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KENYA

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Treasury

DATE

7th Jan, 1924

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CIRCULATION

SUBJECT

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Mr.  
Mr.  
Asst. U.S. of S.

agrees that franchise of  
railway should be  
operated from those  
of Colony. Subsequent  
revised memorandum

Form U.S. of S.  
Form U.S. of S.  
Secretary of State.

Previous Pages

MINUTES

R.  
39009  
21 Kenya

Hand - 12 FEB 1924 60/3305/2000  
See Arch - 16 APR 1924 Hand/1310/100  
App. copy in the file of the copy - 16 April 1924  
Hand/1310/100

Subsequent Paper

MINUTES.

MINUTES NOT TO BE WRITTEN  
ON THIS SIDE.

Reply to this letter should be addressed to—  
THE SECRETARY,  
TREASURY,  
WHITEHALL, LONDON, S.W.1,  
and the following number quoted.

TREASURY CHAMBERS.



January, 1924.

S. 4648.

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Sir,

I am directed by the Lords Commissioners of His Majesty's Treasury to refer to Sir H.J. Read's letter of the 21st November 1921 (49009/21) on the subject of the Kenya Loan, to which a reply was deferred pending the Report of the Committee appointed to determine the war liability of Kenya and the East African Protectorates.

The prolonged enquiries necessary for the purposes of the Committee have occasioned unexpected delay in the presentation of its Report and My Lords consider that it will be convenient to deal with the conditions of the Kenya Loan concurrently with the finances of the Uganda Railway, on which They have caused a separate letter to be addressed to you, (S.21023).

My Lords note that the late Secretary of State for the Colonies concurred in the draft Memorandum of Agreement setting forth the conditions attached to Kenya

loans

Under Secretary of State,  
Colonial Office.

R.  
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Kenya

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loans in relation to the War Liability of the Colony, subject to certain notes on interpretation. The only notes calling for Their Lordships' comments are those on paragraph 4 which deals with the bearing of Revenue producing services on the revenue datum line above which one half of any excess revenue is to be devoted to meeting the war liability.

My Lords are now in agreement with the proposal first adumbrated in Sir H.J.Read's letter of 21st November 1920 (unnumbered) that the finances of the Uganda Railway should be separated from those of the Colony and they can therefore be disregarded in this connection. In the case of Posts and Telegraphs Their Lordships are of opinion that renewals may more conveniently be charged as required without the institution and accumulation of separate funds. They agree that if this and any other Revenue producing services taken together show a net loss the amount of that loss may be deducted from general revenue in arriving at the divisible excess revenue.

My

My Lords would propose that the actual expenditure of 1922 including Public Works Extraordinary should constitute the datum line and They agree that both receipts and expenditure in connection with Stand Premia should be excluded from the calculation.

I am to enclose for the consideration of the Secretary of State a revised draft of the Memorandum.

I am,

Sir,

Your obedient Servant,

*Ed. Baston*

KENYA LOAN.MEMORANDUM OF AGREEMENT.

1. The Treasury agree to a loan of £8,000,000 (of which £5,000,000 has been issued) it being understood that should Kenya find it necessary to raise by way of loan more than £8,000,000, the Imperial Exchequer's claim for war charges would take priority of loan charges on the excess.

The Treasury will be prepared to consider at a later date on receiving particulars of the schemes contemplated and the result so far achieved, whether similar priority might not be granted to a further issue of moderate amount.

2. The loans previously made by the Exchequer to Kenya and so far as Railway and Marine Services are concerned to Uganda, have been repaid out of the proceeds of the above mentioned loan of £8,000,000 on the terms stated in Treasury letter of the 5th January, 1921.

3. Inter-departmental arrangements have been made between the Treasury, Colonial Office and War Office to determine precisely the liability falling upon the Colony in respect of East African War charges under the arrangements made during the War.

4. It is agreed that, taking as the datum line the expenditure of the Colony for 1922 plus the loan charges arising out of the loan mentioned under paragraph 1 the Colony will apply towards meeting the War liability so ascertained half any future increase of its revenue above such datum line.

In calculating future increase of revenue above such datum line the revenue from Post Office, Telegraphs and other revenue producing undertakings shall be taken

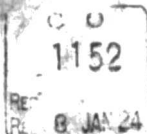
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at the GROSS existing revenue plus any increase of net revenue from these or other undertakings before charging any expenditure of a Capital nature. Receipts and expenditure in respect of Stand Premia shall be excluded from the calculation.

5. It is recognised that the stipulation originally made in connection with the Uganda Railway that the net revenue from the railway should be paid into the Imperial Exchequer until the advances therefrom for the construction of the railway had been repaid in full and thereafter until otherwise determined has not been abrogated. The Treasury agree however that as from 1st April, 1921 the Railway net revenue should be set aside in a Renewals and Settlement Fund, without prejudice to any decision which may be arrived at as to the application of such revenue from that date towards repayment of the cost of the railway or otherwise.

*Settlement*

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KENYA LOAN.MEMORANDUM OF AGREEMENT.

1. The Treasury agree to a loan of £5,000,000 (of which £2,000,000 has been issued) it being understood that should Kenya find it necessary to raise by way of loan more than £5,000,000, the Imperial Exchequer's claim for war charges would take priority of loan charges on the excess.

The Treasury will be prepared to consider at a later date on receiving particulars of the schemes contemplated and the result so far achieved, whether similar priority might not be granted to a further issue of moderate amount.

2. The loans previously made by the Exchequer to Kenya and so far as Railway and Marine Services are concerned to Uganda, have been repaid out of the proceeds of the above mentioned loan of £5,000,000 on the terms stated in Treasury letter of the 5th January, 1921.

3. Inter-departmental arrangements have been made between the Treasury, Colonial Office and War Office to determine precisely the liability falling upon the Colony in respect of East African War charges under the arrangements made during the War.

4. It is agreed that, taking as the datum line the expenditure of the Colony for 1922 plus the loan charges arising out of the loan mentioned under paragraph 1 the Colony will apply towards meeting the War liability so ascertained half any future increase of its revenue above such datum line.

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