

HONGKONG.

CORRESPONDENCE RESPECTING THE PROPOSED LOAN.

Laid before the Legislative Council by Command of His Excellency the Governor, on the 25th January, 1893.

To the Secretary of State for the Colonies, No. 39 of 2nd February, 1892.

MY LORD,

I have the honour to transmit for Your Lordship's consideration copy of the* speech I addressed to the Legislative Council on its re-assembling on the 25th ultimo.

From this document Your Lordship will observe that I do not concur in the opinion expressed by Major-General BARKER that the necessity for raising a loan has not yet arisen. When the Committee referred to in my speech has reported, I will address Your Lordship again on the subject.

I have, &c.,

WILLIAM ROBINSON.

To the Secretary of State for the Colonies, No. 140 of 19th April, 1892.

MY LORD,

With reference to my despatch, No. 39 of the 2nd of February last, I have the honour to transmit for Your Lordship's information copies of the report* of the Committee of the Legislative Council which I appointed to consider the advisability of raising a public loan.

Although I do not agree with the conclusion arrived at by the Committee, yet in view of the financial authority of most of its members, I decided not to press the matter further immediately. I am nevertheless quite satisfied that the raising of a loan cannot be deferred longer than a few months, and that it will be found more advantageous to raise the loan in gold in London than locally in silver; and I have therefore to suggest, with a view to avoiding delay whenever it may be decided to raise the loan, that the Crown Agents be now desired to state all the particulars which are not already in their possession and which they will require to enable them to draw up the prospectus of the loan.

I have, &c.,

WILLIAM ROBINSON.

To the Governor of Hongkong, No. 200 of 29th July, 1892.

SIR,

I have had under my consideration your despatches noted in the margin, and have decided to sanction the raising of a loan by the Hongkong Government of an amount not exceeding two hundred thousand pounds for the purpose of constructing those of the proposed public works which it is most urgently necessary to proceed with.

No. 39 of 2nd February.
No. 140 of 19th April.

* Already presented to the Council.

2. The works which may be charged wholly or partially to the loan are the completion of the Central Market, the Praya Reclamation, and the Water and Sewage undertakings which have already been begun or are in contemplation, and also the improvements of the Gaol accommodation which are under consideration.

3. It will be desirable that the money should be raised by Inscribed Stock, and not by Debentures as was the case with the last loan. I enclose drafts of the following documents which the Crown Agents have prepared at my request with a view to raising a loan in that manner and converting the existing Debenture issue, viz. :—

- (1) General loan and Inscribed Stock Ordinance ;
- (2) Order in Council authorising the Crown Agents to make the declaration identifying the Stock under the provisions of the Colonial Stock Act 1877 ;
- (3) Declaration by the Governor under the provisions of the General Loan and Inscribed Stock Act as to conversion of existing loans ;
- (4) Request to Crown Agents to act as Agents for management of Inscribed Stock and Conversions ;
- (5) Ordinance authorising an issue under the General Loan and Inscribed Stock Ordinance, where the contribution to the sinking fund is to commence from the date of issue of the stock ; and
- (6) Ordinance authorising an issue under the General Loan and Inscribed Stock Ordinance, where the date of commencement of contributions to the sinking fund is deferred.

4. It is important to adhere closely to the wording of the enclosed drafts, more especially as regards Nos. (2), (3) and (4). As the public works to be constructed under the loan now authorised will not be immediately remunerative, it may be well to use the form of Ordinance which defers the contribution to the sinking fund, and to allow such contributions to commence (say) three years after the date on which the interest begins to accrue. The Ordinance should state that the loan is "for the purpose of constructing the public works set forth in the schedule to this Ordinance," and the works specified in paragraph 2 of the present despatch or such of them as you decide to charge to the loan should be mentioned in the said schedule.

5. With reference to the last paragraph of your despatch No. 140 of 19th April last, I have to request you to furnish the Crown Agents with the following particulars, viz. : the statistics of revenue and expenditure and the amount of the shipping at Hongkong for the last ten years, and for the first half of the current year, and the present amount of the public debt.

6. I should have wished that the issue could have been deferred, but as the balances are already exhausted, and as the existing commercial depression would preclude the realization of assets by the sale of land, any further postponement of this step may be undesirable.

7. In any case I should not be prepared to approve the suggestion made by the Committee that further advances should be obtained from the local banks. The disadvantages of that method of raising money, and the comparative advantage (on the whole) of borrowing in this country in gold when borrowing becomes necessary, were pointed out in the Secretary of State's despatches No. 5 of the 30th June, 1885, and No. 21 of the 2nd February, 1886.

I have, &c.,

KNUTSFORD.