

1932.

Kenya.

No. 18016.

SUBJECT

CO 533/419

Sisal Machinery.

(Application for assistance

from local development fund.)

Previous

See 15597/29.

Subsequent

3297/33.

1 for Kenya — 706 — 24/1/31. 2

Submits scheme, as proposed by the Hydraulic Engineering Co., Chester, for the purchase of machinery intended to bring about a substantial reduction in the cost of production of sisal fibre.

To Sec. Com.

20 Jan 1932. 70/2/

Mr. Allen

In view of Mr. Stockdale's early departure for the West Indies, I took the opportunity of discussing this paper with him yesterday. He entirely endorses what is said in the despatch and enclosures regarding the potential value to the sisal industry of the introduction of more efficient machinery, and has no detailed criticisms on this application, except in regard to the reply to No. 7 in the questionnaire (see page 3 of the enclosure).

Mr. Stockdale tells me that one machine could deal with the output from a unit of approximately 3,000 acres. The total <sup>acres under</sup> ~~area of~~ sisal in Kenya and Tanganyika respectively in 1930 was 129,000 and 197,000. This shows that the potential market for a successful machine in those two territories would hardly exceed 100.

Mr. Stockdale agreed with me that the application could not go forward on the basis suggested in para. 7 of the enclosure, viz., that the assistance should be a loan if the machine is successful and a grant if it fails. He thought the case would best be met by applying for a loan for

five

five years free of interest for the first two;  
it will of course be necessary that the Kenya  
Govt. should accept liability for repayment,  
even though they can recover little or  
nothing from the manufacturer. You will see  
that enquiries are being made from Crown Agents  
as to the reputation and status of the Hydraulic  
Engineering Company Limited, and that  
Mr. Stockdale has written to Captain Magnall  
suggesting he calls here for an interview.  
In the meantime, I think we should telegraph  
at once as in the draft below.

No 3

L. Freeston  
27/1

*Sent as this was to submit  
the 1st 3 to supporting the  
appln if the suggested revision of  
the conditions is accepted & the  
In?*

*H. Allen  
23/1/32*

I am not without hopes that we might get  
better terms than this from the C D Fund.  
In any case, I think we may assume that the  
S/S will support the application:--even if it  
has eventually to go forward as it stands,  
leaving the C D A C to suggest such modifications  
as they consider essential.  
I would be inclined to suggest something  
as follows:--  
(a) the machine to be the property of the Kenya

Govt.:

- (b) The C D A C to be asked for an out-and-out  
grant of £ 500.
- (c) The balance to be in the form of a loan from  
the fund, interest free, for a period of five  
years.
- (d) The Kenya Govt: to accept responsibility for  
the repayment of the loan.
- (e) All information as regards the working, and  
the results, to be placed at the disposal of the  
firm.

I have suggested the modification of the  
telegram accordingly.

Perhaps Mr: Freeston and I could discuss?

The 25-1-32.

*H. Allen  
25/1/32*

*I shall be glad to discuss. Tomorrow  
morning will suit me.*

*Wed 25.1.32*

*We have discussed, & I have framed  
the draft telegram with a small  
addition. What is actually to  
be sent to the C D will be for comment  
when the Kenya reply is received,  
but I see no reason to send on  
at present.*

*Wed 26.1.32 am*

*A. D. Gov. Kenya - Tel. No 19. — 26/1/32*



Mr. Stockdale tells me that when Capt. Magrath saw him on Monday, he produced rough plans which gave grounds for supposing that the <sup>design</sup> plans for his machine had been modified from that which was shown to Mr. Stockdale in E. Africa.

Mr. Stockdale suggested to me that Capt. Magrath shd. be asked to submit (a) plan of specification - wh. could be referred to C.A. if necessary (N.B. Not to imp. but - The Wigglesworth is Chairman of their Fibres Ctee) (b) estimate of H.P. required. The ordinary machine now used employs 60-100 H.P. The Magrath machine wh. Mr. Stockdale saw in Kenya ran on 20 H.P.; Capt. Magrath said on Monday that his present design was 40 H.P.

Propose to ask Capt. M. to call again, when reply is recd. to Lt, & will take up the above points then.

Stockdale  
27/1/32

St. Crown Agents Conf. 10/2/32  
As copy of report on the status  
of Hydraulic Engineering Co. Ltd.

To Gen. Tel. No. 32

12 Feb. 32

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7 for Kenya ——— Tel ——— 12/2/32 4

29.  
In present circumstances not agree to acceptance of liability for the whole of the £200 as loan. Submits that application be for £100 free grant & balance as interest free loan for 5 years as suggested in No. 5. Fort would guarantee repayment to Imperial Treasury if covered by indemnity from the Company.

~~DESTROYED UNDER STATUTE~~

Reminds ——— 17/2/32 Con.

Mr. Allen

Captain Magrath called this morning and left with me a scale drawing of the machine which is now being constructed. He went into the technical details at some length, but his explanation was, I fear, largely wasted upon me. There seems little point, even if time had permitted, in sending the plan to the Crown Agents for comment; they can have no knowledge of decortinating machinery and we know from No. 5 on this file that their opinion of the firm "can be relied upon to construct a machine which is mechanically sound".

Captain Magrath admitted that the present plan differs in detail from what the Specials saw in East Africa, but he maintained that the changes were all in the direction of improvement. It is difficult to estimate the exact horse-power required for driving it, but he thought that the statement in the application ("one half of that used in present decortications") was reasonably accurate. I send you a draft memorandum to accompany Nos. 1, 4 and 7 on this file when circulated to the Specials.

Stockdale  
17/2/32

17/2



CDAC 950.

22/2/32

10. CDAC

Recommend price grant of £500  
x loan of £700 for 5 years. Govt  
interest

Mr. Woods (Treasury) assures me that  
Treasury approval may be confidently expected.  
I have spoken to Mr. Ransome of the Crown  
Agents about the form of indemnity; they will  
be prepared to act on the general instruction  
given in the accompanying draft.

CPA draft  
5/3 mtr

11 To CA

12 To Treasury

- 9 MAR 1932

13 Capt. Maquell.  
(Hydraulic Eng. Co. Ltd)

Asks if it would be possible to  
arrange for some special leaves to be  
sent from Kenya by the mail, in order  
to try out the new machines

It seems extraordinary that  
Capt. Maquell should not be able to  
arrange with a shipping Coy. to obtain special  
leaves in good condition. Apart from  
this there is no reason why he should  
not himself approach the Imperial  
Airways on the question of facilities.  
? suggest that he should  
approach Imperial Airways and  
say that if they agree to carry a load

for him the Govt of Kenya will  
be asked to assist if he will  
be unable to do so. (?)  
suppose he wants a firm contract,

W. Ross's line

Wait a day or two for Treasury 10/3/32  
If I'm sure that it is not needed

ST/1900

10/3/32

14 Treasury

Sanction the issue from the CDAC, in  
accordance with the Committee's recommendations

I have passed the Director's  
advice to the Treasury

Reconulate quickly to

me  
W. Ross

By air mail  
28/5/32

15

To Gov. 209 (w/c CDAC 950) 15 MAR 1932  
(1 answer)

I have spoken to Major Dale who is  
willing to take up No 13.  
Please try to get Capt M 14 in the delay  
Explaining to Director about time I am  
having to suggest to show arrangements  
with Major Dale explaining to me  
I copy 13 to Major Dale  
No 14 in but I defer him about this

is behind handbook to deal with it:  
 add he tells the brief indicate that  
 to project is being asked for Oct. 7. &  
 add saying that Capt. M. refers to  
 his assurance as subsidised but  
 that so far as I know we have  
 no claim to it or freight can  
 be partially loaded there & that  
 is what Capt. M. has in mind

J. V. Allen

16/3 atace

16. To Capt Maquall - 13 and - 3/0 17 MAR 1932

17. To Major Dale w/c 13+16. 3/0 17 MAR 1932

18. Major Dale (T+P. 9/16) — 19/3/32

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 On hearing from Capt Maquall, with  
 his best to assist  
 ? Put by  
 C.A. 23/3/32

S. D. Whitehouse

23. 3. 32

at. me

19. Capt Maquall — 24/3/32  
 It taking up the matter with  
 Major Dale

Put by C.A. 24/3/32

S. D. Whitehouse

7. 4. 32

at. me

DESTROYED UNDER STATUTE

20 Civm Agents 9/4/32

Pro. copy comes with the Hydraulic Eng.  
 Coy. P. regarding the method of repayment  
 of the £200 proposed loan.

I have discussed with Mr. Ransom (CA),  
 who tells me that Capt. Maquall is in no  
 hurry for the money.

It was the Kenya Govt. who insisted  
 on the impracticable stipulation as to an  
 indemnity, & we can only leave it to  
 that Govt. to find a way out

Copy 20 to Govt. for obs., that  
 dep. suggesting tel. reply.

Copy dep. to CA-LF.

Mr. [Signature] see later  
 29/4  
 [Signature] 12/10/32

21 To Govt. 299 (w/c 20) cons 14 APR 1932

22 To CA - w/c 21 - 2/c 18 APR 1932

Mr. [Signature]

23 Gov. Kenya — Tel 86 — 18/5/32  
 "Basis of Company's arguments seem unconvincing  
 as if it is in good standing it should have no  
 difficulty of obtaining necessary guarantor. British  
 Company's Bank would guarantee. It seems  
 immaterial whether guarantor connected with  
 Company or not. I am prepared however to  
 agree to any form of security in consider  
 adequate."

The Company (enclos to 20) points out  
 that the premium for a guarantee by a

Insurance Co. would have to have  
then the interest on a loan from the Bank.

It does not seem much use  
in pursuing the suggestion  
23 that the Bank might guarantee —  
for the Bank will also demand interest.

The former now leans to  
the B. Co. to decide what security is  
adequate. It points however  
seems to be whether there is any  
security or not. If there is there  
will have to be a guarantee or mortgage  
on assets. I find the Company's  
proposal to repay by instalments  
might be accepted on condition that  
no dividend is payable in respect  
of the payments.

It is now for consideration whether  
the Co. should be required to furnish  
a guarantee or whether the former  
should be informed that it is in practice  
to insist on this, proposing to accept  
of repayment by instalments.

H. P. Poole  
19/5/32

Mr. Allen

I have discussed further with Mr. Ransom of  
the Crown Agents and submit for consideration a  
draft which is, I hope, self-explanatory.

The Hydraulic Engineering Co. Ltd. is a  
private company and no particulars are given in  
the Stock Exchange Directory, or other reference  
works in the Library.

Mr. Poynton is arranging for the issue of  
£1200 from the Colonial Development fund to the  
Crown Agents.

A. Poynton  
20/5

I have to subject to Sir Lambell's  
agreement. Recalculate for def. to the  
Co.

H. P. Poole  
21/5 at once

I agree.  
- Lambell  
24/5/32

24 to C.A. - wfe 23 - cons - 27 MAY 1932

C.A. will no doubt report action taken;  
copy encl. can then go to you  
as per  
D.V. in a week.

H. P. Poole  
27/5/32

Received  
Mr. Poole  
27/5/32



25 Crown Agents

1/6/32

Have no reason to modify their opinion of the Company as expressed in No 2, but have not the necessary information to justify the risk of default as "negligible". Avoid further authority from CO.

Tell them to pay.

Stewart  
2/6

The CA are very cautious. "negligible" must be interpreted in the light of A & B in No 24, so is proposed. The CA should also keep in mind the risk to board of No 20 & "20".

So we have copies of

24, 25 & 26 of

Stewart

2/6

atance

16 To CA - 25 and - 6 JUN 1932

27 To Gov H 41 (w/c 24, 25 & 26) A/1 13 JUN 1932  
23 amended

28 Crown Agents ..... 23rd. June. States that they have paid £1,200 to the Company and have obtained a written undertaking to repay the sum of £700 before 28th. May 1932.

Mr. Stewart 27/6/32  
Mr. Stoddard 28/6/32  
Copy to Reps. Lt. of 27

Stewart  
27/6  
Lin

29 To Gov 477 (w/c 28) A/1 29 JUN 1932

M/J

30 Crown Agents (Min) 14 Sept  
To substance of two letters from Treasurer Kenya & enquiries of CO can through any right or position

The Coy's application for access to the plant and V1 of the 2nd search to 1 was for £1000 cost of the plant and £100 freight UK to Kilindini. The Govt of Kenya added another £100 for local transport and handling charges for Kilindini to the 3rd colliery - total £1200

The application to the COMC check contains details the payment of this sum to the Coy under the summary rule to 9 years and the COMC - 10 - (accepted) this basis. (in fact any other arrangement would apparently free the Coy from the liability to repay freight and transport charges).

The position was no doubt explained

to Capt. Magnall 555 Mr Director's  
minute of 17/2 but it seems  
desirable to notify the Coy  
writing that they are liable for  
payment of freight and local  
Landing and transport charges.

I don't know if any question  
arises of the Coy being responsible  
for any cost of installation.

There is also the question of the  
to whom the plant <sup>is to</sup> belong and then  
of the right of reproduction.

As there seems no immediate  
urgency for a reply to go to  
the Director Kenya it would be  
of advantage to have Mr Director's  
advice on the above questions.

This may be held over for  
a few days and the Coy may  
be informed by telephone that a  
reply will be sent next week.

H. S. Prosser  
15/9/24

The second tel may indicate  
has the local people have just  
realised that the cost means  
Cakemlak's payment in full to  
the Tangany. I have spoken to  
Mr Waunder, CA. This must  
wait for the Director but I have  
written to telegraph some news of above  
matter.

9

The facts are that the Company applied  
for £1100; the Kenya Government added £100 to  
cover the cost of transport and handling charges  
between Kilindini and the Sisal Estate; the C.D.A.C.  
recommended the full £1200, which has, in fact,  
been paid over intact to the Company. The  
alternative of withholding £100 to the credit of  
the Kenya Government did not, I am afraid, occur  
to the Department and it is difficult to see what  
advantage would have been gained from such a  
procedure. Any doubt that may possibly exist should  
be cleared up on receipt of a reply to the attached  
letter to Captain Magnall.

As regards the question in the last  
sentence of No. 30, it is true that in his minute  
of the 25th January on this paper Sir John Campbell  
suggested that the machine should become the  
property of the Kenya Government, but this  
suggestion was not pursued and in view of  
Captain Magnall's statement that his firm had already  
spent £12,000 on perfecting the machine (see my  
note of the 21st January between Nos. 3 and 4 of  
this file), it seems highly improbable that the  
Company would have agreed to surrender its rights  
in return for the £1200 from the Colonial Development  
Fund. Drafts herewith.

31  
32

Magnall  
To Capt. A. D. Magnall  
ca

CP

Cons  
22 SEP 1924

33. C.A. 50

29 Sept.

To copy of tel. <sup>to</sup> ~~from~~ Treasurer, Rys. - also  
copies of corres.

(34) Capt. Playmell (50)

10<sup>th</sup> Oct.

~~35~~ To C.A., - Min. - 4/c 31 & 34. - 33 and. -  $\frac{12}{10}$   
 $\frac{32}{32}$

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TELEPHONE  
CHESTER, 1421.  
Private Branch Exchange

CONTRACTORS TO  
THE ADMIRALTY, WAR OFFICE,  
INDIA OFFICE,  
CROWN AGENTS FOR THE COLONIES,  
AND FOREIGN GOVERNMENTS.

TELEGRAMS  
"HYDRAULIC, CHESTER"

CODES  
A.B.C. 8<sup>th</sup> EDITION.  
BENTLEYS.

# The Hydraulic Engineering Company Ltd.



LONDON OFFICE:  
39, VICTORIA ST, WESTMINSTER, S.W.1.  
TELEPHONE: VICTORIA 2820.  
TELEGRAMS: HYDROCHEST, BOWEST, LONDON.



*20*  
Chester. 10th. October, 1932.

REFERENCES YOURS  
OURS ARM/

Dear Mr. Freeston,

Please forgive me for being so very long in replying to your letter of September 22nd. I have been away so much trying to work in all things necessary prior to my departure for East Africa that I am afraid some of my correspondence has suffered. I leave tomorrow morning.

I had not appreciated the inclusion of Kenya freight in the grant made by the Colonial Development Fund. You will remember, of course, that the grant was only £ 500 and not £1,200, the remaining £700 being a loan and as such of only very slight assistance to us.

The Kenya freight which you mention, coming within the loan amount, boils down to the fact that in the end we pay this freight, and as the railway is Government controlled it seems rather a pity that we should be put to this expense. However, unless the Kenya & Uganda Railway wants to clear the goods and take them to Naivasha without charge, I shall make no further effort to get them to do so.

Many thanks for all your efforts on our behalf in this direction, and I hope we may meet again soon after my return to this country. We shall soon know the result of our labours, and we can only hope that they will turn out satisfactory for all concerned.

Yours sincerely,

*L.B. Freeston*

L.B. Freeston Esq. O.B.E.  
Colonial Office,

*12/10/32*  
*Copy P.A. 1*

*Out [ ]*  
*1932*

33

O/Kenya 80

Mr. L. B. Freeston,  
East Africa Department,  
COLONIAL OFFICE.

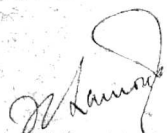
no 32

With reference to your minute No. 18016/32  
of the 22nd September, the following telegram has been  
sent by us to the Treasurer, Kenya:-

"Referring to your telegram of 13th September Sisal  
machinery £1,200 paid to Company includes £100 to  
cover transport Kilindini to estate and no liability  
should fall on the Government. No instructions given  
as to consignee"

Recd 14/9/32

Doubtless you will furnish us, in due course,  
with a copy of the further correspondence with the  
Hydraulic Engineering Company mentioned in your minute  
in order to complete our papers.



"O" Department,  
Crown Agents,  
29th September, 1932.

32

C. O.

Mr. Freeston *ref.*

18016/32



*For my eye* *Phase*

- Mr.
- Mr.
- Mr. Parkinson.
- Mr. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Perms. U.S. of S.
- Party. U.S. of S.
- Secretary of State.

The Crown Agents,  
O. Department.

**DRAFT. MINUTE.**

Your minute of 14th

September about the payment of £1200 to the Hydraulic Engineering Company, Chester. It is being explained to the Company that the payment already made to them included £100 to cover the cost of transport and handling between Kilindini and the Estate, and no liability should therefore fall upon the Local Government.

2 dfts.

It is understood that Captain Magnall himself is leaving for East Africa on the 5th October in order to supervise personally the early trials of the machine.

(Signed) L. B. FREESTON  
Colonial Office,  
22 Sept. 1932.



C. O.

Mr. Freeston *rf*

18016/32.

31

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Party. U.S. of S.

Secretary of State.

*4 to for my 57*

*22/9/32*

22 September, 1932.

Dear Captain Magnall,

**DRAFT.**

*Copy* A. R. MAGNALL, ~~ESQ.~~

I understand from

Mr. Stockdale that you are shortly leaving for Kenya to supervise the early trials of the machine. There is one point in connection with the grant ~~of a loan~~ from the Colonial Development Fund which we think it well to make quite clear before you sail.

*copy C.A. 12/10/32*

You will remember that your

2 dfts.

original application was for £1100; the Government of Kenya added £100 to cover the costs of handling and transport between Kilindini and the Sisal Estate. This additional £100 has, in fact, been paid over to your firm and I have no doubt that you will

will be prepared to give an assurance  
that, in the circumstances, no part  
of the handling and transport costs  
will fall upon the local Government.

Yours sincerely,

Signed L. B. FREELSTON

O/Kenya 80.

90

No 28

Mr. L.B. Freeston,  
East Africa Department,  
Colonial Office.

IMMEDIATE

No 26

With reference to our letter of the 23rd June, reporting a payment of £1200 to the Hydraulic Engineering Company, Chester, on the authority of your official letter No. 18016/32 of the 6th June, we have now received the following telegrams, both dated 13th September, from the Treasurer, Kenya :-

- (1) "Reference O Kenya 80 understand that grant and loan amount to £1100 assume that £100 has been kept in hand for handling charge(s) Kilindini and rail to the Sisal estate(s) in which case please arrange for machinery to be consigned to Government Coast Agent."
- (2) "With reference to my telegram of 13th September telegraph position".

Can you throw any light on the matter, please?

It would also be interesting to know to whom the machinery in question belongs.

*LeRamon*

"O" Department,  
Crown Agents' Office  
14th September, 1932.

O/Kenya 80.

30

IMMEDIATE

Mr. L.B. Freeston,  
East Africa Department,  
Colonial Office.

no 28

no 26

With reference to our letter of the 23rd June, reporting a payment of £1200 to the Hydraulic Engineering Company, Chester, on the authority of your official letter No. 18016/32 of the 6th June, we have now received the following telegrams, both dated 13th September, from the Treasurer, Kenya :-

- (1) "Reference O Kenya 80 understand that grant and loan amount to £1100 assume that £100 has been kept in hand for handling charge(s) Kilindini and rail to the Sisal estate(s) in which case please arrange for machinery to be consigned to Government Coast Agent."
- (2) "With reference to my telegram of 13th September telegraph position".

18016/32

Can you throw any light on the matter, please?  
It would also be interesting to know to whom the machinery in question belongs.

*Leahmond*

"O" Department,  
Crown Agents' Office  
14th September, 1932.



207



ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES.  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED.

O/Kenya 80

TELEGRAMS: "CROWN, LONDON."  
TELEPHONE: 7730 VICTORIA.

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

23rd June, 1932.

3C  
4 JUN 29 1932

Sir,

With reference to your letter No.18016/32 of the 6th June, I have the honour to report that, in accordance with the authority contained therein, we have paid the sum of £1200 to the Hydraulic Engineering Company, Chester, in connection with the construction and installation in Kenya of a new type of Sisal machinery, and have obtained from the Company a written undertaking to repay the sum of £700 before the 26th May, 1937, i.e., five years after the amount was placed at the Colonial Government's disposal from the Colonial Development Fund.

I have the honour to be,

Sir,

Your obedient servant,

*Le. Mansour*

for Crown Agents.

No 26  
5/27 to 30/47 A/129 JUN 1932

The Under Secretary of State  
Colonial Office.

26<sup>16</sup>

C. O.

C. O.  
R 3-JUN  
D 3  
6 June 1932

- Mr. Hyde 2/6/32
- Mr. Frustm up.
- Mr.
- Mr. Parkinson.
- Mr. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Permt. U.S. of S.
- Partly, U.S. of S.
- Secretary of State.

Amud. 28

*[Handwritten signature]*

Gentlemen,

**DRAFT.**

CROWN AGENTS  
FOR THE COLONIES.

(25)

*to reply*  
reference to your letter  
Kenya  
of the 1st June regarding the  
grant of assistance from the C.L.F.  
to the Hydraulic Engineering Company,  
Chester, towards the cost of completing  
a new type of Sisal machinery, I am etc.  
to authorise you forthwith to advance  
to the Company the sum in question  
(namely, a grant of £500 and a loan of  
£700 free of interest for five years)  
in return for a written undertaking to  
*the loan*  
repay on the terms mentioned.

2. I am further to request that you  
will proceed as suggested in para. 4 of  
your letter of the 9th April as regards

(20)

drafting

Copy to Gov. 441 A/13 JUN 1932

LT action

<sup>and selling</sup>  
drafting the agreement with the  
Company and ~~settling with them~~ in  
the matter of the repayment of the  
loan.

I am etc.

(Signed) H. T. ALLEN

ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES,  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED.

O/Kenya 80.

TELEGRAMS: "CROWN LONDON."  
TELEPHONE: 7730 VICTORIA.



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



1st June, 1932.

Sir,

I have the honour to acknowledge the receipt of your letter of the 27th May, No. 18016/32, regarding the grant of assistance from the Colonial Development Fund to the Hydraulic Engineering Company, Chester, towards the cost of completing a new type of sisal machinery.

2. We have no reason to modify the opinion expressed in our letter of the 10th February to the effect that the Company is understood to be in a good way of business and held in favourable repute, and the issue of a loan of £700 to them without collateral security does not appear to us to involve any greater risk than may reasonably be taken.

3. We have not, however, the information which would justify us in saying that the risk of default by the Company is "negligible", and, although we conclude that in the circumstances the Secretary of State would wish us to proceed with the matter, we await further authority, in view of the terms of paragraph 4 of your letter under reference, before doing so.

I have the honour to be,

Sir,

Your obedient servant,

*J. Ramsay*

for Crown Agents.

The Under Secretary of State,  
Colonial Office.

*Ans'd*  
*Wily & Son. H.H. A/1 13 JUN 1932*



24  
18  
MAY 1932

C. D.

Mr. Freeston to

Mr. Allen 21 f/s of the Hamblett agrees

24/5/32

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

*Handwritten signature/initials*

27 May 1932

Gentlemen,

**DRAFT.**

CROWN AGENTS

5374 to Gov 444 A/1 13 JUN 1932

(23)

With reference to the letter from this office of the 18th April, I am etc. to transmit to you a copy of a telegram from the Governor of Kenya regarding the grant of assistance from the Colonial Development Fund to the Hydraulic Engineering Co., Chester, towards the cost of completing a new type of sisal machinery.

2. The S. of S. understands that the provision of a guarantee in the form suggested by the Governor would probably entail the Company in expense commensurate with that which they would incur by borrowing the sum required direct from the bank. It would therefore not appear reasonable to suggest that the

Recd: Oth  
Freeston

conditions which would, in effect,  
render it of <sup>little</sup> no assistance to the  
Company. The real security against  
default must, in Sir Philip  
Sunliffe-Mister's view, be sought in  
the integrity and financial  
stability of the Company itself.

/ A

3. In your confidential letter  
of the 10th February (O.K. Kenya 3)  
you stated that the Company was  
reported to be "in a good way of  
business and held in favourable  
repute". Unless you are aware of  
any subsequent development which  
would call for modification of this  
estimate, the S. or S. is of the  
opinion that the advance in question  
(namely a grant of £500 and a loan  
of £700 free interest for 5 years)  
may be made to the Company forthwith  
and steps are being taken for the

/ B

issue to you from the C.D.F. of  
£1200 to the credit of the Kenya

~~Company.~~ *Yost*

I am to request that, if you are  
still of the opinion that the risk of  
default by the Company is negligible,  
you will pay over to them the sum in  
question in return for a written  
undertaking to repay the loan on the  
terms suggested. The S. of S. is  
unable to agree to the proposal put  
forward by the Company that repayment  
in advance of the date specified should  
be subject to any deduction by way of  
discount.

I am etc.

COPY FOR REGISTRATION

202

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

2c

Dated 18th. May.

(Received Colonial Office 4.30 p.m. 18th May, 1932).

No. 86.

No 21

RECEIVED  
19 MAY 1932  
COL OFFICE

Your despatch of 14th. April No. 299.

Sisal machinery. Basis of Company's arguments seems unsound as if it is of good ~~standing~~ standing it should have no difficulty of obtaining necessary guarantor(s). Possibly Company's bank would guarantee. It seems immaterial whether guarantors are connected with Company or not. I am prepared however to agree to any form of security you consider adequate.

Copy to CA 27 MAY 1932

Amund 441 A/13 JUN 1932



C. O.

C.D.  
R 13 APR  
D 13

21

Mr. Priestman  
Mr. Parkinson  
Mr. Tomlinson  
Sir C. Bottomley  
Sir J. Shackburgh  
Permt. U.S. of S.  
Fury, U.S. of S.  
Secretary of State.

18016/32.

Downing Street,

14 April, 1932.

Sir,

With ref<sup>s</sup> to my Dep. N<sup>o</sup> 209

I have the honour to refer to

of the 15<sup>th</sup> March,

your telegram No. 29 of the 12<sup>th</sup> February,

on the subject of the guarantee to the

Imperial Treasury for repayment of a loan

of £700 to the Hydraulic Engineering

Company Limited for the purpose of

building and testing a new type of sisal

decorticating machine, and to transmit

to you, for your observations, and a

accompanying copy of a letter from the

Crown Agents for the Colonies, with

enclosures, regarding the loan to the Hydraulic Engineering Co. Ltd. of £700 towards the cost of

I shall be glad if you will notify

me by telegram of your views on the

suggestions of the Company that a formal

undertaking for the repayment of the loan

is unnecessary, but that they should be

permitted to repay the loan by instal-

ments

**DRAFT.**

KENYA

NO. 299

copy to CA - 1/10 -

(15)  
ST

copy of letter with encs  
(15)

Hydraulic Enginerng Co. Ltd. of £700 towards the cost of  
completing a new type  
of sisal decorticating  
machinery

Copy of As. LF.

2. I shall want the

What you may find it convenient to communicate by telegram  
your views in regard to the  
indemnity to be obtained from  
the Company.

ments subject to a discount for early

repayment.

I have, etc.

(Sgd.) P. CUNLIFFE-LISTER.

20.22



ALL COMMUNICATIONS TO BE ADDRESSED TO THE CROWN AGENTS FOR THE COLONIES. THE FOLLOWING REFERENCE AND THE DATE OF THIS LETTER BEING QUOTED.

O/Kenya 80.

TELEGRAMS: "CROWN LONDON."  
TELEPHONE: 7730 VICTORIA.

4 MILLBANK,  
WESTMINSTER,  
LONDON, W.V.I.

RECEIVED  
11 APR 1932  
COL OFFICE

9th April 1932.

Sir,

No 11

16. 3. 32

& Enc.

4. 4. 32.

With reference to your letter of the 9th March No. 18016/32, I have the honour to enclose a copy of correspondence with the Hydraulic Engineering Company Limited, Chester, with reference to the proposed loan, free of interest, of £700 by the Government of Kenya.

2. We proposed the form of collateral security agreement because it appeared to us that the only risk against which the Government would require indemnity was that of the Company being unable to carry out its legal liability to repay, that is of the Company's being insolvent, and that, in that event, no formal undertaking by the Company itself would be of any value to the Government, unless it took the form of a mortgage on the assets or some of the assets of the Company, which, we understand, was not contemplated.

copy to Sec 299 14 APR 1932

3. I have to enquire whether the Company's offer to repay the loan in instalments, but subject to a discount for payment before the end of the period, should be accepted. If so, it would seem that, in order to ensure repayment of the £700 in full before the end of five years, any allowance for interest should be at the rate actually earned by Government and would have to be made, not at the time of a repayment, but later on as a

deduction/

The Under Secretary of State,  
Colonial Office.

20.22

ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES.  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED.



4 MILLBANK,  
WESTMINSTER,  
LONDON, W.V.I.

O/Kenya 80.

TELEGRAMS: "CROWN LONDON."  
TELEPHONE: 7730 VICTORIA.

RECEIVED  
17 APR 1932  
COL. OFFICE

9th April 1932.

Sir,

With reference to your letter of the 9th March

16. 3. 32  
& Enc.  
4. 4. 32.

No 11

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correspondence with the Hydraulic Engineering Company  
Limited, Chester, with reference to the proposed loan,  
free of interest, of £700 by the Government of Kenya.

2. We proposed the form of collateral security  
agreement because it appeared to us that the only risk  
against which the Government would require indemnity was  
that of the Company being unable to carry out its legal  
liability to repay, that is of the Company's being  
insolvent, and that, in that event, no formal undertaking  
by the Company itself would be of any value to the  
Government, unless it took the form of a mortgage on the  
assets or some of the assets of the Company, which, we  
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copy to Sec 299 14 APR 1932

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ensure repayment of the £700 in full before the end of  
five years, any allowance for interest should be at the  
rate actually earned by Government and would have to be  
made, not at the time of a repayment, but later on as a  
deduction/

The Under Secretary of State,  
Colonial Office.



23  
deduction from the final payment.

4. I have also to enquire whether it is desired that we should draft and settle with the Company the agreement with them respecting repayment of the loan which will be required before it is made.

I have the honour to be,

Sir,

Your obedient Servant,

A handwritten signature in dark ink, appearing to be 'H. P. ...' with a flourish at the end.

for Crown Agents.

THE CROWN AGENTS TO THE HYDRAULIC ENGINEERING CO. LTD.

---

16th March, 1932.

Gentlemen,

We have been requested by the Colonial Office to communicate with you with a view to the execution of an agreement indemnifying the Government of Kenya against loss in the event of failure by you to repay the loan of £700. which it is proposed to make free of interest to enable you to complete the construction and installation in Kenya of a new type of machinery for the deo~~struction~~ of sisal.

We suggest that this indemnity should take the form of an agreement entered into personally by two sureties in the form attached, and I have to enquire whether you agree with this proposal. If so, I have to ask for the names of the two proposed sureties, with bankers' references.

I am, Gentlemen,

Your obedient Servant,

(Sgd.)

for Crown Agents.

G/Kenya 80

AGREEMENT made this

day of

One thousand nine hundred and

BE

To be stamped  
with an impressed  
stamp.

of

An adhesive stamp  
will not suffice.

and

of

of the one

and THE CROWN AGENTS FOR THE COLONIES, of  
Millbank, London, S.W.1. in the County of  
Middlesex, for and on behalf of the Government  
of Kenya of the other part.

WHEREAS the Hydraulic Engineering Company, Limited, of Chester, has been  
paid the sum of seven hundred pounds towards the cost of constructing and  
installing in Kenya a new type of machinery for the decortication of sisal  
as an advance free of interest and repayable before the expiration of five  
years from the date of issue from the Colonial Development Fund to the  
Government of Kenya

NOW the said

and

in consideration of the premises do hereby agree with THE CROWN AGENTS  
FOR THE COLONIES that should the said Company fail to repay the said advance  
within the period named they the said

and \_\_\_\_\_, or either of them, or  
their Executors or Administrators, will refund and repay to the Government  
of Kenya, or to the Crown Agents for the Colonies in London, the said sum  
of £700 or such proportion thereof as may then remain due.

AS WITNESS our hands and seals the day and year above written.

SIGNED, Sealed, and Delivered by the said

the presence of  
(SIGNATURE)  
(WITNESS)

Address \_\_\_\_\_

SIGNED, Sealed, and Delivered by the said

the presence of  
(SIGNATURE)  
(WITNESS)

Address \_\_\_\_\_

THE HYDRAULIC ENGINEERING COMPANY LTD TO CROWN AGENTS

---

Chester.

4th April 1932.

Gentlemen,

The writer regrets owing to absence that he has been so long in writing as arranged following his conversation with you before Easter in connection with your letter dated March 16th.

The form of guarantee you put before us would be suitable for an occasion like carrying out a contract for the supply and erection of machinery as we are frequently called upon to do.

The liability would be of comparatively short duration and would only entail the necessity to complete the contract in the event of failure of the Company to do so.

In the present instance the period is five years and the guarantors might easily have ceased to have any connection with the Company in that time. It would not be possible to obtain guarantors under such conditions.

Briefly the object of Government help in this connection is that we should be assisted with the sisal machinery development so as to reduce to some extent calling on money required at the present difficult period for financing our ordinary business. We suggest the following arrangement. As it is not the intention of this Company to hold the £700 for five years or anything approaching that period if it can possibly be

/avoided

avoided, we beg to make the following suggestion. That we pay back to you not less than one-fifth of £700 at the end of each year, and that at any time during the period you may demand repayment of any outstanding amount. Since you have offered us the benefit of the money being free of interest, perhaps you would allow us to deduct from each payment an amount equal to the interest you would have allowed if we had held the sum for the full period of five years. The following example would illustrate this point:-

If we pay back £140 at the end of the first year, you will allow us to deduct from that amount interest for four remaining years. Again, if at the end of the second year we pay back the whole of the outstanding amount, which would be £560, you would allow the three remaining years interest on £560.

We think that this would be the only practical way in which the loan could be of any real use to us.

As explained to you before we arranged our meeting on this matter, we approached the Insurance people and found that their premium to insure the guarantors liability was in excess of the rate of interest we should have had to pay the Bank for a loan in the ordinary way.

We hope that the undertaking we give above will make it possible to proceed with the necessary arrangements.

We return herewith the form of guarantee enclosed with your letter of the 16th March.

Yours faithfully,

THE HYDRAULIC ENGINEERING COMPANY, LIMITED

(Sgd.)

Director.

18016/12 Kenya

1779

C. O.

Mr. Tooley. 17/3

Mr. [unclear] 17/3

Mr. Parkinson.

Mr. Tomkinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Party. U.S. of S.

Secretary of State.

Reserve for Mr. Allen's signature.

[Handwritten initials]

17 March, 1912.

Dear Major Dall,

DRAFT.

I enclose a copy

Major C. H. Dall.  
C.B.E.

of a memo. with Capt. A.R. Magrath of the Hydraulic Engineering Co., Ltd., regarding ~~the~~ <sup>as to the</sup> possibility of ~~arranging~~ <sup>arranging</sup> for a conveyance of steel beams to be brought from Kenya to this country by a machine of Imperial Airways Limited. I spoke to you about this matter <sup>to you</sup> ~~to you~~ on the telephone, and you very kindly undertook to deal with it.

Am 18

From Capt. Magrath - 8/11/12  
17  
18/11/12 (10/11)

I should explain that the Govt of Kenya has been granted assistance

24/12



from the colonial  
Development Fund to  
~~the Government~~  
of the Government  
of the Government  
of the Government

towards the manufacture  
and installation of a new  
experimental machine  
for local decaffeination

in the colony, and you will see that  
Capt. Magrath desires  
to obtain a supply of  
sial leaves in order  
that the machine may  
be tested as far as  
possible <sup>(in this country)</sup> before it is  
sent out.

Capt. Magrath  
refers to the Taita  
African air service as  
being subsidised, but  
so far as I know  
we have no claim to  
free freight, even in  
partially loaded planes,  
if that is what he  
has in mind.

Yours sincerely

C. O.

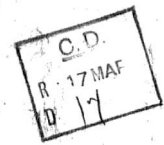
- Mr. Tooley
- Mr. Fleming
- Mr. Allen
- Mr. Parkinson
- Mr. Tomlinson
- Sir C. Bottomley
- Sir J. Shuckburgh
- Permt. U.S. of S.
- Party. U.S. of S.
- Secretary of State.

18016/32 Kenya

16

Accounts for Mr. Allen's  
signature.

14/3/32



17 March, 1932.

DRAFT, no.

Capt. A. H. Magrath.

copy to Mr. Dalal to 17 MAR 1932

Dear Capt. Magrath,  
The absence of  
Mr. [Mr. Freeman]  
who on leave, I am  
replying to your letter  
of the 5th March, in which  
you <sup>ask</sup> ~~inquire~~ whether it  
would be possible to  
arrange for a supply of  
sial leaves to be brought  
from Kenya to this country  
by air, in order that  
your company's machine  
may be tested as far  
as possible before being  
dispatched to Kenya.

Majar G. H. Dalal, C. S. E.

2 d/c

*the Deputy Commissioner,  
H. H. Tatham African  
Dependent Trade &  
Information Office,  
Kindly  
has undertaken to  
do what he can to  
make account for Q. &  
of your number 229  
Wald  
I suppose that you  
communicate with him  
and explain what your  
wishes would be. The  
address of the Trade and  
Information office is  
32, Cockspur Street,  
London, S.W.1.*

*I regret the delay  
which has occurred  
in replying to your  
letter due to the Secretary's  
absence & pressure of work*

*Yours very truly*

18016.

1500

C. O.

Mr. Freeston. 5/3  
Mr. Allen 14/3 JS  
Mr. Tomlinson.  
Sir C. Bottomley.  
Sir J. Shuckburgh.  
Sir G. Grindle.  
Permt. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

To issue on receipt of reply  
from Dept. to copy in file.  
B.D. 5/3  
594

Downing St.  
15 March 1932.

O.D.  
R 15 MAR  
D 15

Sir,

**DRAFT.**

KENYA

GOVERNOR

NO. 209

3 0/18.

(copy of C.D.A.C. 950)  
(attached)

With reference to your despatch  
of 24th December No. 724 and sub-  
sequent telegraphic correspondence  
in regard to the grant of assistance  
from the C.D. Fund towards the  
manufacture and installation of a  
new experimental machine for sisal  
decortication, I have the honour to  
transmit to you a copy of a  
memorandum <sup>on the subject</sup> which was submitted to the  
C.D.A.C. and considered at their  
meeting on the 2nd March. The  
Committee recommended that  
assistance should be given from the  
Fund on the terms suggested, and their  
recommendation has subsequently

received

received the approval of H.M. Treasury.

The Crown Agents for the  
Colonies have been requested to communicate  
with the ~~Chester~~ Hydraulic Engineering  
Company Limited with a view to the  
execution of the indemnity from that  
company to which reference is made in the  
last sentence of your telegram No. 29 of  
February 12th.

I have, etc.

(Sgd.) P. OUNLIFFE-LISTER

Telephone No. : Victoria 1234

Any reply to this letter should be addressed to

THE SECRETARY,

TREASURY,

WHITEHALL, LONDON, S.W.1.

and the following number quoted:

S. 34609/0226.



TREASURY CHAMBERS.

14 March, 1932.

14 MAR 1932

Sir,

*N 12*

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Allen's letter of the 9th instant (18016/32) signifying Sir Philip Cunliffe-Lister's concurrence in the recommendation of the Colonial Development Advisory Committee, conveyed in the Secretary's letter of the 4th instant that a free grant of £500 and a loan of £700 for five years, free of interest, should be made from the Colonial Development Fund to the Government of Kenya towards the cost of an experimental type of sisal decortivating machinery for trial in that Colony.

I am now to request you to inform the Secretary of State that My Lords sanction the issue from the Colonial Development Fund, in accordance with the recommendation of the Committee, of £1,200, of which £500 is a free grant and £700 a loan free of interest, repayable by the Kenya Government to the Exchequer at the conclusion of five years from the date of issue.

A copy of this letter has been sent to the  
 The Under Secretary of State,  
 Colonial Office. Secretary

14

Any reply to this letter should be addressed to  
THE SECRETARY,

THE SECRETARY,  
TREASURY,  
WHITEHALL, LONDON, S.W.1.

and the following number quoted :

S. 34609/0826.

TREASURY CHAMBERS.

14 March, 1932.



14 MARCH 1932



Sir,

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I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Allen's letter of the 9th instant (18016/32) signifying Sir Philip Cunliffe-Lister's concurrence in the recommendation of the Colonial Development Advisory Committee, conveyed in the Secretary's letter of the 4th instant that a free grant of £500 and a loan of £700 for five years, free of interest, should be made from the Colonial Development Fund to the Government of Kenya towards the cost of an experimental type of sisal decorticating machinery for trial in that Colony.

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A copy of this letter has been sent to the  
The Under Secretary of State, Colonial Office. Secretary

Secretary of the Colonial Development Advisory  
Committee.

I am,

Sir,

Your obedient Servant,

*R. V. N. L. Stephens*



13

TELEPHONE  
CHESTER, 1421  
Private Branch Exchange

CONTRACTORS TO  
THE ADMIRALTY, WAR OFFICE,  
INDIA OFFICE  
CROWN AGENTS FOR THE COLONIES  
AND FOREIGN GOVERNMENTS

W. H. HALL & CO. CHESTER  
ABC 67 EDIMBURGH  
RENTIERS

# The Hydraulic Engineering Company Ltd



LONDON OFFICE:  
39, VICTORIA ST, WESTMINSTER, S.W.1  
TELEPHONE VICTORIA 2820  
TELEGRAMS: HYDROCHEST, BOKWET LONDON



*Chasler* 8th. March 1932.

ARM.

Dear Mr. Freeston,

Very many thanks for your letter of the 5th. inst. and for the drawing which reached me yesterday. I now await instructions from the Crown Agents.

I intend to try the machine out as far as possible at our works before it is shipped to Kenya. For this purpose it will be necessary to have a number of sisal leaves. In the past on trials of the Rutherford machine we have spent a considerable amount of money in having leaves shipped from Kenya only to find that they were absolutely rotten on arrival, and what did retain some semblance of natural characteristics were of little use for testing purposes.

Since that time Imperial Airways have become established on the East African route. I understand this service exists mainly on subsidy from the Government. If this is so and a machine happened to be leaving Kenya with a light load, I wonder if it would be possible, through the right channels, to make arrangements for them to bring over some leaves?

Do you happen to know the people concerned, or could you give any guidance as to the correct channel through which to make such an application?

Yours sincerely,

L. B. Freeston Esq. O.B.E.  
Room 307,  
Colonial Development Advisory Committee,  
Colonial Office,  
Downing Street, S.W.1.

*Received 17 March 1932  
copy to Mr. Bull...*

C. O.

Mr. Freeston. *9/2 p.*

18016.

12

Mr.

Mr.

Mr. Tomlinson.

Downing St.

Sir C. Bottomley.

Sir J. Shackburgh.

March 1932.

Sir G. Grindle.

Parlt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Sir,

DRAFT.

THE SECRETARY,

TREASURY.

I am etc. to refer to  
the letter of <sup>the</sup> 4th March from the  
Secretary of the C.D.A.C.

(C.D.A.C./E/355) regarding an  
application from the Governor of  
Kenya for assistance from the  
Colonial Development Fund towards the  
cost of an experimental type of  
sisal decorticating machinery for <sup>trial</sup> use  
in that Colony.

*Hand 14*

3 dfts .

The Committee's  
recommendation meets with the  
Secretary of State's full support,  
and he will be glad to learn that  
the Lords Commissioners of the  
Treasury approve the issue from the

Colonial Development Fund to the  
Government of Kenya, for the purposes  
described, of £1,200, of which £500  
is a free grant and £700 a loan free  
of interest, repayable by the Kenya  
Government to the Exchequer at the  
conclusion of five years from the date  
of issue.

I am, etc.

H. T. ALLEN

C. O.

Mr. Freeston, *6/5p.*

Mr.

Mr.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shackburgh.

Sir G. Grindle.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

18016.

Downing St.

9 March 1932.

7-MAR  
1932

Gentlemen,

*And 20*

**DRAFT.**

HER MAJESTY'S GOVERNMENT

FOR THE COLONIES.

3 dfts.

I am etc. to state that  
approval is anticipated for the issue  
from the C.D. Fund to the Govt. of  
Kenya of £1,200, of which £500 is a  
free grant and £700 a loan free of  
interest, repayable to the Exchequer  
by the Kenya Govt. at the conclusion  
of five years from the date of issue.  
The money will be re-advanced on  
similar terms by the Colonial Govt.  
to the ~~Chester~~ Hydraulic Engineering  
Company Limited, Chester, to enable  
them to complete the construction and  
installation in Kenya of a new type  
of machinery for the decartification  
of sisal.

34  
11

In

In order to safeguard the position of the Colonial Govt., it is desired that before the money is paid over to the Chester Hydraulic Engineering Company, they should give such a formal undertaking to repay the loan to the Kenya Govt. before the expiration of the five year period as will indemnify that Govt. against the liability of finding the necessary funds from its own resources. The Company have informally expressed their readiness to sign such a document, and I am now to request that you will communicate with them with a view to its execution.

When the undertaking has been executed, a further communication will be sent to you in regard to the issue of the £1,200 from the C.D. Fund.

(Signed) H. T. ALLEN

35/10

Communications on this subject should be addressed to—

THE SECRETARY.

Telephone: VICTORIA 8840.



COLONIAL DEVELOPMENT ADVISORY COMMITTEE,  
COLONIAL OFFICE,  
DOWNING STREET,  
S.W.1.

C.D.A.C./F/ 355.

4 March 1932.

Sir,

I am directed by the Colonial Development Advisory Committee to request you to inform Secretary Sir Philip Cunliffe-Lister that, at their 45th Meeting on 2nd March, they had before them a Colonial Office memorandum covering an application from the Governor of Kenya for assistance from the Fund to facilitate the construction and installation of a new type of sisal decorticating machinery (C.D.A.C. 950).

2. The Committee have not failed to note the relation which this proposal bears to the general policy of encouraging research into the problems of the sisal industry in East Africa. If all the claims advanced on behalf of the new machinery prove to be justified, the position of the East African producer vis-à-vis his foreign competitor will be substantially improved.

THE UNDER-SECRETARY OF STATE,  
COLONIAL OFFICE.

improved. They recognise, however, that the project is not free from a speculative element, and on this ground they find the justification for assistance from the Colonial Development Fund to the Government of Kenya, which is assuming liability for the redemption of the loan, and to the manufacturing company, which has already expended large sums on preliminary work. They recommend a free grant of £100 and a loan of £700 for five years free of interest, to be applied by the Government of Kenya to the purposes stated in the application.

3. A similar letter is being sent to the Treasury.

I am,

Sir,

Your obedient servant,



Secretary to the Committee.



Draft Memorandum for Colonial Development  
Advisory Committee

Attention 17/2  
Per Allen 17/2  
S. J. Campbell 17/2

1 on file  
4  
57

1. The Committee will observe, from Sir Joseph Byrne's despatch of December 24th and the subsequent telegraphic correspondence, that this application is a request for a free grant of £500 and a loan of £700 for five years free of interest to be re-advanced by the Kenya Government on the same terms to the Chester Hydraulic Engineering Company for the manufacture and installation in Kenya of a new type of sisal decorticating machinery.

2. Sisal ranks third in importance among the exports of Kenya. In 1930, 138,000 acres were under this crop: fibre and tow were exported to the value of £437,000. The principal competitor of East Africa is Mexico. As the Committee are no doubt aware, under the Import Duties Bill it is proposed that ad valorem duty will henceforward be charged on foreign sisal. The present sterling price ranges about £15 to £20 per ton; the cost of production on a well managed estate has been placed at £17 to £18 per ton.

The Committee reference is invited to the memorandum by the Secretary of State's Agricultural Adviser on the East African sisal industry which was circulated with an application from Tanganyika Territory for assistance in connection with sisal research (C.P.A. 3507, pages 12 and 13). It was there explained that the problems requiring investigation fall under

~~Draft~~ Memorandum for Colonial Development  
Advisory Committee

Attention 17/12  
Per Allen 17/12  
S. J. Campbell 17/12

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1 on file  
u  
57

three headings, of which the two former <sup>are</sup> ~~was~~ appropriate to Tanganyika Territory, <sup>whereas it</sup> and the third (viz., difficulties connected with the extraction of fibre) ~~was of more interest to Kenya~~. The object of the present application is an experiment in mechanical improvement which, if successful, will facilitate the more efficient and economic extraction of fibre, and thereby benefit the industry in East Africa as a whole.

4. As a result of confidential enquiries, the Secretary of State is satisfied that the Chester Hydraulic Engineering Company are a firm of capable engineers held in favourable repute. It is understood that they have already spent about £12,000 in connection with experimental work on this type of machinery, and their request for Government assistance in completing an expensive and hitherto unremunerative experiment appears to the Secretary of State to be not unreasonable. The scale drawing of the machine (which has now been provisionally patented) will be available for inspection at the Committee's meeting. It has been ascertained that the terms of assistance now suggested are acceptable to the Company and that they will be prepared to give ~~the~~ indemnity to cover repayment of the loan which is referred to in the Governor's telegram of the 12th February.

The experimental work has been watched with interest by the Secretary of State's Agricultural Adviser both during his visit in 1930 to East Africa and since his return to England, and the present proposals meet with Mr. Stockdale's unqualified support.

The

whereas Kenya is much more interested in

The Committee are sufficiently familiar with the present financial and economic position of Kenya to recognise that it is out of the question to look for the provision of capital by that Government towards a scheme from which no direct monetary return to Government could be anticipated, nor is it likely that the sisal industry itself, in its present depressed condition, could contribute towards the cost of this experiment.

In view of the potential benefits which would accrue to an industry of great importance to East Africa if the machine proves successful in operation, the Secretary of State has no hesitation in recommending this application to the Committee's consideration.

C. O.  
13 Feb. 1932.

13

7 39

Telegram from the Governor of Kenya  
to the Secretary of State for the Colonies.

Dated 12th February 1932. Received 2.12 p.m 12th February.

No. 29

*1104*

Your telegram No. 19. In the present circumstances I could not agree to acceptance by this Colony for liability for the whole of the £1,200 as loan. I consider the matter however of importance as I am advised that a foreign firm is likely to be first in the field with machinery for this new process of fibre extraction unless British firm is given immediate encouragement and assistance. In view of this small amount involved and large benefits possibly to be gained both by East African Sisal Industry and British machinery manufacturers I would submit that application be for £500 free grant and balance as interest of free loan for five years as suggested in your telegram. This Government would guarantee repayment to the Imperial Treasury if covered by indemnity from the Company as to which Holm is telegraphing Stockdale.

Copy.

TELEGRAM from the Director of Agriculture, Kenya, to  
Mr. Stockdale, dated 12th February, 1932.

Reference my C.9/25/40 of 17th December Sisal  
Machinery. Secretary of State being asked apply  
Colonial Development Fund for grant on basis 2500  
free grant balance of 2700 loan free of interest  
for five years. This Colony prepared guarantee  
repayment of loan to Imperial Treasury provided  
Company will indemnify Kenya Government against  
liability in this respect. Grateful you use your  
good offices arrange this indemnity with Company  
and Crown Agents.



54



ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES,  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED.

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

O/Kenya 8

TELEGRAMS: "CROWN LONDON."  
TELEPHONE: 7730 VICTORIA.

RECEIVED  
11 FEB 1932  
COL. OFFICE

10th February, 1932.

CONFIDENTIAL.

Sir,

No 2

With reference to your letter 18016/32 of the 20th January informing us that the Secretary of State has received from the Governor of Kenya an application for assistance from the Colonial Development Fund to enable a new type of sisal decorticating machine to be built and tested by the Hydraulic Engineering Company, Ltd., I have the honour to state that we are advised that the firm are engineers specialising in hydraulic power plant, cranes, lifts, dock equipment and hydraulic presses for cotton baling and special purposes. The business was established in 1869 and incorporated as a limited company in 1874. The company is reported to be in a good way of business and held in favourable repute."

2. I enclose a copy of a report on this firm's works by a member of our Engineering Inspection staff. It would appear that the firm are capable engineers so far as hydraulic machinery is concerned and can therefore be relied upon to construct a machine which is mechanically sound, although they have hitherto had no experience in the design of sisal decorticating machines.

I have the honour to be,  
Sir,  
Your obedient Servant,

for CROWN AGENTS.

The Under Secretary of State,  
Colonial Office,  
S.W. 1.

HCR

CROWN AGENTS FOR THE COLONIES  
ENGINEERING INSPECTION DEPARTMENT.

REPORT ON WORKS AND CAPABILITIES

OF

MESSRS. THE HYDRAULIC ENGINEERING CO., LIMITED.

WORKS ADDRESS, CHESTER.

who have applied to be placed on list of contractors for the supply of all high pressure hydraulic machinery, sisal decorticating machines and sisal baling presses.

S U M M A R Y

Date established-1862. Number of operatives-Normally 400, at present 200. Date of visit - 4th February, 1932.

Plant comprises - The Works are well fitted up and are complete with modern machine tools etc. The area is about 4 acres which are practically all covered with modern brick built shops. The moulding shop is capable of turning out castings up to 20 tons in weight and 30 ft. long.

Facilities for testing. - All hydraulic tests. Material tests done outside.

Chief work in hand and for whom - £150,000 contract for coal hoists for the G.W. Rly. in South Wales. Pumps for L.M.S. & Woolwich Arsenal.

Whether recommended by Inspector to be placed on list - Yes.

If so, for what - All high pressure hydraulic machinery.

G E N E R A L R E P O R T.

The firm are now engaged on the patterns of their first sisal decorticating machine to be made by them in this country. Capt. Magnall, who is a director of the company, has recently returned from Kenya, and I understand from him that he improvised a machine whilst in the Colony and the one now being made in the works is to be a great improvement on anything previously done in this line. They hope to have the machine made by about the

end/

end of March and I then propose to go over again and will make a further report to you.

The firm are very short of orders at present, but the work I saw going through the shops was good and quite up to our standard.

(Sgd.) JOHN GAUNT:

5.2.32.

C. O.

4 44

18015

Mr. Freeston 2/11

Mr. Allen 2/11

Mr. Clapham

Mr. Parkinson

Mr. Tomkinson

Sir C. Bottomley 26.1.32

Sir J. Shuckburgh

Perms. U.S. of S.

Parly. U.S. of S.

Secretary of State.

*Good for  
of 26.1.32*

January 1932

27 JAN  
D.M.

*Annul for  
No. 19*

Your desp. 24th December

**DRAFT.** *Cas:*

*1. minutes*

TELEGRAM

GOVERNOR

NAIROBI

*As at present  
I am prepared to  
ask for the grant  
of £2000 balance as  
indicated for term for  
five years. But I  
may have to suggest as  
above.*

*Consent*

*Re 19*

No. 724. I propose to suggest to  
Company that financial assistance  
from Colonial Development Fund  
should be sought in the form of a  
loan of £1,200 repayable in five  
years, free of interest for the  
first two years. It ~~will~~ <sup>would</sup> be a  
necessary condition of any such  
assistance

assistance that your Govt. accepts

*When due of for*

liability for interest ~~and~~ repayment

to Imperial Treasury. ~~I shall be glad~~

*Telegraph*

~~to learn by telegram~~ whether you concur.

Captain Magnall called this morning, having previously seen Mr. Stockdale. I explained to him that the Secretary of State would probably find it necessary to refer to the Kenya Government before deciding on the form in which the application should go forward; but that in any event it appeared improbable that a free grant of the desired capital could be made to his firm, in view of the definite benefit which would accrue to them if the machine proved to be a success. He was much disappointed, but is, I think, prepared to accept assistance on the suggested basis of a loan for five years, free of interest for the first two. We agreed, however, that a definite decision would not be called for until the views of the Kenya Govt. were known, and I promised to get into touch with him again as soon as a reply came from the Colony. His attitude of expectancy is based on the fact that his firm has already sunk £12,000 in its efforts to perfect the machine, and he thinks it only fair that the last 10 per cent. of outlay should be incurred by a Government which stands to benefit from its success. I felt it necessary to explain that the Treasury over here would not be impressed by such an argument.

*R. H. M.*  
10/11.

2, Richmond Terrace,

London, S.W.1.

22nd January, 1932.

Dear Mangnall,

This is a short note to let you know that the application from Kenya for assistance in connexion with sisal machinery experiments has now been received officially.

There are a few points which will be cleared up by cable with Kenya, and the proposal will then be prepared for consideration by the Colonial Development Fund Advisory Committee at its March meeting.

Mr. Freeston, who is the Secretary of this Committee, would like to get into touch with you in regard to a few details and would be glad if you could arrange to call on him (Room 307, Colonial Office) if you are in London during the first half of February.

I am off to the West Indies on January 30th and, therefore, I would suggest that you address your reply to this letter direct to:-

Mr. L. B. Freeston, C.B.E.,  
Colonial Office,  
Downing Street,  
London, S.W.1.

Yours sincerely,  
F. A. STOCKDALE.

Captain A. H. Mangnall.

(Signed) F. A. STOCKDALE.



C. O.

Bob  
Keays

G. D.  
R 19 JAN  
D 20

Mr. Keays 19/1/32

Mr.

Mr.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Sir G. Girdle.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

SZ

Confidential

20 JAN 1932

DRAFT.

CA

Gentlemen

I am to state that he has received from the Govt. of Keays an application for assistance from the C.D. Fund to enable a new type of sisal decorticating machine to be built and tested by the Hydraulic Engineering Co. Ltd., Chester, of which Capt. A.D. Magwell is a Director.

Handwritten scribble

Revised 21/1/32

Consideration of Sir J. Byrnes' proposal would be facilitated by a further knowledge of ~~any particular~~ which you may be able to obtain

regarding the status and reputation  
of the Hydraulic Engineering Co. Ltd.  
I am to request that you will  
furnish the S. P. with such  
particulars as you may be in a  
position to obtain

Signed: H. T. ALLEN



KENYA.

No. 724

GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

RECEIVED  
18 JAN 1932  
COL. OFFICE

24

December, 1931.

Sir,

With reference to my despatch No. 677 of the 26th November, I have the honour to submit a further application for assistance from the Colonial Development Fund.

17405/31.  
In consultation  
Relates to all  
of Kenya  
(C.D.F. Scheme)

2. The object of this application is fully set out in the formal application, of which twelve copies are attached. I would invite attention to the fact that your Agricultural Adviser appears to have kept in sympathetic touch with the project, and is reported to have been favourably impressed with the potentialities of the experimental machinery which he saw at work during his visit to East Africa,

-----

fund

The Unwood 209 15 March 1932

3. From the evidence referred to on page 2 of the application our advisers appear to consider that the experiment shows good prospect of a successful issue. It is the case, however, that for the reasons given the promoters are unwilling to accept liability for any further outlay in bringing the scheme to fruition, and that during the existing financial stringency no help can be expected either from this Colony or the industry itself.

4. I have no alternative in the circumstances to forwarding the application for consideration on its merits. The sum asked for is a small one and hardly appears to justify placing the proposal in the

category ---

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

KENYA.

No. 724



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

RE  
18 JAN 1932  
COL OFFICE

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DOWNING STREET,  
LONDON, S.W.1.

17408/31.  
In circulation.  
Relates to all  
Kenya  
(C.D.F. Scheme)

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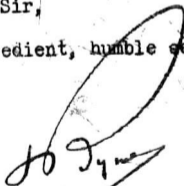
Handwritten note: *Handwritten*  
The Unword 209 15 March 1932

category of speculative enterprises, the submission of which is discouraged specifically in the conditions governing the disposal of the Colonial Development Fund.

I have the honour to be,

Sir,

Your most obedient, humble servant,



BRIGADIER GENERAL.  
GOVERNOR.

COLONIAL DEVELOPEMENT FUND.

Sisal Machinery - Replies to Questionnaire.

- (1) Description of Scheme, stating its objects and advantages, together with any plan or specification that may be available.

Manufacture in England by the Hydraulic Engineering Co. Ltd., Chester, and transport to Kenya of new experimental machinery for extraction and cleaning of fibre from the sisal plant. The manufacturers' representative, Captain Magnall, spent six months in Kenya in 1930-31 in carrying out engineering investigational work on a large sisal estate. During that time five different experimental machines were constructed from various parts and scrap material on the estate, as a result of which definite conclusions were reached which are being embodied in the new machinery. Previous to his visit an experiment had been conducted over three years by prominent sisal grower in Kenya, followed by another grower, for the extraction of the fibre without the use of water, and though the experiment has so far failed in this particular object, the results in actual extraction with the new process were so far superior to the old process in total recovery and cost that this led directly to Captain Magnall's visit and to the machinery in respect to which the present application is made. The advantages claimed for the new machine as compared with the old are as follows:-

Waste of fibre:	Under 5%, as against over 20%.
Water required:	One-quarter to one-third of amount at present used.
Power required for same output of fibre:	One-half of that used in present decortications.

Capital outlay for same output:	This should equal 1st grade white fibre and should be of superior finish if the new automatic mechanical brusher is used to substitute the old brushing.
---------------------------------	--

Maintenance:	In the new machinery the treatment of the leaf and fibre will be comparatively gentle, whereas the existing operation is extremely harsh. Wear and tear on the plant will in consequence be greatly reduced.
--------------	--

*Plus 1000/-  
submitted at  
15/1/32*

From the knowledge of the progress of the experimental work in the Colony possessed by the Department of Agriculture and Mr. F.A. Stockdale, Agricultural Adviser to the Colonial Office, as well as from the conversations which the latter and the Director of Agriculture have recently had with Captain Magnall in England, it is possible to say that there are substantial grounds for believing that the new machinery will prove to be a commercial success. Even in the event of failure, the knowledge of the subject will be very much advanced and this new machine will provide a still further step towards the perfected machine which is regarded as inevitable.

Both Mr. Stockdale and the Director of Agriculture have confidence in the ability of Captain Magnall's firm to pursue this matter to a successful issue.

(2) Estimated Total Cost.

The estimated total cost is £1,200, divided as follows:-

(a) Cost of decorticating, washing and brushing machinery delivered to English port .. .. .	£1,000
(b) Freight Kilindini .. .. .	100
(c) Transport and handling charges, Kilindini to sisal estate .. .. .	100

It will be observed in paragraph 5 of the enclosure to this schedule that no request is made for (c) above. It is considered essential that provision be made for handling charges at Port and for transport to sisal estate, and the estimated cost thereof is included in the application. In regard to paragraph 6 of the enclosure, both the Director of Agriculture and the Committee of the Kenya Sisal Association are firmly of the opinion that the visit of the manufacturers' representative is necessary.

(3) Earliest estimated date of commencement.

Within a few months.

(4) Approximate estimated date of completion.

Within a few months.

(5) Approximate estimate of allocation of cost etc.

(a) Local expenditure: transport .. .. .	£100
(b) Expenditure in Great Britain .. .. .	£1000
(c) Expenditure on shipping freight etc. to Kilindini .. .. .	£100



- (6) What circumstances have prevented the work from being put in hand before?

Does not apply, as this is a new machine.

- (7) Proposed method of financing capital expenditure contemplated.

It is recommended that the financial assistance be given as a loan if the machine proves to be commercially successful, and a grant should it prove a failure.

It is suggested that the actual terms of repayment of the loan should be discussed by the applicants with the Colonial Development Advisory Committee and the Agricultural Adviser to the Colonial Office. It is believed that the best test of commercial success will be the sale of a certain number of the machines.

- (8) The advantages to be derived, and the additional yearly net revenue estimated to be earned, as a result of the proposed expenditure.

The advantages to be derived are, in the event of the success anticipated, the manufacture in Great Britain of a machine which is likely to be largely adopted for the extraction and cleaning of fibre from sisal. Foreign-made sisal decorticating machinery would thereby be displaced. It is not known to what extent the different parts of the process are patentable, but in any event the advantage of the British manufacturer and British producer being first in the field should be substantial. Further, the introduction of improved sisal machinery should reduce greatly the costs of production and assist the re-establishing of the industry on a profitable basis.

- (9) Have detailed estimates, based where necessary on technical advice, been prepared?

Yes, based upon manufacturers' designs and costings.

- (10) In what form is assistance under the Act desired?

The proposal involves the grant of assistance by the Colony to a private company and the security is the general security of the well-established engineering firm for whom the assistance is requested.

- (11) In cases in which the scheme involves the grant of assistance by the Colony to private individuals or companies, what is the security for advances?

See (10).

(12) When funds required etc.

The full amount will be required immediately the decision is made to grant the assistance.

---

The application has been carefully examined by the Director of Agriculture in collaboration with the Committee of the East African Sisal Growers' Association (Kenya) and both have signified their full support of the application because of the promise in the new machinery of a substantial reduction in the cost of production of sisal fibre. This factor is now of paramount importance in order to keep alive a large industry which is of considerable value particularly to Kenya Colony and Tanganyika Territory.

It is further recommended that the grant or loan should be made conditional upon the Hydraulic Engineering Co. agreeing to a properly supervised commercial test being carried out on the estate by three independent qualified persons nominated by the Director of Agriculture in consultation with the Sisal Growers' Association; also that demonstrations be held to which all sisal growers, including those in neighbouring territories, should be invited.

---

A copy of the letter from the manufacturers (The Hydraulic Engineering Co. Ltd., Chester), making formal application for assistance, is attached to this schedule.

CHESTER. 22nd October, 1931.

Private & Confidential.

Alex. Holm Esq.,  
 Director of Agriculture,  
Nairobi, KENYA.

Dear Sir,

IMPROVED MACHINERY FOR SISAL EXTRACTION.

In accordance with instructions from Mr. Stockdale of the Colonial Office during discussions between us, both in Kenya and this country, we beg to outline the position with regard to the question of Government assistance in connection with sending out the new process machinery to Mr. McCrae's estate at Longonot.

I.

SHORT HISTORY OF THE WORK DONE BY THIS FIRM.

In 1926 Mr. Rutherford entered into an arrangement with us to build a machine which was to decorticate sisal by means of high speed rolling. The machine was to be fitted on to a Mann steam wagon chassis so as to be portable. It weighed 12 tons. It was expected that a few months experiments would produce the desired commodity. At Mr. Rutherford's request we paid for Mr. Mann to go out to Kenya to put through the experiments and to advise with regard to the commercial machine. At that time we knew nothing about sisal, but most engineering firms at home were anxious to develop new lines of business in the Colonies. The experimental time was extended and we paid more money to keep this going. Time went on and other machines were made. We sent a representative to Kenya on two occasions at considerable expense to try to help in working out Mr. Rutherford's process. Although we were paid for most of the machinery which went to Kenya, it was always sold below cost and commissions were paid to Mr. Rutherford and Mr. Mann. We also made some machines and a considerable amount of experimental apparatus at our own expense. This cost together with sending out Mr. Mann, his experiments, and the visits of our own representative was very heavy. Mr. McCrae of Longonot, who was anxious to develop sisal production, ordered a set of the Rutherford machinery in 1930. This would only produce brown harsh fibre which was found to rot and was unsuitable for the market.

The writer visited Kenya and spent from December 1930 until May 1931 (at further heavy expense to us) in carrying out research work with Mr. McCrae at Longonot. During that time five different experimental machines were constructed from various machine parts and scrap material about the estate. These experiments were very enlightening and definite conclusions were reached with regard to the correct procedure to be followed. Small amounts of fibre produced in this crude machinery were found to possess all the requirements of first grade white fibre and to some extent the quality was even superior.

II.

REASONS FOR DEPARTURE FROM RUTHERFORD MACHINERY.

The writer found it necessary to advise this company that the Rutherford principle was impracticable, because after five years

it was unable to give the planter what he requires - i.e. a cheaper production of No.1 white fibre. We had spent a great deal of time and money which we could ill afford, but it became clear to us that the only possible way to success lay in the application of principles directly opposed to those of Mr. Rutherford.

III. OUR EXPECTATIONS FROM THE MACHINERY WE HAVE DESIGNED BASED ON THE RESEARCH CARRIED OUT BY THE WRITER AND MR. JAMES MCCRAE AT LONGONOT EARLY THIS YEAR.

The following are not claims in the ordinary way because the new plant has not yet been built, but they are the conditions we foresee judging on the experimental information gained at Longonot.

Waste of fibre: Under 5%.

Water required: One-quarter to one-third of amount at present used.

Power required for same output of fibre: About half.

Capital outlay for same output: We think that taking everything into account this will also be about half.

Quality of fibre produced: This should equal 1st. grade white fibre and should be of superior finish if the new automatic mechanical brusher is used to substitute hand brushing.

Maintenance: In the new machinery the treatment of the leaf and fibre will be comparatively gentle, whereas the existing operation is extremely harsh. Wear and tear of the plant will in consequence be greatly reduced.

You will appreciate that the new machinery will have no similarity to the crude experimental apparatus at the Longonot experiments. The lessons learnt will be incorporated in a sound and orthodox construction.

IV. OUR REASONS FOR APPLICATION FOR ASSISTANCE FROM THE COLONIAL DEVELOPMENT FUND.

We have spent several thousand pounds during the past five years on attempting development in this industry. In view of the many difficulties which face the manufacturer at home, we are justified in spending more until times improve, however attractive may be the present proposition.

V. (a) Estimated cost of machinery delivered to English Port.

Decorticating, cleaning and washing machinery, the equivalent of one existing type decorticator, bare cost will be about £700. If an automatic mechanical brusher was sent out the cost would be a further £300.

(b) Freight to Kilindini, about £100.

(c) Cost of visit of our representative if considered necessary and desirable in connection with erection and experimental operation. This is dealt with in the next paragraph.

VI. NATURE OF ASSISTANCE WE SHOULD LIKE TO OBTAIN.

We should prefer to act without assistance, but for the reasons given in par.4 it would be difficult to do so. Our drawings alone on the new design since the writer's return from Kenya have cost us already about £300. This figure is not included in the cost stated in the previous paragraph. Each time we have sent a representative to Kenya the out-of-pocket expenses have been between £400 and £500 excluding salary, which can be placed at about the same amount again. We do not want to ask for more assistance than is absolutely necessary. Would the following arrangement be a workable one?

The Colonial Development Fund to pay the cost of (a) and (b) in par.5 i.e. £800, or if the mechanical brusher were included, £1,100. On our side we would send out our representative, which would cost us including salary roughly the same amount. If our representative did not go out then we would share with the Colonial Development Fund the cost of items (a) and (b) referred to. We are very keen to avoid letting this development suffer because of the intense depression in trade, and we are also very confident in the success of the new process, otherwise we should have discontinued our association with the industry earlier this year when we had to abandon the Rutherford principles.

We have asked for assistance which will amount to something less than half the actual cost we shall be put to in the preparation of this particular set of machinery and the trials, and if after full consideration of the whole question and our past efforts and expenditure, the Government can give us more assistance, we can only say that it will be very greatly appreciated at the present time.

Yours faithfully,

THE HYDRAULIC ENGINEERING COMPANY LIMITED.

(signed) A.D.MAGNALL

DIRECTOR.