



EAST AFR. PROT
25928

G.O.
25928
Recd
16 JUL 14

Hobley Cw.
Comd.

1914

11 July

Last previous Paper.
22633

Mica lease
Messrs. Woyanagh & Paquatin

Submit advice as to royalty & rent

We shall no doubt receive a
Comm: shortly from the Govt
with regard to the action referred
to in ^H 26918

In the meantime a copy of the
J.O. of the 26th of May will be sent to you
for consideration with
reference to previous correspondence
concerning this matter
which is now under
consideration of the
Government

copy of the
to the 2nd of June
copy of the

Next subsequent Paper.
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at once
H. J. D.
25/VII/14

C.O.
25928
Recd
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The Grove,
Sutton Coldfield,
June 11th, 1914

F.A.P.

Moynagh Mica Lease.

Sir,

Yr I have the honour to acknowledge your No. 22633 of 7th instant with enclosures Para.2 (a)

With regard to the question of royalties I would beg to state that I consider that the royalty of 10% based upon selling price minus transport charges is too high a charge and further introduces an undesirable amount of complication into the computation thereof as the transport charges are made up of such varied items as human portorage, possibly ox wagon charges, Railway freight, lighterage, crange, steamer freight, cartage in Europe and it will readily be seen that it is a very tiresome matter for a concessionaire to collect vouched accounts for all these items. I would therefore beg to suggest that a Government valuation for royalty purposes be fixed annually at the beginning of each year and that for 1914 the rates specified in Appendix F of the India Office letter of 26/5/14 be taken. Upon this arbitrary scale of values minus the sea freight (duly vouched) I would recommend that a royalty of 5% be charged.

*90.
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As however it will be necessary to know what proportion of each size any consignment contains it will

Under Secretary of State
for the Colonies.

be

be necessary for the consignor to number each case and furnish the Customs Department with a specific ^{declaration} ~~specification~~ of contents, the Customs Department could then open a case or two to check if the size declared corresponds with the ^{contents} ~~specification~~ and thus prevent fraud.

2. (b) The mica occurs in what are technically known as pegmatite veins and its occurrence is patchy, the other constituents of these veins viz. quartz and felspar are very hard and expensive to extract. In one portion of the vein the mica crystals may be common and then a comparatively barren area may be struck and then farther on new pockets may be discovered. As a considerable amount of preliminary work has to be done before a vein is opened, once one is in working it cannot be lightly abandoned for another spot. There is further a very large amount of waste in cutting the mica into square sheets for export. These facts make this class of undertaking somewhat speculative and it is impossible at this stage to state whether the industry will be a permanent one or not in British East Africa.

2. (c) The proposed royalty of 1d per lb. I would prefer to see the royalty question placed on a permanent basis such as above suggested as it would encourage capitalists if they knew once and for all what the Government charges were to be.

2. (d) A concessionaire named Mr. S. Clarke has made a trial shipment of mica and the remarks made by His Excellency the Governor in paragraph 5 of No. 329 of 28/6/14 were based on the declared invoice values of

that

22633

that trial shipment, a duty of 10% on the nett value (i.e. the English value minus charges) of the consignment was collected by me on that shipment and speaking from memory the average value was between 4/- to 5/- per lb. It was however probably a mixed consignment.

Some very considerable mica deposits are being worked by a Mr. Parker at Wimbi in Embu district East of Kenya. Messrs Newland and Tarlton of Nairobi have brought in capital to allow of these deposits being properly worked. The mica is of good quality and the certified sale invoices of the consignments from this find should prove a useful guide to the future determination of value for royalty purposes.

Rental:

The rental of R 5/- per acre under the 1902 Mining law was considered too high for non precious minerals and it was reduced to R.1/- in the 1912 Mining Ordinance. The working conditions under the new Ordinance are however more onerous than under the 1902 Regulations. Certain prospectors have complained that they are too burdensome but it is too early to recommend any amendment in this particular. I expect Mr. Moynagh desires the new scale of rental and the old working conditions.

General.

(a) Mr. Moynagh states in his letter of 7/4/14 that I made a statement re royalty and rent: the facts are as follows, I made no statement as to rent for that was specified in the published 1902 Regulations. Mr. Moynagh inquired at an early stage of the negotiations

as to the royalty, which would be levied and I informed him that it had not then been fixed but on general grounds of policy I did not anticipate that it would be such as to cripple the industry.

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 (b) Mr. Moyagh's letter of 22/4/14 states that once the mineral leaves the coast it passes out of his control and may be stored for long periods; he does not state however ^{where} when the storage takes place. If stored in Africa he does not pay royalty as royalty will be collected on export, if stored in Europe one may safely assume that it is stored by a mica merchant - a middleman, and that the mineowner sells all the product of the mine as soon as it reaches Europe.

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 (c) In Mr. Moyagh's letter of 29/4/14 he refers to the Mining Regulations of 1914 this is incorrect, the Mining Ordinance was passed late in 1912 and the Mining Regulations were published early in 1913. There are no others except a short notice dealing with minerals on land dealt with by the Coast Range Rules.

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 (d) With reference to Mr. Head's letter of 11/5/14 I would mention that there is no expert knowledge available at Mombasa to value consignments of mica and the shippers would be the first to complain if all the cases were opened for the purpose of valuation.

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 (e) With reference to the India Office letter No. 1817 of 26/5/14 I would venture to suggest that a copy of the Madras Government standard form of mica lease would be of use for the information of the Commissioner of Mines Office in the East Africa Protectorate.

I believe that I have covered all the points
at issue, but if any others crop up I beg to state that
I am at your service.

I have the honour to be,

Sir,

Your obedient humble servant,

J. W. H. H. H.