

help water fees at Melindine

I find that the  
gross expenditure will not  
be greater than £2770  
if you assume  
but if it should be  
£17,000  
you should apply for  
instructions as to how  
the further excess can  
be met

E. AFRICA

40194

40194

Treasury

1913

2d Nov

Last previous Paper

Imperial Loan £2,000,000

to three E. African States

Interest rate to be fixed by the  
Board of Directors of the  
Imperial Loan Commission  
and the rate of interest  
to be fixed by the Board  
of Directors of the  
Imperial Loan Commission  
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to be fixed by the Board  
of Directors of the  
Imperial Loan Commission

to be fixed by the Board

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Imperial Loan Commission  
and the rate of interest  
to be fixed by the Board  
of Directors of the  
Imperial Loan Commission

(a) A gross total of £2,000,000  
(b) Each year instalments to be paid  
in arrears for the first year

(This is what is intended in para. (b)  
of 1914 or 29031]

(c) The rate of interest for the year to be  
fixed at the beginning of the year in question  
according to local circumstances, and not  
to be less than 3 7/8%

(d) Interest for the first three years to be  
paid in arrears, and interest on the  
balance to be paid as suggested.

(e) The loan to be repaid over a period of 40 years  
and to be repaid by a annuity, calculated on

Handwritten notes in the left margin, including the word "Mud" and other illegible scribbles.

1913

Next subsequent Paper

40194-49-101  
Lent

The first  
the appropriate rate of interest, beginning  
with the payment to be made at the  
end of the fourth year [i.e. 37 payments  
in all - or had better make this clear]

I may say that in 1903, a detailed  
contingency 50 years' life for the loan  
the 50 years was considered based on  
the assurance with Act. & as indicated  
in the margin of the draft the loan was  
only a short 42 years at 3 1/2%

In view of the calculations mentioned  
above I do not think 40 years is correct  
on the margin a loan rate of 3 1/2% then  
the value of the £500,000 loan (1 1/2%)

No  
H. J. H.

As the rate of interest is to certain  
amount desirable to my belief that  
the effect of this arrangement would be  
to reduce 3 1/2% to 3%

Of £53,000,000, he should have about  
£2,670,000 to spend.

The annual charge from the 4<sup>th</sup> to 5<sup>th</sup> 40<sup>th</sup>  
year would be £153,265, or (57) 5.132%

100  
157  
1257

- which is 237% upwards S.F. This percentage  
is of the gross amount of the loan or is about  
1/4% of the amount available for spending

I agree on all points & ask that  
early instructions may be given to the  
Parliamentary draftsman.

As it is not enough to mark on letters  
enough to have better and 73 to make this  
clearer - would not it be better to have  
a letter to the effect that the

H. J. H.  
26/11/13

Mr Heron

I agree

27/11/13

27/11/13

## TREASURY CHAMBERS.

In the reply to this Letter the following  
Number should be quoted.

19061

13

21st November 1913.

40194

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Sir G. Fiddes' letter of the 19th September last (29061/1913) further relative to the terms of the draft Bill authorising the loan of Three million pounds to the three East African Protectorates, and I am to request you to lay the following reply before Mr. Secretary Harcourt.

My Lords have already expressed their agreement in principle with Mr. Harcourt's view that the Bill should contain no schedule allotting specific sums to specific works, but should provide in general terms for the improvement of communications and trade facilities in the three Protectorates, and They further agree that, while there should be a Schedule to the Bill allocating the total amount to be borrowed by each Protectorate, power should be taken in the Bill to reallocate these sums between the three Protectorates subject to the sanction of the Secretary of State for the Colonies and This Board. The Bill should also provide that the primary allocation as between specific works and any subsequent variations thereof should be subject to the like sanction. All such reallocations (whether between Protectorates or particular works) would of course be conditional on there being no excess caused thereby on the total amount of the loan and to the purposes for which they were required falling within the description given in the Bill, and also to the passing, if necessary, of additional local legislation.

With

The Under Secretary of State,  
Colonial Office.

With regard to the payment of loan instalments during the first three years of the currency of each instalment the loan by Lords are willing to postpone in each case the payment of sinking fund for the first three years, but it will be necessary that interest should be paid from the date of each advance, in order that the Local Loans Fund may be in a position to meet its interest liabilities in respect of the capital raised. But My Lords are prepared to agree that such interest should for the first three years be paid out of the capital advanced. They do not however think that the 3,000,000 increase on the total sum of three million pounds agreed to by His Majesty's Government should be subject to a prohibitive initial interest charge. The rate of interest in each case would depend primarily on the cost of raising money at the time when each instalment of the loan is advanced. My Lords think it would be convenient to fix each year a uniform rate for all advances during that year in the light of the information then available in preference to fixing a general rate, but at the present price of Local Loans Stock (say 65) the rate of interest could not be less than 5 1/2%.

With regard to sinking they understand from paragraph 5 of the letter under reply that Mr. Harcourt contemplates a fixed rate. It appears to them however that the more convenient arrangement would be for the advances in each year to be repaid within such period, not exceeding x years, as the Secretary of State and the Treasury may determine: no principal to be repaid for the first three years, but thereafter an annuity to be set up to repay the capital with interest during the remainder of the term. Their Lordships apprehend no difficulty in the payments of interest and sinking fund being annual.

In view however of the objects for which the loan is required some of which may be expected to have a short life My Lords think it is desirable to fix a shorter maximum period of repayment than 50 years. Mr. Harcourt will recollect that a shorter period was fixed on similar grounds in the case of the recent loan of five hundred thousand pounds to Uganda and East Africa Protectorate, and in all the circumstances Their Lordships suggest that the maximum period in the present case should be 40 years.

With regard to the question raised in the last paragraph of Sir S. Biddes' letter, My Lords for their part would regard ~~the~~ <sup>a</sup> pledge in the House of Commons together with the assurance of the Secretary of State as sufficient.

My Lords will defer communicating with the Parliamentary Draughtsman until they have Mr. Harcourt's further observations before them.

Sir,

Your obedient servant,

*J. B. Biddes*

CONFIDENTIAL

10194/13.

Downing Street 512

3 December, 1913

Sir,

I am directed by the Secretary of State to acknowledge the receipt of your letter No. 19051/1913 of the 21st of November. I am to request you to inform the Lord Commissioners of the Treasury and to direct by all means in their proposals with regard to the terms of the draft Bill supporting the loan of £1,000,000 to the East Africa Protectorate and the Palestine Protectorates. He will be guided by the instructions now to be given to the Parliamentary draughtsmen to proceed with the preparation of the Bill.

I am to explain that the Government did not contemplate that the rate of an annual instalment should be fixed at the maximum period of 20 years and he agrees that a term of 20 years will be sufficient. He understands that the first of the 20 payments and annuity (interest and sinking fund) will fall due at the end of the fourth year of the currency of the particular instalment in question.

It is to be observed that, as regards the safeguarding of the repayment of the loan in the event of a change in the constitution of any of the Protectorates, this Lordships considers that a pledge in the House of Commons together with the assurance of the Secretary of State will be sufficient. He would have been inclined to prefer that a specific provision should

SECRETARY  
TO THE TREASURY.

should appear in the Bill, but he is willing to accept their view on the subject.

I am to request on another occasion on this subject may for the present be marked "confidential" and sent under confidential cover.

I am, etc.,

(31)

Dec  
Feb 1915

Confidential Sir

DRAFT

The Secretary  
Treasury

MINUTE.

- Mr. Nicholson 29/1/15
- Mr. Reid 29
- Sir G. Eddles 1/12
- Sir H. Lush
- Sir J. Anderson
- Lord Emmott
- Mr. Harcourt

I am directed by  
 the Secretary Treasury  
 to acknowledge the receipt of  
 your letter of 19th/1/15  
 of the 24th/1/15 and  
 to reply to you to inform  
 that the Treasury  
 has been advised that  
 the amount of £3,000,000 to be  
 authorized for the  
 East Africa, Uganda,  
 and Nyasaland Protectorates  
 will be paid if early



instructions on how  
to give to the Public?  
Doubtless to focus  
with the preparation

John Hill

~~the present money~~

that

2. It would be the  
redemption of the loan

has to be done that  
of various dates

concerned about the  
life of an annual

installment should  
be fixed at the

minimum part of  
and 50 years, the capital

that a term of 40 years  
will be sufficient. He

understands that the  
franchise of the 37 payments

of the annuity (interest  
and sinking fund) will

fall due at the  
end of the fourth year

of the working of the

published statement  
a quarter 515

3. He would stress  
that, regarding the

responsibility of the  
reimbursement of the loan

in the event of a change  
in the Constitution of any

of the Parliament  
then he would, in order

that a plan of a term  
of 40 years together

with the extension of  
the S. D. will be

sufficient. He would  
have been prepared to

propose that a similar  
provision should

appear in the Bill,  
but he is talking

except their view on  
the subject.

a. Jan 25 request that  
further consideration

for the present

The subject may be

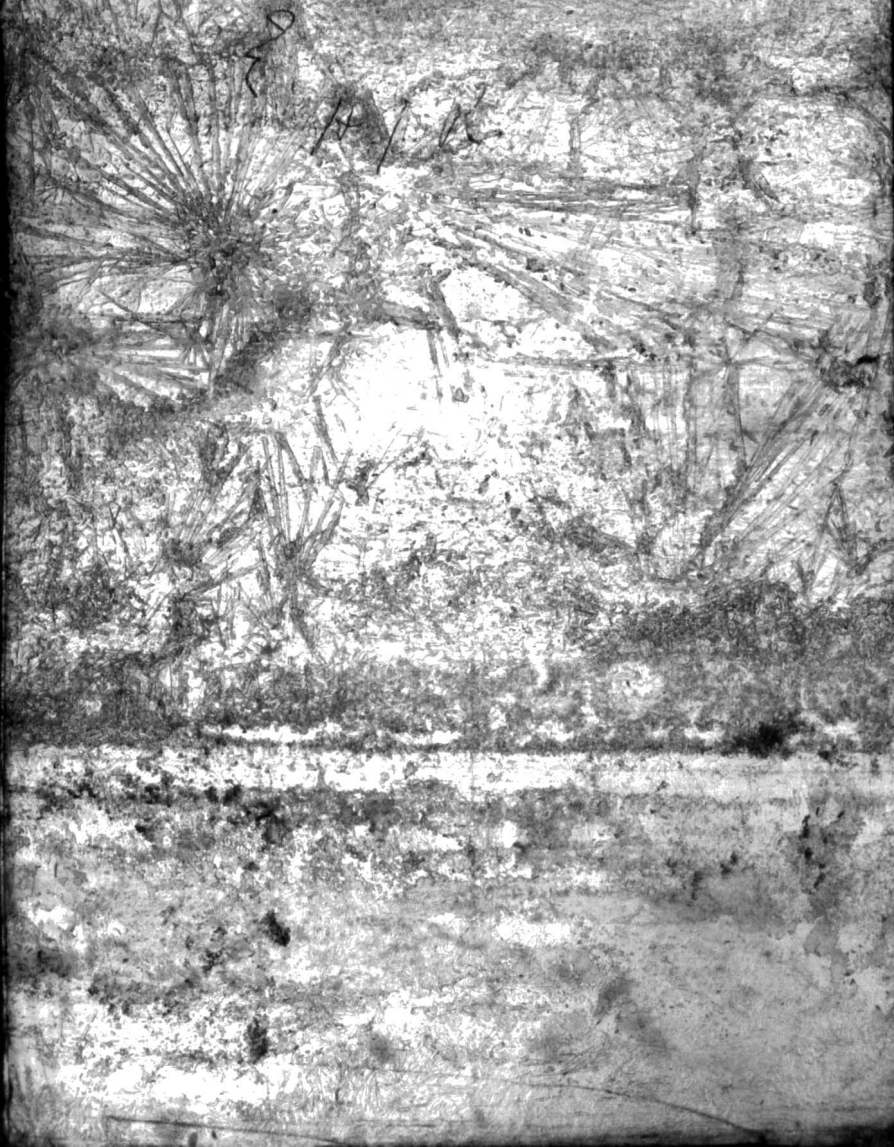
marked "Confidential"

and sent as confidential

copy

8

H. J. L.



In the reply to this Letter the following  
Number should be quoted.

20<sup>th</sup> November 1913.

517

23076

13

CO  
40912

20 13

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Read's letter of the 19th instant (38912/1913), relative to the provision of funds to meet certain military expenditure which Mr. Secretary Harcourt has felt it necessary to incur in view of the serious situation in the Mercha country on the North East of the East Africa Protectorate.

In reply I am to request you to inform Mr. Harcourt that, in view of the exceptional financial position of the Protectorate at the present moment and on the understanding that the conditions accepted by Mr. Read's letter of the 24th September last (31259/1913) are not infringed, My Lords will raise no objection to his action in authorising the expenditure he now proposes for this service of urgent importance in anticipation of Their sanction, or to the consequent drawing, if necessary, on Protectorate balances during the current financial year.

My Lords note that it is not at present possible to estimate the cost of the proposed measures during the present year. They presume however that any such cost will fall entirely on the East Africa Protectorate and will not affect the estimates of Nyasaland or Uganda and Their concurrence is on that understanding.

I am, Sir,

Your obedient Servant,

J. H. Bradbury