

May 1969

Reference..

Note

Ministerial Submission B.I.O.T. April 1969
Cost of resettlement raised in reply from M.O.D.

(1) Present Position

(copy attached flag 'G')

The Treasury and M.O.D. have both indicated Ministerial agreement to the minute by the Secretary of State to the Prime Minister on B.I.O.T. A reply from the Ministry of Power is still awaited. The M.O.D. in their reply has raised the question of resettlement and the provision of funds for this purpose.

(2) General Background

The M.O.D. will be aware not only from the series of recent meetings attended by their representative prior to the submission being made, but also from correspondence between P.P. & A.D., Treasury and themselves between March and July 1968 (copies attached for ease of reference), that the M.O.D. earmarked in M.O.D. Votes for the establishment of B.I.O.T. is now largely allocated as follows:-

To Mauritius	33,000,000
Land Purchases (B.I.O.T.)	1,013,200
B.I.O.T. Vessel (say)	116,000
Seychelles airfield	5,700,000
Balance remaining	
(estimate)	170,800
	<u>£10,000,000</u>

It is not possible to assess the cost of resettling the inhabitants of Chagos until talks have been opened with the Mauritius Government but it seems likely that the estimated sum of £170,800 at present remaining may not prove to be sufficient. While £5,7M has been set aside for the Seychelles airfield (for background to this see paragraph 4 below), present estimates do not exceed £5.25m. (this figure contains £250,000 for contingencies) and M.P.B.W. opinion is that this figure is unlikely to be exceeded and may be reduced. I have been given to understand by M.P.B.W. that final contracts will be signed with Costains in September, and by October they should be able to give a fairly firm figure which will enable us to judge any further amount available for resettlement.

(3) Resettlement

Allowing for M.P.B.W. being able to hold the cost of the airfield at £5.25 there seems to be a fair chance of something in the region of £628,000 being available to meet resettlement costs for some 490 Mauritians and Ilois in Chagos plus some 400 persons in Mauritius about which the Mauritius Government have made representations to the H.C. in Port Louis. In addition there were 317 Seychellois in Chagos some of whom could present a problem should local politicians raise the issue of H.M.G. responsibility for them. The figures given above particularly those relating to the people in Chagos are based on March 1968 census, and in view of the continual movement of the labour force must be treated with some reserve (it may be that some of the 400 persons in Mauritius may be involved in these figures). It would seem quite possible that the total inhabitants in Chagos may have fallen and may continue to fall once recruitment of Seychellois ceases. The figures include wives/concubines and a considerable number of children and are not ideal for assessing the cost of resettlement which is likely to be based on family units, and until the Administrator has a further opportunity to obtain fresh population figures, suitable for use in assessing resettlement costs, it is not possible to consider whether the possible

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available sum of £228,000 will be adequate, but if Seychelles do not, as anticipated by the late Commissioner, present any difficulty and subject to the demand of the Mauritius Government being ~~reasonable~~ it could be that this sum would prove sufficient particularly if some of the Mauritians or Ilois could be absorbed into the Mauritius Island of Agalega.

(4) Background to arrangement for F.C.O. to take over from H.O.D. costs of resettlement

As to the point of detail in the H.O.D. letter regarding F.C.O. liability to meet expenditure on resettlement, this ~~was~~ being increased from £3-5.7m. To facilitate a decision to enable the project to proceed, correspondence took place between F.P. & A.D., Treasury, H.O.D. and C.D.A. the outcome of which was agreement that the difference of £2.7m could be met from the balance remaining of the £10m (see copy of Commonwealth Office letter of 4 April 1968 to H.O.D. - flag 'O'). In this we accepted that any expenditure that might arise on resettlement should be a charge on our Votes and should be accommodated within the aid ceiling for grant in aid to Seychelles. At the time complete evacuation of the Chagos was not envisaged as there was no indication from the Americans that they had any immediate intention of developing Diego Garcia. Should partial evacuation have been necessary £29,000 was considered as the maximum required. In agreeing to the £5.7m. for the airfield H.O.D. in their letter of 16 April 1968 (copy at flag 'T') said "This was on the clear understanding that there can be no question of payments from Defence Votes which would exceed in total the £10m. which Ministers have ~~agreed~~ for the establishment of B.I.O.T." This extract was also quoted to us in Treasury letter of 26 April 1968 (flag 'O'). In his minute of 30 April 1968 (flag 'O') Mr. Christofas (F.P. & A.D.) said in reference to a telephone conversation with Mr. Kennedy (Treasury) "... unless he (Mr. Kennedy), could produce better chapter and verse than I had seen, the Commonwealth Office could not accept that Ministers had agreed an upper limit of £10m."

Origin of £10m.
PAC 93/892/01
Part B
(55 & 55A)

The sum of £10m. appears to have originated at the time when the possibility of an American contribution towards the cost of B.I.O.T. was being examined. The Americans asked how this figure was arrived at and were told that it was an outside estimate consisting of:

- Airfield for Seychelles
- Compensation for Mauritius
- Allowance for bargaining

£1½m.
£2-5m.
£2-5m.
£2½m.

We went on to say that the figure was a very rough approximation. From this point the amount of £10m. appears to have been used as a talking point, actual action on financial aspects being broken down and dealt with separately as they arose e.g. purchase of freeholds, B.I.O.T. Vessel, compensation to Mauritius etc.etc. As was made clear at the time the sum of £10m. was arrived at mainly to allow discussions to be opened with the Americans as a quick settlement over establishing the territory was in 1965 considered necessary. In view of what has since transpired this estimate proved high as even allowing the originally envisaged £3m. for the Seychelles airfield we were still left with £2.6m. to meet the only outstanding expense viz. cost of resettlement. In view of the way the financial arrangements for establishing B.I.O.T. evolved Mr. Christofas made a good point in his comment to the Treasury. From the papers I have seen I certainly cannot recall that an upper limit of £10m. was ever put to Ministers.

Conclusion

It is suggested that further action should rest until the cost of resettlement is known. This will depend on the talks with the Mauritius Government (probably in June or July). Further until the scope of movement involved and a more accurate assessment of the

/numbers

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numbers of persons at present in Utagos and their ethnic grouping is known it is not possible to assess the magnitude of the problem. When all the Ministerial views on the minutes to the Prime Minister are received we should inform the Governor, of the decisions on policy, and ask him to arrange for an early census to be taken with details of family units together with a forecast estimate of the population position at the end of 1969. The latter may prove a little difficult at this stage as the labour position on the plantations will depend to a large extent on when the Americans will wish to start construction work. In casting about for economies Washington have recently indicated that work could be put off for another year.

K. R. Whitwell

(K. R. Whitwell)
May 1969