

E. AFRICA

C O
39651Recd
Dec 28 1915

39651

Treasury

ADVANCES TO SELF-GOVERNING DOMINIONS

1915

26th July

States as to rate of interest etc.

Last previous Paper.

Mr G. Fiddler

I have reported for several times the
 copy of complete which Mr Harding has
 given me. Under the old loan we
 have got £232,000 for S.A.P. of £25,000
 for Nyasaland. We have not yet
 succeeded in getting any thing ^{from the two authorities} some thanks,
 when we do, we can see when the
 conversion of the old loan is completed, we
 can talk the details of the arrangements
 in detail. They are not of the
 original proposals (i.e. before the question
 of conversion arose) in 1907 General
 For Uganda we have now got £20,000
 (near 39000) which comes under the
 new loan. We must still the Gov. of

Next subsequent Paper

J. D. W. S.
2/12/15

Copy made to G.E.H. 2.30.15
 To Cd of Gov. 2.30.15
 Copy Col. 22 Nov 16
 Copy Home 21/11/15

Send enclosed copy of the Treasury minute
of 17 Nov. 1914 (general arrangements for
2200000) & also of the T. M. of 22 April
1915 (general arrangements for payment of
interest).

Also a return is due in regard (to the
extent of about £90), we should tell C.A.
to pay it, ~~and to pay amounts in the full
of the T. M. of 22 April 1915~~
~~and to pay the amounts in the full
of the T. M. of 22 April 1915~~
of the payment of the instalments of
interest. C.A. of date 6 Jan to Gov.

[These drafts can be prepared on Form 39444
but as it will be convenient to attach
copies of them to this folder, with copies of
the C.A. despatches on 14820 & 19467
& the Nyasa despatches on 10744, 112
& 19467.]

W. M. P.
1915

Form 19467 in the
the despatches
of the T. M. of
C.A. generally

Schedule of Convoes attached

262

Treasury minute - 17 Nov. 1914
- do - 22 Apr. 1915.

Sig S to go Dep 260. 11 Apr. 15 (10820)
- do - 227 7 May 15 (19467)
- do - Nyasa Camp 7 May 15 (---)
- do - 23 Apr. 15 (10744)

Des. to Co. 26 July 15

Sig S to go Fiji 238. 11 Aug. 15

Co to Co. 9 Sept. 15

Sig S to go Nyanda 265 9 Sept. 15 (3458)

ADVANCES TO HIS MAJESTY'S SELF-GOVERNING
DOMINIONS.

263

RETURN to an Order of the Honourable The House of Commons,
dated 19 November, 1914:—for.

COPY of TREASURY MINUTE dated 17th November 1914 relating to ADVANCES to
HIS MAJESTY'S SELF-GOVERNING DOMINIONS.

Treasury Chambers,
19 November 1914.

E. S. MONTAGU.

(Mr. Montagu.)

Ordered, by The House of Commons, to be Printed,
19 November 1914.

LONDON:

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1914.

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TREASURY MINUTE, dated the 11th November 1914, relating to ADVANCES to
HIS MAJESTY'S SELF-GOVERNING DOMINIONS.

The Chancellor of the Exchequer calls the attention of the Board to the arrangements which have been made with the Governments of certain of the Dominions with a view to avoiding the disadvantages of the separate flotation by each Dominion of the loans required to meet the heavy expenditure entailed by the present crisis.

So far as they can be estimated at present, the amounts required are:—

	£
Dominion of Canada	12,000,000
Commonwealth of Australia	18,000,000
Dominion of New Zealand	3,250,000
Union of South Africa	7,000,000

It is proposed that the sums required by the Dominion Governments from time to time should be advanced to them out of the proceeds of any general war loan or loans which may be raised by His Majesty's Government, i.e., of any loan raised otherwise than by short-term securities, such as the six or twelve months Treasury Bills by which the cost of the war has hitherto been provided for.

The objects of these advances is to provide funds to meet the Naval and Military expenditure incurred by the Dominions and other charges directly due to the crisis. They are not intended to be applied to financing development services.

The sums advanced are to be applied primarily to meet the obligations of the Dominions in the United Kingdom in respect of debt services and purchases in the English market, thus setting free (in so far as these obligations represent expenditure not arising out of the crisis) a corresponding sum in the Dominions for local war expenditure. Save in very exceptional circumstances (e.g., where separate naval or military operations are being carried on by the Dominion itself), no part of the advances is to be used for cash remittances from the United Kingdom.

The money will be lent to the four Dominions named at the rate of interest at which His Majesty's Government itself will have borrowed, the discount on any interest-bearing securities issued at a discount being added to the capital of the debt. The amounts paid over to the Dominions from time to time in respect of the advances will be charged to the Vote of Credit.

The debts due to His Majesty's Government from each of the Dominions will be paid off out of public issues of stock or securities to be made at such times as may be agreed upon as suitable between the Chancellor of the Exchequer and the Dominion Government.

If at the time of repayment the securities out of the proceeds of which the original advance was made stand at a discount a corresponding abatement and if they stand at a premium a corresponding increase will be made in the amount repayable.

Pending the issue of a general war loan, arrangements have been made where necessary for the Bank of England to make temporary advances to the Dominions in anticipation of the loan upon the understanding that such temporary advances (which will be included in the totals specified above) will be repaid by the Treasury to the Bank of England on behalf of the Dominions concerned so soon as the proceeds of the first general war loan are available.

My Lords approve.

Let directions be given accordingly and let a copy of this Minute be transmitted through the Colonial Office to the Governments of the Dominions concerned.

TREASURY MINUTE, dated the 4th November 1914, relating to ADVANCES TO HIS MAJESTY'S SELF-GOVERNING DOMINIONS.

The Chancellor of the Exchequer calls the attention of the Board to the arrangements which have been made with the Governments of certain of the Dominions with a view to avoiding the disadvantages of the separate flotation by each Dominion of the loans required to meet the heavy expenditure entailed by the present crisis.

So far as they can be estimated at present, the amounts required are:—

	£
Dominion of Canada	12,000,000
Commonwealth of Australia	18,000,000
Dominion of New Zealand	3,250,000
Union of South Africa	7,000,000

It is proposed that the sums required by the Dominion Governments from time to time should be advanced to them out of the proceeds of any general war loan or loans which may be raised by His Majesty's Government, i.e., of any loan raised otherwise than by short-term securities, such as the six or twelve months Treasury Bills by which the cost of the war has hitherto been provided for.

The object of these advances is to provide funds to meet the Naval and Military expenditure incurred by the Dominions and other charges directly due to the crisis. They are not intended to be applied to financing development services.

The sums advanced are to be applied primarily to meet the obligations of the Dominions in the United Kingdom in respect of debt services and purchases in the English market, thus setting free (in so far as these obligations represent expenditure not arising out of the crisis) a corresponding sum in the Dominions for local war expenditure. Save in very exceptional circumstances (e.g., where separate naval or military operations are being carried on by the Dominion itself), no part of the advances is to be used for cash remittances from the United Kingdom.

The money will be lent to the four Dominions named at the rate of interest at which His Majesty's Government itself will have borrowed, the discount on any interest-bearing securities issued at a discount being added to the capital of the debt. The amounts paid over to the Dominions from time to time in respect of the advances will be charged to the Vote of Credit.

The debts due to His Majesty's Government from each of the Dominions will be paid off out of public issues of stock or securities to be made at such times as may be agreed upon as suitable between the Chancellor of the Exchequer and the Dominion Government.

If at the time of repayment the securities out of the proceeds of which the original advance was made stand at a discount a corresponding abatement and if they stand at a premium a corresponding increase will be made in the amount repayable.

Pending the issue of a general war loan, arrangements have been made where necessary for the Bank of England to make temporary advances to the Dominions in anticipation of the loan upon the understanding that such temporary advances (which will be included in the totals specified above) will be repaid by the Treasury to the Bank of England on behalf of the Dominions concerned so soon as the proceeds of the first general war loan are available.

My Lords approve.

Let directions be given accordingly and let a copy of this Minute be transmitted through the Colonial Office to the Governments of the Dominions concerned.

15 TREASURY MINUTE dated the 22nd day of April 1915.

My Lords read again Their Minute of the 17th November 1914, relating to advances to His Majesty's self-governing Dominions.

Under the terms of this Minute advances have been made and are still being made to the Governments named therein. Advances have also been made and are being made on similar terms to the Governments of certain Colonies not possessing responsible Government and of Protectorates.

The Chancellor of the Exchequer states to the Board that it is now necessary to prescribe the method according to which interest in respect of these advances shall from time to time be calculated and paid to the Exchequer.

Statements are annexed to this Minute showing the interest due to the 31st ultimo on all advances made up to that date and the Chancellor of the Exchequer recommends that the Governments of the Dominions, Colonies and Protectorates in question be invited to pay the amounts specified to the Exchequer as soon as practicable after the date of this Minute.

As regards the future the Chancellor of the Exchequer recommends that interest on the advances in question shall be paid half yearly on the 1st October and the 1st April or as soon after these dates as is practicable calculated in each case up to the 30th September and 31st March, and that the sums payable shall

shall include a full half year's interest on any advances which have been outstanding throughout the whole of the half year in question together with interest on fresh advances (if any) made during the half year from the date of each advance up to the 30th September or the 31st March as the case may be.

My Lords concur.

14
11/20/15
FY.

EAST AFRICA PROTECTORATE

260.

Downing Street,

266

16 April, 1915.

Sir,

I have the honour to inform you that the Lords Commissioners of the Treasury have now given directions for the payment to the Crown Agents for the Colonies of the sum of £232,000 required in order to enable them to repay the sums of £150,000 and £82,000 advanced by the Bank of England on account of the East Africa Protectorate.

2. This advance will be made on the terms of the Treasury minute of the 17th of November, of which a copy is enclosed for your information, relating to advances to His Majesty's self-governing dominions. It has been issued out of the proceeds of the general war loan of November last, and as that loan carries interest at 3½, and was issued at a price of 95 the capital debt owing in respect of the advance will be reckoned at £100 for each £95 cash advanced and interest will be payable at the rate of £3.10.0 p.a. in respect of each £90 of cash advanced.

I have, Sir,

(Sd) L. Harcourt,

SIR H. CONWAY BELFIELD, K.C.M.G.,

cc.

cc.

cc.

AFRICA PROTECTORATE.

DOWNING STREET,

7 May, 1915.

Sir,

With reference to my despatch No.260 of the 16th of April I have the honour to transmit to you the accompanying copy of a Treasury Minute, dated the 22nd of April, relative to the method according to which interest in respect of advances to the Governments of the Dominions, Colonies and Protectorates shall from time to time be calculated and paid to the Imperial Exchequer.

2. The Crown Agents for the Colonies have been authorised to pay the sum of £23.8.4 on account of the interest due up to the 31st of March 1915 on the advance to your Government, which has been calculated as follows

Date of Advance.	Amount of Advance.	Amount of Capital Debt, (£100 for each £95 advanced)	Interest to 31 March 1915 (£3.10.0 p.a. on each £95 advanced)
30th March.	£232,000	244,210. 10. 6	No. of days. Amount. 1. 23.8.4.

3. I propose to authorise corresponding payments in accordance with the Treasury Minute on the 1st of October 1915 and subsequent dates.

I have etc.,

(Sd) L. HARCOURT.

SIR

SIR H. CONWAY BELFIELD. K.C.M.G.

&c., &c., &c.

Downing Street,

268

11th August, 1915.

Sir,

With reference to my despatch No. 211 of the 20th ultimo, I have the honour to inform you that the terms, on which the advance of £200,000 will be made to the Government of Fiji have now been decided.

2. The new War Loan, out of the proceeds of which the advance is to be made, takes the form of a 4½% loan issued at par, but as a full half year's dividend is payable on 1st December 1915, the loan is in effect being issued at a discount equal to the amount by which the dividend payable on that date (vizt £2.5s0d per £100) exceeds the amount of interest at the rate of 4½% calculated from the due dates of the instalments (which latter amount is approximately 11.2s 3d.) i.e. the issue price is £98.17s.8d. For convenience of calculation the issue price may be taken at 99.

3. It is accordingly proposed that interest should be payable, in respect of the advance to Fiji at the rate of 4.10s 0d. per annum on each £99 of cash advanced, and that the capital liability shall be reckoned at £100 for each £99 cash advanced subject otherwise to the conditions specified in the Treasury minute of November 17th, a copy of which was enclosed in Mr Harcourt's despatch of 26th May.

4. I have to add, however, that as the War
an of 1915 carries certain rights of conversion
into any future loan which may be issued in connection
with the war, it may be necessary to reconsider
these terms hereafter, if any such conversion
takes place.

I have etc..

(SD) A. BONAR LAW

OR

IN BISHAM SWEET-ESCOTT, K.C.M.G.,

&c., &c., &c.

17188
15

Originally registered Feb 6 1916

270

TREASURY CHAMBERS

26th July, 1916.

CO
39651
REC'D
AUG 15 1916

Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to state for the information of Mr. Secretary Bonar Law that they have had under consideration the rate of interest to be charged in respect of advances made to the self-governing Dominions.

As Mr. Bonar Law is aware this rate is regulated by the conditions laid down in Treasury Minute of the 17th November, 1914. That Minute provided that the sums required by the Dominion Governments from time to time would be advanced to them out of the proceeds of any general War Loan or Loans which might be raised by His Majesty's Government and that the money would be lent at the rate of interest at which His Majesty's Government itself had borrowed.

All advances made to the Dominions before the 31st March last were made out of the proceeds of the loan of November 1914 (the 3½% War Loan 1925/23) and accordingly the interest on those advances has been calculated at £3.10s.0d per annum for each £95 cash advanced and the capital liability was calculated at £100 for each £95 cash advanced.

THE UNDER SECRETARY OF STATE

Advances

COLONIAL OFFICE.

Advances made since the 1st April, however, have not been made out of the proceeds of the Loan of 1914, and they fall to be provided out of the new War Loan now being issued, and these advances must therefore be made on the terms on which that loan is raised.

That loan takes the form of a 4½% loan issued at par, but as a ~~full~~ years dividend is payable on 1st December 1915 the loan is in effect being issued at a discount equal to the amount by which the dividend payable on that date (viz. £2.5.0 per £100) exceeds the amount of interest at the rate of 4½ per cent calculated from the due dates of the instalments (which latter amount is approximately £1.2.3), i.e. the issue price is £99.17s.3. For convenience of calculation the issue price may be taken at £99.

Accordingly, My Lords propose that interest shall be payable in respect of advances made to the Dominions since 1st April last at the rate of £4.10.0 per annum on each £99 of cash advanced and that the capital liability of the Dominions shall be reckoned at £100 for each £99 cash advanced, subject otherwise to the conditions specified in the Treasury Minute of November 17th.

I am however to add that as the War Loan of 1915 (the formal description of which is 4½ per cent War Loan 1925-45) carries certain rights of conversion into any future loan which may be issued in connection with the war it may be necessary to reconsider these terms hereafter, if any such conversion takes place.

A further question arises in view of the fact that part of the War Loan of 1914 may be converted into the new War Loan in virtue of the options attached to the latter. Accordingly it will **272** be necessary to request the self-governing Dominions to consent to an adjustment of the position as regards advances made to them out of the proceeds of the War Loan of 1914, i.e. advances made before the 31st of March 1914¹⁹¹⁵ and My Lords are of opinion that this adjustment will best be effected by applying the terms of the new War Loan to such portion of the advances made before the 31st March last, as bears to the total advance to each Dominion the same proportion as the amount of the War Loan of 1914 which may ultimately be converted bears to the total amount of that Loan. On learning the exact figures of the amount of the War Loan 1914 which has been converted My Lords will be in a position to lay a definite proposal before the Governments of the Dominions.

My Lords would be glad if Mr. Secretary Bonar Law would lay these facts before the Governments of the various Dominions for their consideration and They will be glad to learn that Their proposals commend themselves to the Governments concerned.

I am etc.,

(SB) JOHN BRADBURY.

39444/1915

DOWLING STREET,

273

9th September, 1915.

Gentlemen,

I am directed by Mr. Secretary Bonar Law to acknowledge the receipt of your letter (No. A/283 of the 26th of August, and to inform you that the sum of £20,000 which the Treasury has authorized to be paid to you is an advance from the Vote of Credit on account of the expenditure incurred by the Uganda Government in connection with the war. The amount should, therefore, be credited to the funds in your hands belonging to that Protectorate.

2. Interest will be payable on this advance in accordance with the general arrangements made by the Treasury which have already been communicated to you. You should therefore pay the interest due on the 1st of October, and also the further amounts of interest as they become due.

3. I am to authorize you to transfer from Uganda Funds to those of the East Africa Protectorate the sum of £20,000, subject to adjustment hereafter, which represents the net over-payment by the latter Protectorate to Uganda in respect of the Customs duties for the year 1914-1915.

I am, etc.,

(Sd) H. J. READ

For the Under Secretary of State.

5.5.15
Letter of 15/8/15
Trans/14467 (part)

CROWN AGENTS
FOR THE COLONIES.

34586/15

U.S.A.
6. 255

Downing Street,
9 September, 1915.

Sir,

to Trv. 7/7/15.
to C.O. 26/8/15.
to Trv. 9/9/15.
to C.A. 9/9/15
Treasury Minute
17/11/14.
- 22/4/15.

I have the honour to acknowledge the receipt of your despatch No.132 of the 12th of May, forwarding a copy of a memorandum by the Treasurer regarding the present financial situation in Uganda, and to transmit to you herewith copies of correspondence on this subject, as noted in the margin, between this Department, the Treasury, and the Crown Agents for the Colonies.

2. You will observe that the Treasury has authorized a further advance of £20,000 to the Crown Agents for the Colonies on behalf of the Uganda Government on account of expenditure incurred by the Protectorate in connection with the war. I take this opportunity of explaining the terms on which advances of this kind are made.

3. The New War Loan, out of the proceeds of which the advance is to be made, takes the form of a 4½% loan issued at Par; but, as a full half year's dividend is payable on the 1st of December, 1915, the loan is in effect being issued at a discount equal to the amount by which the dividend payable on that date (viz. £2.5.0 per £100) exceeds the amount of interest

LOR
SIR F.J.JACKSON. K.C.M.G., C.B.,
&c., &c., &c.

interest at the rate of 4% calculated from the due dates of the instalments (which latter amount is approximately £1.2.3) i.e. the issue price is £96.17.3. For convenience of calculation the issue price may be taken at £99.

4. It is proposed that interest should be payable, in respect of the advance to Uganda, at the rate of £4.10.0 per annum on each £99 of cash advanced, and that the capital liability shall be reckoned at £100 for each £99 cash advanced subject otherwise to the conditions specified in the Treasury minute of November 17th, a copy of which is enclosed. I also enclose, for your information, a copy of a further Treasury minute on the subject of advances, dated the 22nd of April.

5. I have to add, however, that, as the War Loan of 1915 carries certain rights of conversion into any future loan which may be issued in connection with the war, it may be necessary to reconsider these terms hereafter, if any such conversion takes place.

I have &c.,

(Sd) A. BONAR LAW.