected liabilities. This might
well be the case this year, for although the amount
in Schedule F is large (pp. 30 & 31), more than
half has already been set off by the Treasury
for payment out of deposits for a bond, and
nearly the grant for the Railway department. The
remainder is barely more than last year.

58,099
"Clear" still

in approving of the cost expenditure of
the items mentioned on the accounts in
question. I think we should draw
attention to para. 111 of the Financial
Instructions and say that services of
this nature must be regarded as supple-
mentary to the ordinary estimates but must
be met out of savings under other heads
where it is not possible to meet them out
of savings or sub-heads. Point out that
it appears from the cost of 4000-5 that
there is not likely to be any difficulty in
this but that if there is at any time
reason to believe that the provisions there-
of said expenditure will be exceeded the
matter should be submitted to the S. P.
without delay for reference to the Treasury.

(always
the Treasury)

+

Edinburgh We shall have to communicate
the general decision to Uganda & Somaliland
and I think it will sufficiently dispose of
18061 Som? which I read on if we refer
to it in our writing?

6/15

6/16

Jaque - it seems a pity that the
Treasury have admitted any restriction
to the use of the Colonial Office

Dr. Antrobus. So moved?

H. J. R.

10/10

I think that the proposed
disposition marked & above is
based on a mis-
understanding

of the position taken by
by the Treasury. But the
Treasury say, in effect, is
that having confidence in
the Col. Office, they do
not wish to insist upon
their authority being ab-
solutely maintained for
supplementary
expenditure (except "large or
unusual" expenditure or addi-
tions to reasonable parts)
if it does not involve
an excess on the gross
authorized expenditure. But
I am quite sure that they
never intended us to pass
this on to the Colonial
Office. Their attitude towards
us is, in fact, based upon
the assumption that we shall
see that the Financial
Instructions are strictly ob-
eyed by the Col. Office, and
that savings under one head
or sub-head of the Estimates

417

are not applied to meet expenses under other heads or sub-heads without the authority of the Secretary of State. The Col. Genl. has nothing to do with the relations between the Col. office and the Treasury, and probably speaking, he ought not to mention the Treasury to any officer or commissionaire, but decisions should be made by the Col. Genl. and the Col. Secy. be made to us decisions of the Col. Genl., if for any reason we do not wish to refer to them as decisions of the Col. of State.

It is hardly a "principle" that unexpended balances must be used to reduce the Grants in aid for future years. The "principle" in regard unexpended balances is embodied in Art. 11 of the Financial Instructions.

in short, it is laid down that such amount of money as may be necessary for the service concerned, must be voted in the Estimates of the year in which the sum is to be expended. The difficulty in regard to these constant protectorates is that it constantly happens that when the Estimates are being prepared, it is not known that the service will not have been completed ^{in the current year} and therefore the cost of completing it cannot be provided in the Estimates. But, if the service has not been carried out and the money has not been spent, there cannot be any reason why the expenditure of the money and the completion of the service should not be provided for in a supplementary estimate.

Do not appear to meet
expenses under other heads
or subheads without the
authority of the Secretary
of State. The Col. Genl. have
nothing to do with the
relations between the Col. office
and the Treasury, and pro-
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Financial Instructions.

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service concerned, must be
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is to be expended. The
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and heads without the
authority of the Secretary
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and the Treasury, and pro-
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to mention the Treasury to
them in any office. com-
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and it is possible the
and the Col. Genl. be
subject to the decisions of
the Col. Genl., if for any reason
we do not wish to refer to
them as decisions of the
Secy of State.

It is hardly a "principle"
that unexpended balances must
be used to reduce the grants
in aid for future years. The
"principle" in regard unexpended
balances is embodied in Art. III
of the Financial Instructions.

in which it is laid down that
such amount of money as may
shall be necessary for the
service concerned, must be
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the year in which the sum
is to be expended." The
difficulty in regard to these
Protest Protectorates is that
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the completion of the service
should not be provided for
in a supplementary estimate.

as they would not involve
going to Court, and for any
more money.

I have spoken to Mr.
Prid and Mr. Bottomley, and
the latter will prepare a
Bill to the Treasury.

Wm. Nov. 7.
at once

COMMISSIONER'S OFFICE

WEST AFRICA PROTECTORATE

No. 476

C O
MOMBASA
33070
RECEIVED
15 SEP 05

Sir,

I have the honour to transmit a copy of a despatch with enclosures which I have received from the Acting Treasurer forwarding his Annual Report, and to request your sanction to the expenditure during 1905 - '06 of the funds in hand on March 31st 1905.

Treasurer
No. 98

I have the honour to be,

Sir,

Your most obedient,

humble servant,

(In the absence of H.M. Commissioner)

H.M. Principal Secretary of State

for the Colonies,

Downing Street,

London, S.W.

Duplicate.

MCO
33070
REC'D
15 SEP 05

The Treasury,

Mombasa. August 24th 1905.

Commissioner No. 96

Sir,

In continuation of my letter No. 82 of the 23rd of June inclosing the Annual Account for the year 1904-1905 together with a Statement of the Assets and Liabilities of the East Africa Protectorate on the 31st of March 1905, I have the honour to submit the following report.

2. For ready reference I beg to inclose copies of the statements referred to, and have the honour to submit the following additional statements:-

Enclos: A & B.

Enclos:C.

Enclos:D.

Enclos:E.

Enclos:F.

- (1) Statement of the Revenue under Sub-heads as compared with the Estimates together with explanations of the differences.
- (2) Statement of the Expenditure under subheads as compared with the Estimates together with explanations of the differences.
- (3) Statement shewing under general heads of service the expenditure incurred and to be incurred for the year 1904-5 as compared with the Estimates.
- (4) Statement subsidiary to Inclosure E showing under sub-heads the sums required to be spent during the year 1905-1906 from the funds in hand on the 31st March 1905.

His Majesty's Commissioner
and Commander-in-Chief,
Mombasa.

The development of the Protectorate is in no way better exemplified than by the steady annual increase in the revenue as shown by the following figures for the last five years:-

Year	Revenue	Increase on previous year
1900-1	264276	
1901-2	58483	24178
1902-3	93204	26831
1903-4	108257	13573
1904-5	154756	45399

Actual revenue for the year showed a surplus over the Estimates. The following table shows the actual revenue under general head compared with the corresponding figures for the Estimates.

	Actual Revenue for 1904-5	Actual Revenue for 1903-4	Surplus or deficit on Estimates	Increase or decrease as compared with 1903-4.
Customs duties	51000	34124	10521	27397
Port dues &c.	4115	5083	- 330	955
Local fees, fines &c.	4336	5430	1094	572
Licenses and taxes	36198	54494	18296	14155
Miscellaneous revenue	3656	9373	5715	- 943
Telegraphs & telegrams	14529	12530	- 1999	1774
Receipts from Government property.	4651	4567	- 394	1967
Revenue of lands and houses	1707	1758	51	22
Total	121292	154756	+ 33064	+ 45399

Net surplus on estimates 233064

Net increase as compared with

1903-1904

248659

It will be observed from this table that the Revenue has shown a substantial increase in almost every department, the only head showing a decrease on the previous year being Miscellaneous Revenue which is more or less of an accidental nature.

5. Customs Duties.

The increase of £10,521 over the Estimates and £27,387 over the revenue of 1903-4 arose chiefly through Imports, which realised £51,881 as against the estimate of £42,500 and as against £23,138 collected in 1903-4.

The increase on the previous year is due to the doubling of Import duties, which were raised from 5% to 10% ad valorem on April 1st 1904. The surplus on the Estimates is due to increased traffic on the Lake and to the fact that a somewhat cautious estimate was submitted, as fears were entertained that the doubling of the duties would cause a falling off in shipments - fears which were fortunately not realised.

Export duties shew £742 over the Estimate, chiefly on account of the export of hides and rubber, but a decrease of £1597 on the actual revenue of £1903-4, which is due to the removal of the export duty on grain which in 1903-4 amounted to £1845.

Warehouse and Transit Fees realised £391 above the Estimate and £251 more than in 1903-4, which is accounted for by the increase in imports.

6. Harbour Dues and Steamer "Juba".

While the revenue fell short of the estimate by £330, it is satisfactory to observe that it exceeded that of 1903-4 by £200.

Almost all the above enhanced revenue

due to the increase in trade and shipping.

The "Juba's" earnings, while exceeding those of 1903-4 by £503, are to the fact that the steamer was laid up for repairs during a part of that year, show a deficit of £560 on the estimate. This is doubtless due partly to the increased number of ships plying on the coast, but I fear that the principal reason is a falling off of trade at Kismayu.

It may be noted that the loss in revenue was nearly counterbalanced by savings in the working expenses of the ship.

7. Judicial Fees and Fines &c.

This Head shows an increase of £1094 on the estimate and of £572 on the revenue of 1903-4, which is due to the increase of work and the better collection of fees at outstations generally.

8. Licenses and Taxes.

As, next to Customs Duties, this is the most important Revenue Schedule, it is of interest to note the leading sources from which the revenue of £54,494 was derived, this figure shewing an increase of £18,296 on the estimate and of £14,155 on the revenue of the previous year.

In making a comparison between the figures of 1903-4 and 1904-5 it may be pointed out that the former included a sum of £1116 for Beriti tax and Mangrove bark, the revenue from which is now included in Receipts from Government property, and also a sum of £554 for Traders Licenses, which are now abolished, so that the real increase on the existing schedule is £15625.

The principal item in the Schedule is Hut Tax.

which realised 237,655, that is an excess of 215,223 on the estimate, and an increase of 213,479 as compared with the collections of the previous year.

The labour given free in lieu of payment of Hut Tax amounted in value to 2573.

The steady annual increase in the Revenue from this source and the fact that the collections have been made without causing any disturbances on the part of the natives is one of the most satisfactory features in the financial administration of the country.

There can be no doubt that the increase in the number of European officers is the main cause of the revenue swelling, for, with the additions which have been made to the staff, collectors have been enabled to travel more throughout their districts and become better acquainted with the natives. There must have been formerly a considerable leakage of revenue when, for lack of officers, collections were made largely in some districts by means of native tax collectors.

The subjoined table shows the collections in the various provinces as compared with the estimates and with the revenue for the preceding year.

Province	Hut Tax Revenue.				
	Estimate 1904-5	Actual revenue 1904-5	Actual revenue 1903-4	Surplus or deficit on Estimate 1903-4	Increase as compared with
	£	£	£	£	£
Seyidie	5900	5935	5300	35	635
Tanaland	2333	2135	1804	-199	331
Ukamba	3800	3432	3171	-468	261
Konia	3333	3090	4155	4367	3825
Kisumu	2732	2592	2249	343	343
Malvesha	488	527	523	39	35
Jubaland	127	227	184	90	102
Total	21732	27955	24176	3779	13479

Net surplus on estimates	£18923
Increase as compared with 1903-4	£13479

Apart from Hut Tax the most remarkable item is Game Licenses, which realised £6823, that is £2792 in excess of the estimate and £4573 more than the revenue for 1903-4.

Porters' Regulation, Liqueur Licenses, Miscellaneous Licenses and Fees, and Stamp Duties all show increases both on the estimates and on the revenue of the previous year.

Registration of Dhows &c., Cattle Examination Fees, and Registration of Documents, though realizing less than estimated, show an advance on the previous year's revenue.

A deficit of £200 on the estimate and a decrease of £490 as compared with 1903-4 is shown under Market and Cattle pound fees. This, together with a deficit of £427 on the estimate for Cattle Examination Fees, may be largely ascribed to the outbreak of cattle disease.

The subhead Survey Fees, which shows a revenue of £656 only against an estimate of £1734, requires a word of explanation. The Chief Surveyor states that he based his revenue estimate on the assumption that he would have a larger staff than was actually granted to him, and that, owing to the inadequacy of his staff most of the remunerative work in surveying had to be given out to licensed surveyors.

The Survey Fees which were received were accordingly placed on deposit in the first instance, and only that portion which represented work done by the Survey Department was credited to Revenue, the fees

for land which has been surveyed by licensed surveyors being paid to them.

It may be paid to advance it follows that, owing to the habits of surveyors, a considerable time elapses between the date of application for, and the actual surveying of land.

On the 31st March 1905 the balance of fees on deposit amounted to \$4330, and I was desirous of transferring a portion, if not all of it, to Revenue. I was assured however by the Chief Surveyor that no appreciable portion of this sum represented revenue, as it would eventually have to be paid to licensed surveyors, and I accordingly allowed it to remain on deposit.

I may observe here that the difficulty of dealing with fees to licensed surveyors has since been overcome by the insertion in the Estimates of the current year, 1905-6, of a sum calculated to meet the demands for payments to licensed surveyors, the Revenue Estimate being increased by a corresponding amount, and that, acting in accordance with that method, I have caused the whole balance of the Deposit account as at the 1st April 1905 to be transferred to Revenue, so that the Revenue for the current year should exceed the amount estimated by that sum, and the expenditure under payments to licensed surveyors will be correspondingly increased.

9. Miscellaneous Revenue.

The total receipts amounted to 29575, being 22715 in excess of the estimate but 2342 below the revenue for 1905-6.

Coal Industries realised a net profit of 2489.

8.

which is almost twice the amount estimated.

Sale of Stores realized £625 more than estimated, partly due to the Foreign Office ruling that all sales of stores should be credited to this subhead irrespective of the year in which the stores were purchased. Further, on the inauguration of the new water scheme at Nairobi, we received a sum of £167 from the Railway for the old pipes leading to the Military Lines.

Mombasa Conservancy Rates realized £373 less than estimated, which was mainly due to reductions which it was found necessary to make in the assessments, but which was counterbalanced to the extent of £315 by savings on the pay of the staff and on lighting the town.

Commission and Sale of Unclaimed and Confiscated Goods brought in £852 more than estimated, which was due to the sales of ivory confiscated for contravention of the Game Regulations.

Under the subhead Sundry, which realized £5374, or £4108 more than estimated, are included items which cannot be estimated with any approach to accuracy. Over £1400 was received in repayment of sums which had been charged off in previous years.

The profit on the sale of, and penalties on cow and immature ivory realized £979, whilst the sale of captured &c cattle brought in no less than £2050.

A small sum of £22 was received for the redemption of mortgages which were taken over some years ago from the liquidators of the Imperial British East Africa Company.

In accordance with paragraph 69 of the Financial Instructions a sum of £219 was written off to revenue

in respect of sundry deposits which had remained unclaimed for more than five years. There is a considerable number of similar deposits which cannot be written off as the Warf Commissioners have laid claim to them and the question of their right to them has not yet been decided by the Court.

10. Post and Telegraphs.

The total revenue of £12530 shows a deficit on the estimate to the extent of £1999 but an increase of £1774 on the revenue of the previous year.

The deficit on the estimated revenue is more than counterbalanced by savings to the extent of £2874 on the expenditure schedule (see paragraph 17 (a)).

Sale of stamps realised £5872, which is £472 above the receipts for 1903-4 but £2461 below the estimate, a fact which would appear to be due to a too sanguine estimate of the sales to stamp collectors which were expected to follow on the introduction of the King's head issue.

Money Order Commission and Surcharge Collections both show a falling off as compared with the estimates and with the receipts for 1903-4, but this may be ascribed to the continued policy of the Railway authorities in substituting African labour for the more expensive Indian coolies, who remitted most of their pay to India and much of whose correspondence was surcharged.

A notable feature is the increase in the Telegraph receipts in East Africa, which amounted to £2573, being £1073 more than estimated and an advance of £226 on the figures for 1903-4.

10.

11. Receipts from Government Property.

The total receipts amounting to £4567 fell short of the estimate by £284, but exceeded those of 1903-4 by £1967. It has, however, to be borne in mind that, as mentioned in paragraph 8 of this report, the revenue from Boriti Tax and Mangrove Bark, which amounted to £1116 in 1903-4, was in that year credited to Licenses and Taxes, whereas it was included under this schedule in 1904-5, so that the actual increase in the Receipts from Government Property as compared with the previous year was £661 only.

Woods and Forests revenue amounted to £1373, being an increase of £1145 on the receipts for 1903-4 but a deficit of £1127 on the estimate. The deficit on timber is ascribed to two causes, first, to landowners in the Nairobi district setting up sawmills on their own forest land and supplying the local market, and, second, to delay, owing to lack of survey, in the issue of timber cutting concessions.

The receipts from Fuel were also much below the estimate, as, owing to the unsettled Masai question, it was found impossible, until near the end of the financial year, to bring into force the proposed fuel permit - the Masai being the chief dealers in fuel near Nairobi.

It may be noted that the receipts of the Agricultural Department rose from £16 in 1903-4 to £360 in 1904-5.

12. Sale of Lands and Houses.

The receipts aggregated £1756, being £22 in excess of those for 1903-4 and £51 more than estimated.

12. The actual expenditure during the year, as shown by the annual Account, was £502,860 amounting to an apparent saving of £76,007 on the estimated amount of £572,867.

It has however to be observed that, while this sum of £502,860 represents the actual cash payments made during the year, it does not represent the total expenditure really applicable to the year 1904-5, as it includes various items incurred but not paid for in the previous year, and omits considerable sums, which, for various reasons, could not be paid in the course of the year.

In order to understand this a reference is necessary to inclosures D, E, and F.

Inclosure D gives in detail explanations of the differences between the authorised and the actual expenditure.

Inclosure E shows under the general heads of service the total amount sanctioned for expenditure, the actual amount spent during the year and what is required to be carried forward and the net saving.

Inclosure F is practically an extract from enclosure D and shows at a glance under sub-heads the sums required to be carried forward.

It may be convenient here to summarise Inclosure E as follows:-

Sanctioned Expenditure.

Authorised by approved Estimates for 1904-5 £572867

Unexpended balances of previous years

as detailed in inclosure C to the
Treasurer's Annual Report for 1903-4

13.

and authorized to be spent during 1904-5 by Foreign Office telegram No. 125 of July 20th 1904

232996

2405553

Requirements.

Actual expenditure during 1904-5	2502,560	
Unexpended balances and extra ordinary expenditure required to be spent in		
1905-6	70,306	2372856
		<hr/>
Net saving		£.32697
		<hr/>

14. The differences between the actual and the estimated expenditure for the year together with explanations of the same are so fully set forth under the several heads and subheads of service in inclosure B to this report that it may suffice to refer here only to the most important of them.

15. The principal excesses were incurred under the heads of Customs and Shipping, and Transport.

(a) Customs & Shipping. The excess of £2825 was caused by the repairs in Bombay to the steamer "Juba" and by the final payment to the Uganda Railway for the construction of the steamers now plying upon Lake Victoria Nyanza. But for these items aggregating £3581, a saving of £756 would have arisen, chiefly due to economies which were effected in the working expenses of the steamer "Juba".

(b) Transport. The vote has again proved inade-

15.

inadequate, though not to such an extent as in the previous year.

The actual expenditure during 1904-5 was £25,212, being an excess of £3104 on the estimate and an increase of £2429 on the expenditure in 1903-4.

Passages and Local Travelling were chiefly responsible for this, the former having cost £1800 and the latter £2683 more than estimated, these excesses being partly counterbalanced by a saving of £1643 on Carriage of Goods.

The total expenditure on Local Travelling amounted to £12,468, whereof £7,455 represented payments to the Uganda Railway, and the remainder, porters wages, beathire and subsistence allowances. Movements of troops and police contributed largely to this, but it may be observed that the collection of the unprecedentedly large revenue would have been impossible without increased local travelling.

16. The items of extraordinary expenditure comprise Ogaden Punitive Force 1900, Masai Reserves and Cattle Diseases.

(a) Ogaden Punitive Force 1900. The payment of £630 represents, it is hoped, the final payment to India in respect of the operations against the Ogaden Somalis, the cost of which from first to last has amounted to £145,984.

(c) Masai Reserves. It will be remembered that in October last sanction was accorded to expend the sum of £3000 on the creation of reserves in the Laikipia district for the Masai. By the end of the year only £2174 had been spent, and the balance £826,

14.

is required during the current year for the completion of buildings and the survey of the Rift Valley.

(c) Cattle Diseases. An unforeseen expenditure of £445 had to be incurred in order to grapple with an outbreak of rinderpest.

In your despatch No.127 of the 7th March 1905 to the Secretary of State you explained the circumstances which reported the expenditure to the 31st December 1904 which amounted to £399-11-3, which received approval in the Secretary of State's despatch No.195 of the 26th April 1905. During the last quarter of the year a further sum of £86-18-2 was incurred.

17. Chief amongst the heads on which savings were effected may be noted

(a) Administration	saving	£.1119
(b) Medical	"	2614
(c) Military	"	33338
(d) Police & Prisons	"	3428
(e) Post & Telegraphs	"	2874
(f) Public Works & Survey	"	2180
(g) Uganda Railway	"	33144

(a). Administration. One half of the saving was due to the fact that only three officers qualified for a language bonus, whereas provision was made for 13 passes, and the rest of the saving was effected chiefly by economies on the subordinate and menial staffs.

(b) Medical.

A large saving was made through the staff not being at full strength. Economies were also effected by the working off of surplus stores taken over from

15.

the Railway, by the unexpectedly large number of non-official paying admitted patients to the European Hospitals, by a reduction in the number of Railway Hospitals, and by the institution of one headquarter store instead of having three.

Further, the bill for the Protectorate share of the working expenses of the Zanzibar Sanitary Station, estimated at 2500 but actually amounting to 2448, was not rendered by the Zanzibar Government till after the close of the financial year.

The estimated expenditure on Sleeping Sickness was 21000 but this sum was supplemented by permission being given to carry forward 22000 from the unexpended balance of 1903-4. The actual expenditure in 1904-5 amounted however to 22248 only, this sum including 2500 paid as a contribution towards the cost of experiments in connection with the Sleeping Sickness epidemic, and 2699 incurred on account of an outbreak of plague at Kisumu.

I may observe that while the total cost of the combined medical departments of East Africa and Uganda amounted to 224870, only 210781 fell as a charge on East Africa funds, the contribution by the Uganda Protectorate amounting to 214089. Considering the relative sizes of the two Protectorates it would appear that East Africa had paid considerably less than its proper share of the expenditure.

(c) Military.

The Military accounts have been so complicated by the changes in plans for the re-organisation of the King's African Rifles and by the delay in the receipt of the accounts of the Reserve Battalion,

that the figures in the actual account for the
means provided for the year 1935-6 for
the year

Even now I am unable to give precise figures, as
an account for over £13000 rendered by British
Central Africa is still subject to adjustment, but
I trust that the following remarks will make the
position clear.

The estimated expenditure was £.84985

Against actual expenditure £.51647

Showing an apparent saving of £23,338

In inclosure F I have detailed

sundry items which have to

be spent in 1935-6 aggregating

... .. £23,936

Showing a real saving of £.7,402

With regard to this sum of £23,936, I have not overlooked the remark in the Colonial Office despatch No. K.A.R. 22 of the 6th June last, to the effect that unexpended balances should be carried forward for the purpose of reducing the Grant-in-aid for subsequent years, but I venture to observe that almost the whole of this sum represents liabilities actually incurred, that there is no provision for them in the estimates for the current year, that there is not the least probability of savings to that extent being realised on the military vote for the current year and that the only solution of the difficulty appears to be to obtain sanction to meet the expenditure from the surplus funds on hand at the close of last financial year.

19.

Assuming therefore for the present that the sum of £25,936 be a charge against the vote for 1904-5, & the saving amounts as stated to £7,408, of which £2584 arises on the Reserve Battalion, and the remainder on the 3rd. Battalies, chiefly due to the fact that no charge was made by the War Office for the rifles and bayonets with which the Battalion was rearmed and of which the estimated cost was nearly £4000.

(d) Police & Prisons.

The savings on this vote were chiefly due to the fact that the Police force was not at its full strength.

(e) Post & Telegraphs.

The principal savings were effected by the staff not being at full strength, which accounted for over £1400; whilst a sum of over £1100 was saved on the carriage and freight of mails, due partly to the accident that a greater proportion of mail matter was sent in British and foreign contracted steamers than had been anticipated.

The Postmaster General points out that circumstances do not allow of any satisfactory estimate being given for mail transport, and that, had the running of the different steamer lines been so arranged as to require a large proportion of the mails to be sent by foreign non-contracted steamers, the expenditure might have been as much in excess of the estimate as it was actually under it.

(f) Public Works and Survey.

The total estimated expenditure was £.38729
to which should be added:-

19.

Amount brought forward from 1903-4 (Foreign Office telegram No.125 of July 30th 1904)	£. 608
Amounts specially sanctioned:-	
Survey Department and Land Office (Foreign Office despatch No.851 of October 4th 1904)	£. 2621
Purchase of Mr. Wilson's house (Foreign Office telegram No.186 of November 24th 1904)	£. 2000
Kisumu Treasury Office and Strong Room (Foreign Office telegram No.9 of January 11th 1905)	£. 450
Total	<u>£.4449</u>
Actual expenditure during year	<u>£.3659</u>
Showing a saving on the authorised expenditure of ...	<u>£. 789</u>

As there are no fewer than seventy subheads in this schedule a reference to inclosure D is necessary to see the various reasons for the above saving.

In inclosure F I have given particulars of various works which were either not completed or for which the bills had not been received by the close of the year. The liability in respect of these works and cost of completion will amount to £5218, and I would ask that sanction be obtained to carry this amount forward to the current year.

(a) Granda Railway.

The figures shown in the Protectorate account are misleading and the real expenditure on the Railway must be ascertained from the Railway accounts.

19.

The Railway accounts show a profit of £2064 on the working of the line during 1904-5, whereas the Protectorate accounts show a loss of £11856, thus:-

Payments by Crown Agents during year		£41856
<u>Less surplus funds handed over by</u>		
Chief Accountant to local Treasurer		
during year	...	£30000
		<hr/>
		<u>£11856</u>

As the vote was £45,000 there was an apparent saving of £33,144 on the vote.

The Chief Accountant of the Railway states that the sum of £11,856 which appears in the Protectorate accounts for 1904-5 was really expenditure for the previous year and was accounted for by him in 1903-4.

On the 31st March 1905 the Manager's local balance of cash on hand and in Bank amounted to £26,425, but I am unaware of the state of the balance with the Crown Agents or of the liabilities as at that date.

I summarise here below the figures which have appeared in the Protectorate accounts on account of the Railway from 1902-3, when for the first time the vote to meet working expenses was included in the Protectorate Grant-in-aid.

	Vote. £.	Expenditure. £.
1902-3	50,000	16,600
1903-4	65,000	74,400
1904-5	45,000	11,856
	<hr/>	<hr/>
	<u>£160,000</u>	<u>£102,856</u>
Apparent saving:		<u>£57,144</u>
		<u>£160,000</u>

In accordance with the decision of His Majesty's

Treasury conveyed in the Foreign Office despatch No. 165 of the 31st March 1906, the cost of a new steamer for the Victoria Nyansa is met from the Railway Savings. After consultation with the Manager, I have ascertained that the total cost of the new steamer will be approximately £36,699 and I have accordingly inserted that sum in the statement which forms inclosure F to this report.

18. Indian Immigration.

I would invite attention to this item of expenditure which appears as a subhead in the Miscellaneous Schedule.

The first grant for Indian Immigration was in the year 1903-4, and amounted to £1000. During that year the expenditure was £382 only, and sanction was given to carry forward the unexpended balance £692, to the year 1904-5. This sum together with the vote of £500 made the total authorised expenditure for the year 1904-5 £1192, but the actual expenditure was only £280, leaving an unexpended balance of £912.

The Protector of Immigrants explains that immigrants have hitherto been coming from India in small numbers and the contingent expenses have in consequence been comparatively small.

He now suggests paying a visit to India in order to make arrangements for bringing over a large contingent of families, but this scheme is dependent upon sanction being obtained to utilise the sum of £912 referred to, as the vote of £500 in the current year's estimates would be inadequate for the purpose.

21.

19. Financial position on 31st March 1905.

The financial position at the close of the year may be summed up as follows:-

Surplus shown in Statement of Assets and Liabilities on March 31st 1905 £148966

Deduct-

Sum required to meet the difference between the Grant-in-Aid and the deficit on estimated revenue and expenditure in 1905-6:-

Estimated expenditure £403360

Estimated revenue 163000

Deficit £240360

Grant-in-Aid £14000

Difference £26360

Sums detailed in inclosure

F to this report 70306 £96666

Net surplus £52300

Inclosure No. 1. of Finance No. 1007 dated 28th March 1905.

20. I have the honour to request that the Secretary of State be asked to accord his sanction to the immediate expenditure of the sums detailed in inclosure F.

As you are aware, a considerable portion of these sums has already been expended by payments to British Central Africa in connection with the Reserve Battalion of the King's African Rifles, and by sundry payments which were due under contracts.

I have the honour to be,

Sir,

Your most obedient
humble servant

(Signed) Henry P. Davis

Acting Treasurer

The Treasurer, S. A. P.
to
H. M. Commissioner.

In Sir D. Stewart's despatch
No. 876 of August 26th 1805.

Inclosure No. 1

1790 88000

1790 88000

1790 88000

So I have...

...of the ...

As you are aware, a ...

...of the ...

...

Balance 30th April 1906

Parliamentary Grant

1. Unassigned Balance

2. Unassigned Balance

3. Unassigned Balance

4. Unassigned Balance

5. Unassigned Balance

6. Unassigned Balance

7. Unassigned Balance

8. Unassigned Balance

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53. Unassigned Balance

54. Unassigned Balance

55. Unassigned Balance

56. Unassigned Balance

57. Unassigned Balance

58. Unassigned Balance

RECEIPTS

Amount

Expenditure

by Overseas Agents

Total

Balance

at 30th April

1905

1906



Handwritten notes and signatures at the bottom of the page, including the name 'John P. ...' and other illegible text.

Handwritten notes and signatures in the middle of the page, including the name 'John P. ...' and other illegible text.

Handwritten notes and signatures at the bottom right of the page, including the name 'John P. ...' and other illegible text.

Vertical list of departments and services on the right side of the page, including: Customs and Excise, Inland Revenue, Education, and others.

Main financial table with columns for various categories and rows of numerical data.

1906

RECEIPTS

Balance on 1st April 1904
 Administrative Grant

Amount	Balance in the Previous Month	Amount Received by Current Month	Total Receipts	More than Estimated	Less than Estimated
351132	344047	168017	512064		
31500	61520412		61550412	1052067	329108
5612	508396		508396		
336	54341811		54341811	10091811	
36199	54495156		54495156	19252156	
3635	80275	1335101	9331	5118	1
24529	1223511	296	1255407		499924
4521	3542144	824	4566644		3148
119953	15054914	2447151	152991215	3862568	
1797	1405818		1725888	5188	
22192	192386	2447151	19475611	3507615	2612615
	17682107	252262121	430060518		
	59994	48462139	57063333		
	304622		307422		
	70456		70456		
	36698	269483	4066073		
	58142		58142		
	132176181	2002068	152191819		
	11644792	2491018	116956440		
	48408319	32489115	810977		
	6840819	2289115	810977		

School of Law and Economics

Public Revenue

Administrative Expenses

Public Works and Survey

Public Works and Survey

Public Works and Survey

Public Works and Survey

Public Works and Survey

Public Works and Survey

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Public Works and Survey

TRUE COPY

DO NOT WRITE IN THESE SPACES

1904

Inclousure No. 2
In Sir D. Stevenson's despatch
No. 476 of August, 26th, 1905.

Inclousure A

PROTECTORATE OF EAST AFRICA.

ANNUAL STATEMENT.

For the Year 1904-1905

PROTECTORATE OF EAST AFRICA.

ANNUAL STATEMENT.

For the Year 1906 - 1907

Inclosure A

B

East Africa Protectorate

Statement of Assets and Liabilities on March 31st 1907

Assets	Amount	Liabilities	Amount
<p>Reserve for Bonds, Receipts for Unallocated Trade Goods Cash</p> <p>6733 6-8 3619 4-5-7 4182 2-9</p>	<p>134 7-6 11 44 19 8 41 82 2 9</p>	<p>Expense Deposits Quittances & Settlements General Post Office London Balance of Assets over Liabilities</p>	<p>500 5-2 117 10 7 110 11 0 114 10 0 114 11 0</p>
<p> 6733 6-8 3619 4-5-7 4182 2-9 ----- 14514 11-11-10 14514 11-11-10 </p>	<p>6-7 178 6-3 7 11</p>	<p>TRUE COPY.</p> <p><i>H. P. Copie</i> AG. TREASURER.</p>	<p>RECEIVED 15 1907</p>

The P. & O. bills for the above have been paid in full. The above is a true and correct statement of the assets and liabilities of the Protectorate of East Africa on the 31st March 1907.

Signed and attested at the Government Office, London, this 27th day of April 1907.

H. P. Copie
 AG. TREASURER.

Remarks explanatory of increase or decrease.

East Africa Protectorate

Comparative Statement of Revenue

under sub heads

for

1906 - 1905

Yuzi Osorio No. 3

In Sir A. Stewart's despatch
No. 45 of August 28th 1905.

33070

Statement showing under sub-heads the sums re-
quired to be spent during the year 1905-1906 from
the funds in hand on March 31st 1905.

000

<u>Head & Sub-head</u>	<u>Amount</u>	<u>Explanations</u>
Agriculture		
Buildings	187	One of the houses built by contract for farm super-intendents for which pay-ment could not be made till after the close of the year.

Customs & Shipping

Lake	6,699	Estimated cost of new steamer to be met from savings on vote for Uganda Railway. vide Foreign Office despatch No.165 of March 31st. The Railway Manager estimates cost as follows: - Contract price of the new Steamer in Scotland-224699 Add freight from Glasgow to Mombasa 1000 Freight from do to the Lake say 1000 Erection charges in Africa say 1000 Total 236699
------	-------	---

L. F. on 20
make 20

Probable dates of expenditure

1905-6	-	229,699
1906-7	-	7,000
		<u>236,699</u>

Carried forward £ 36,899

Amount
36,880

Brought forward

Head & Sub-head

Explanation

Medical

Zanzibar Sanitary
Station

448

East Africa Protectorate
share of cost for year 1904
bill not received from
Zanzibar Government till after
close of financial year.

Military

Inspector General

538

Amount paid by British
Central Africa in 1904-5
on account of East Africa's
share of Inspector General's
salary and expenses.

Pay of Troops

3rd. K.A.R.

700

Arrears of pay due to
men on escort with Anglo-
German Boundary Commission
on March 31st 1905.

Expenses for Field

Service

568

Claim by Officer Command-
ing Anglo German Boundary
Commission for reimburse-
ment of cost of rations
to escort vide P.C. des-
patch No. 129 of 29.3.05

F. D. H. P.
594.22

Arms & Equipment
3rd K.A.R.

1,629

Ammunition ordered in
1904-5 but not paid for
till after close of fin-
ancial year. £ 639
Conversion of 1000
6 maxims guns £1629

Carries forward

40,569

£1629

2

Amount

Brought forward

36,886

Head & Sub-head

Explanation.

Medical

Zanzibar Sanitary
Station

448

East Africa Protectorate share of cost for year 1904 bill not received from Zanzibar Government till after close of financial year.

Military

Inspector General

338

Amount paid by British Central Africa in 1904-5 on account of East Africa's share of Inspector General's salary and expenses.

Pay of Troops

3rd. K.A.R.

700

Arrears of pay due to men on escort, with Anglo-German Boundary Commission on March 31st 1905.

Rations for Field

Service

568

Claim by Officer Commanding Anglo German Boundary Commission for re-imbursment of cost of rations to escort vide F.O. despatch No. 159 of 29.3.05

*F.O. despatch
50152*

Arms & Equipment
3rd K.A.R.

1,629

Ammunition ordered in 1904-5 but not paid for till after close of financial year 3,629
Conversion of } 1000
8 maxim guns } 21629

Carried forward

40,569

21629

£.

Amount.

Brought forward 40,568

Head & Sub-head

Explanation.

Military

Volunteer Reserve 1,270

Arms and Ammunition for Volunteers, expenditure from savings on vote for 3rd K.A. R. Arms and Equipment sanctioned by F.O. despatch No. 41 of January 23rd 1905, but bills not paid till 1905-6.

Yao Contingent 15,251

Amount of claim rendered by British Central Africa in connection with the Reserve Battalion down to March 31st 1905 £15569

Deduct claim by B.C.A. for share of Inspector General's expenses, shown in this statement under "Inspector General" 358

£15251

Erection of huts for Reserve Bata. 4700

Owing to unforeseen changes in arrangements, the Reserve Battalion did not arrive in East Africa and building operations were not begun till 1905-6:

Passages from B.C.A. and transport up country of Reserve Battalion 1500

The sum of £1500 provided in the 1905-6 Estimate is expected to fall short of the actual expenditure by at least £100. It is suggested to meet the deficiency from the unexpanded vote for 1905-6

Brought forward 65270

Amount

Brought forward 65,270

Head & Sub-head

Explanation

Miscellaneous

Indian Immigration	912	Unexpended balance of the votes for 1903-4 and 1904-5 required to bring the scheme into proper working order.
--------------------	-----	---

Post & Telegraphs

Kisumu Telephone	80	Sanctioned in F.C. despatch No. 156 of March 27th 1905.
Exchange		

Public Works & Survey

Province of Seyidie

Tayeta New House	123	Building not completed.
------------------	-----	-------------------------

New Treasury Offices	800	Work to the value of £1200 only was completed by March 31st 1905.
----------------------	-----	---

Province of Ukamba

Nairobi Town- ship Drainage	<i>40 naps</i> 1148	Required for completion of work authorised by F.O. despatch No. 436 of July 29th 1904.
--------------------------------	------------------------	--

Province of Kisumu

Treasury Office		£450 sanctioned from savings in 1904-5 by F.O. telegram No. 9 of January 11th 1905. Work to the
Strong Room	316	

Carried forward 66,649

Forward

~~1904~~

Expenditure.

value of £154 only was completed by March 31st 1905

Post & Telegraph Offices	
New Offices @ Entebbe,	
Hoima & Kampala	1242
Telegraph Store	
Entebbe	154

Buildings erected by Uganda Protectorate, but bills not rendered till after close of year.

Public Works & Survey	
Minor Public Works	25

Claim by Uganda Railway for materials supplied in January 1905 for Kisumu Hospital.

Lake Survey	1450
-------------	------

Unexpended balances of previous year's grants required for completion of survey of southern half of Lake.

Masai Reserves	826
----------------	-----

Balance of £3000 sanctioned in F.O. telegrams Nos. 166 and 169 of October 15th and 31st 1904. required for completion of station and survey of Rift Valley

Handwritten notes:
1904
702
1904
Kisumu

Total 70306

6.

Summary.

Agriculture	£	187
Customs & Whipping	36,699	
Medical	448	
Military	25,936	
Miscellaneous - Indian Immigration	912	
Post & Telegraphs	80	
Public Works & Survey	5,218	
Masai Reserves	826	
	<hr/>	
	£70,506	
	<hr/> <hr/>	

Mombasa,

24th August 1905.

Comm.

33070

451

DRAFT.

The Secretary to the Treasury

MINUTE.

- Mr. Nathan
- Mr. Reed
- Mr. Andrews
- Mr. Cox
- Mr. Lucas
- Mr. Graham
- Mr. Ommanney
- Mr. Duke of Marlborough
- Mr. Luttrell

avoid 4/25/11

9th of November 1905

I am directed by Mr. Secy. Luttrell to transmit to you, to be laid before the Comm^{rs} of the Treasury, the accompanying copy of a statement which has been received from the Acty. Comm^{rs} of the E. & W. I. showing the sums required to be spent during the year 1905-6 from the funds raised in March 1847-1905. This statement forms a volume of the report of the Acty. Comm^{rs}.

Lucas 4/28/05
 Copy Comm. 43, 31, prot 4/28/05

the nature of the
receipt and a signature
for the purpose of you - 5, and
the amount approved
of the S. P. is requested
for the expenditure of
the sum in question.

It is by letter understood
that it was the practice
of the F. O. on the
receipt of a statement
of this kind to give
approval of the application
of the balance of the

previous financial
year to the completion
of the year following
the year of account for
which the same had
been provided, but which
has since been completed.

458
at the close of the
financial year. It does
not appear that this
practice has ever led
to an excess over the
gross authorized expendi-
-ture for the year in
which the application
of these balances has
been approved, but it
is evident that such an
excess might arise and,
in any case, the practice
is contrary to para. 111
of the "Instructions for the
Guidance of Financial
and Accounting Officers
in the Colonial Service"
which provides
in which it is laid
down that "no amount,
if any, as may be still the

necessary for the service
concerned must be
revoted in the estimates
of the year in which the
sum is to be expended."

3 I am however, to
point out that in the
case of these distant
Protectorates it constantly
happens that when the
Estimates for the current
year are being prepared
it is not known how
service will not have
been completed in the current
year and therefore the
cost of completing it cannot
be ascertained in the
Estimates. If, however, the
service has not been
carried out and the money
has not been spent, it
appears to Mr Lyttelton that
there is no good reason why

DRAFT

MINUTE.

Mr
Mr
Mr Aitrobus
Mr Cor
Mr Lucas
Mr Graham
Sir M. Ommalley.
The Duke of Marlborough
Mr Lyttelton.

the estimate
of the service (with
any necessary
sanction of the Lords
(Commrs)) should not
be provided for in a
supplementary estimate,
as no application to
Parliament for an
additional grant would
be involved.
Mr Lyttelton concludes
that, if the practice of
providing for uncompleted
services in supplementary
estimates of this description
is not adopted, the
result will be either
that heads of departments

When compiling the
Estimate of expenditures
will consider - estimate
the progress which will
be made with services
during the current
financial year, in order
to avoid the possibility
of their having sufficient
funds available in the
coming financial year
for the completion of
the services in the
ensuing year, or that
the necessary funds will
have to be obtained by
the Government of
other services and the
delay and completion of
the same difficultly in the

the following year 1951
5. He ^{therefore} would therefore be
glad if they ^{could} ~~could~~ ^{agree} ~~agree~~ ^{with} ~~with~~ ^{the} ~~the ^{provision} ~~provision~~ ^{for} ~~for~~ ^{services} ~~services~~
holding that
provision for
services
should be made
in supplementary estimate
for the completion of
for ~~uncompleted~~ services
for which money has
already been provided~~

in the estimates
of the previous
year but not
expected.

6. With regard to the
services referred to in
the enclosed statement,
I am to ^{advise} ~~inform~~ that
the ^{provision} ~~provision~~ ^{of} ~~of~~ ^{the} ~~the ^{money} ~~money
granted for the ^{purpose} ~~purpose~~ ^{of} ~~of~~ ^{the} ~~the ^{works} ~~works~~
of the ^{Public} ~~Public~~ ^{Works} ~~Works~~ but
not required for that
purpose for the construction~~~~~~