

1925

KENYA

C.O.
54559

Date

4th December 1925.

5 Dec 25

ROWN AGENTS,

REGISTRAR

630



Previous Paper

MINUTES

[Faint, mostly illegible handwritten text, possibly a minutes report or list of attendees]

(Continued)

The Mr. Allen's used to sit at the table... one of the Clayton's...

*W.S. Mowery
7.12.25*

Subsequent Paper

B.O. 54559

*File in 4 Dec 25
Arch. (w/ copy) 7.12.25
See 6 cap. 13 May 26
[Signature]*



C.O.
54559
5 DEC 25

640

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1.

4th December 1925.

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES.
THE DATE OF THIS LETTER BEING QUOTED
ON THE FOLLOWING REFERENCE: A/D/Kenya 362
TELEGRAMS. "CROWN, LONDON."
TELEPHONE, 7780 VICTORIA

Sir,

I have the honour to acknowledge the receipt of your letter No. ⁵⁰5042/25 of the 25th November, on the subject of the proposed loan for the Government of Kenya.

2. As regards the draft Bill enclosed in your letter, we notice that under the terms of Section 2 the amount of stock which can be raised is limited to £3,000,000, which means that to produce that amount of money the issue price must be fixed at par. It is not desirable that our hands should be tied in this way as regards the price of issue as it is more than probable that when the time comes to float the loan the market will favour an issue price of something under par, the stock bearing a slightly lower rate of interest than would be payable if the price was fixed at par.

3. In drafting the Bill the Colony has no doubt taken as a precedent the Loan Ordinance of 1921, but we understand that when that Ordinance was passed there were special reasons for requiring that the amount of stock should be limited to a definite amount. Unless these reasons still apply we would suggest that the Colony be asked to pass the Loan Ordinance in the form of the Model Ordinance now commonly used, a copy of

Under Secretary of State,
Colonial Office.

/which

which is enclosed for easy reference. It will be noticed that this Ordinance not only makes provision for the loan being issued at a discount, but also for issuing additional stock to pay for the expenses of issue, so that if the Ordinance is passed in this form item (g) - £100,000 - will be included.

Section 4 of the draft Ordinance is an improvement on the corresponding Section in the Bill, as under the provisions of the Section as drafted, if the loan should be issued in two instalments, which, however, appears to be unlikely in this particular case, it would be necessary for the Colony to commence making contributions to the Public Fund in respect of the second instalment of the loan from the same date as when the contribution is made in respect of the first instalment of the loan.

4. If the suggestion which we have made above is adopted it will be unnecessary to provide authority for the issue of Treasury Bills by a resolution of the Legislative Council as the required authority will be given by Section 5 of the Ordinance. We think this is the most convenient form of procedure in the matter.

5. We can see no objection to deferring legislative authority for the additional sum which the Colonial Government desires to raise by loan, provided the further ordinance is passed in time to enable a single issue to be made when a loan is floated.

I have the honour to be

Sir,

Your obedient servant,



MODEL OF "SPECIFIC" LOAN ORDINANCE.

642

No. _____ of 19 _____

An Ordinance to make provision for _____

Enacted by the _____

Ch. 112

That the _____

in the _____ by and with the _____

and the _____ Council thereof, as in _____

and is hereby cited as _____

to be known as the _____

of the _____

to be known as _____

and is hereby cited as _____

and such _____

to be known as _____

3. The _____ Ordinance shall have effect with regard to the _____ specified in the schedule hereto provided that it shall be lawful for the Governor with the sanction of the Secretary of State to utilize any savings in respect of any item in the said schedule to cover any excess of expenditure in respect of any other item.

4. Contribution to Sinking Fund, as contemplated by the provisions of Section 13 and 27 of "The General Loan and Inscribed Stock Ordinance, 192 " shall commence in respect _____

of any debentures or stock issued under this Ordinance not later than three years after the date from which the interest on such debentures or stock shall commence to run.

5. Pending the issue of the whole or any portion of the loan hereby authorised, the Governor may, if necessary, raise instalments of the money as required by the issue of Treasury Bills under the Colonial Treasury Bills Ordinance

192 .

Mr. Allen 7. 12. 25.

Mr. Botwinley 7. 12. 25

Mr.

Mr. E. J. Harding.

Mr. Spachey 7. 12

abnce

Sir J. Shackburgh.

Sir G. Grindle

Sir C. Davis

Sir S. Wilson

Mr. T. G. Gore

Mr. G. G. G. G.

Mr. G. G. G. G.

DRAFT. U.T. 1925

Verbal Statement

of minute

copy b.a. 30 DEC 1925

Ind

*Codes + Sent
2 5.25 pm
7th Dec. 25*

(D) 62

Your Confidential Declaration
 received of the 14th October.
 Legislation as indicated in para. 2
 but advise no reason in this case
 to depart from normal procedure
 provision for issue of Treasury bills
 if required should be included
 Approve introduction of draft Bill
 subject to following amendments.

Preamble. For "three million" substitute
 "two million nine-hundred-thousand"

Section 2. For words "the amount of
 three million pounds" substitute "an
 amount sufficient to produce as nearly

as may be the sum of two million nine-
hundred-thousand pounds sterling and

or any portion of the loan hereby
authorised, the Governor may if
necessary raise instalments of the
money as required by the issue of
Treasury

Treasury bills under the Colonial

Treasury Bills Ordinance 1922."

Schedule. Schedule in draft ^{Bill} corresponds

with that in para. 2 of your Confidential
 despatch No. 43 of the 6th April but ~~with~~

schedule in para. 4 of that despatch

should apparently be adopted with the

omission now of item 7. ^{insert that} Costs of issue

£1,000 in view of amendment of Section 2

of draft ^{Bill} Ordinance item 7 total 1 issue

£100,000 shares be omitted

(20809)