

9 May 1967

CONFIDENTIAL

6/10/15 E1244  
DS11/11/67 = 1255

DUS(Pol)

Copies to: DUS(P & B)  
AUS(Pol) ✓  
AUS(P & B)

B.I.O.T. - Costs of Setting up the Territory

The first estimate of the cost of establishing the B.I.O.T. was £10 million, made up as follows:-

Compensation to Mauritius and Seychelles - £6m.  
Purchase of land, resettlement of  
inhabitants ..... - £2m.  
Contingency ..... - £2m.

2. Payments and current estimates are as follows:-

(a) Compensation to Mauritius

Paid March 1966, without any  
condition as to its use. Defence  
(Central) Votes ..... - £3m.

(b) Compensation to Seychelles

We have undertaken to provide a  
civil airfield. The cost of this  
is not yet firmly estimated, and  
ideas are becoming steadily more  
grandiose. Our line is that any  
excess cost should be borne by  
others and that the cost to Defence  
(Central) Votes should be limited to £3-3½ m.

(c) Purchase of freeholds of Desroches,  
Farquhar and Diego Garcia (to be  
paid any day now from Army Vote 10  
(Defence Lands)) ..... £1,013,200

(d) Compensation to leaseholder of  
Alcoba

Army Vote 10, say ..... - £40,000

(e) Ship for Administrator

Provided in 1967/68 Estimates,  
Defence (Central) Vote ..... - £100,000

(f) Resettlement of Inhabitants

Only the broadest of figures can be  
given. The Administrator is at  
present investigating the numbers of  
inhabitants, as opposed to seasonal  
contract workers on the plantations.  
The amount and timing of payments  
will clearly depend on whether we  
evacuate all islands, and when. The  
figure could be up to ..... - £1 m.

The total of capital expenditure may thus be in the  
region of £8½ m.

CONFIDENTIAL

CONFIDENTIAL

3. There are current expenses of the Administrator and his staff - say £8,000 a year - and on the running of the ship. These will be borne by the Commonwealth Office, who will retain receipts from the hiring out of the ship when the Administrator does not need it. In addition, we obtain rent for the islands at 20/- above, so long as they remain leased out to copra growers; these should amount to about £20,000 a year.

9.5.1967

(A. Campbell)  
Head of DS.11