

1935

38176

KENYA

CO533/460

1935

38176

Reconstruction & development of Telegraphs & Telephone Systems.

Application for assistance from C. A. F.

Previous

309

R291

Subsequent

1936

Room 309	1936
Mr Freeston	19
Sir C. ...	19
R. 297	20/6
Mr ...	21/6
Sir Campbell	21/6
The USS with	1/9
Room 297	2/11
- 309	15/11
- 80	18/11
Room 297	27/11
- 309	2/12
R 297	1/12

C.I.
C.D.F.

1. A/Gov's. Deputy Billing 348 16th July, 1935.

Dup. to A/cs.
Dept.

Submits application for assistance from C.D.F. to the amount of £22,030 for the reconstruction of telegraph routes along sections of the Railway and the extension of trunk telephone facilities. 2

This scheme falls into two parts.

Part I. :- The substitution of iron poles for the decaying wooden telegraph posts along 266 miles of the Railway at a cost to the Railway Administration of £13,700, and £8,100 to the Colony. The Railway Administration can pay for their share of the expenditure but application is made for a free grant of £8,100 to meet the Colony's share.

Part II. :- The extension of trunk telephone facilities in the Colony, particularly in the mining areas of the North and South Kavirondo, at a cost to the Railway Administration of £3,570, and £13,930 to the Colony. The Acting Governor applied for a loan from the C.D.F. of £13,930 to meet the Colony's share of the expenditure. The loan to be free of interest and repayment for the first five years, thereafter to bear interest at 3% and to be repaid by annuities covering principal and interest within twenty years from the date of the advance (similar terms were recommended by the C.D.A.C. in the case of the loan for road construction in the mining areas).

Of the Colony's total share £12,000 will be required in 1935/36 and £10,030 in 1936/37.

Memorandum may be prepared for the C.D.A.C.

C.A. Fitzgerald
16/8/35

Mr. Fitzgerald has opened his mouth very wide. Of the £22,030 asked for, £8,100 is sought as a free grant on the ground that the expenditure will not be directly remunerative. The balance of £13,930 will, on the Postmaster General's own showing, earn £1,300

£1,300 per annum net during the first five years (= 9.3%) and presumably more thereafter; yet it is suggested that the British taxpayer should lend the money free of interest for those five years, and for fifteen years thereafter at 3½%.

Assuming the net earnings to remain constant, they are not likely to decrease, by 1936 the Post Office will receive £2,000,000 and pay in interest only £711,000. This is not likely to satisfy either the U.S. Gov. or the Treasury. If we write as in the accompanying draft by tomorrow's air mail there will be time for the Gov. to put in any counter representations before the papers go to the U.S. Gov. (September 11th is the closing date).

W. A. Hunter

As we have been discussing for some time the possibility of a loan to the U.S. Gov. for the purpose of the purchase of the U.S. Gov. for the purpose of the purchase of the U.S. Gov.

W. A. Hunter
19. 8. 35

W. A. Hunter

By the way
27/8/35

To Messrs. G. 37 (Lawson) 20. 8. 1935

The Flood

We told V.A. in No 2 that we wd. leave it to C.A. to suggest their own terms for the loan. On reflection I think we had better put up a suggestion to the C.A. as a basis for bargaining.

Repayment of £15000 by equal annuities at 3½%
cost annually

10 years	£1668
15	£1559
15	£1496

Period of construction is given as 15 months, net revenue as £1200 p annum on an average over the next 5 years.

We might suggest a loan free of interest for 2 years, repayable by equal annuities during the 3rd - 17th years.

③

W. A. Hunter

W. A. Hunter
6/9

I agree

over of 10 days

11. 8. 35

29

4. C.O.A.C. 1854

Tel to Gov Kenya No 262 - 26th September, 1935

DESTROYED UNDER STATUTE

6 C.D.A.C. 1889 - 8.11.35

Comments regarding the application in (4) and
indicate conditions in which they recommend
them as follows - (a) up to £4050 in respect
of telegraph poles & (b) £13,930 in respect of
return of trunk telegraph lines.

Jh.

[Handwritten signature]
26/11/35

Tel to Gov. Kenya No. 321 ^{26/11/35} _{12/11/35}

R 309

No reply yet to (2)

R 297

well?

J.L.P.

wait another fortnight

Noted Jh

Jh.

3/2

R. 309

No reply yet to (7) - ? wait further

[Handwritten signature]

17.12.35

Noted G.O. up to 1 month

C.T. Garrison

18/11/35

4

C. O.

38.76/35

7 5

Mr. Austin 12/11 atoms

Kenya

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

R297

~~Ken~~

boded + sent
9 0 form
12/11/35
W.L.F.

DRAFT. Tel.

for Nairobi

g)

No. 321 My tel 26 Sept.

262. C.D.A.C. command

Part one loan of half
cost to Govt's share of
cost not exceeding £4050
Part two loan of £13930.
In each case loan to
be free of interest for
two years bearing interest
at 2 1/2 % thereafter
repayable by equal
annuities from third to
twelfth year. Please
inform me whether you
are prepared to accept

FURTHER ACTION.

assistance on these terms. You will
recognize that receipt of half
cost under Part one entails
obligation on your part to provide
other half concurrently from its
own resources.

SECR

Communications on this subject
should be addressed to—

THE SECRETARY.

Telephone: WHITEHALL 9191.

COLONIAL DEVELOPMENT ADVISORY COMMITTEE,

COLONIAL OFFICE,

DOWNING STREET,

S.W.1.

8th November, 1935.

¹⁸⁸⁹
C.D.A.C. 1889.



Sir,

I am directed by the Colonial Development Advisory Committee to request you to inform Mr. Secretary MacDonald that, at their 83rd meeting on the 30th October, they had before them an application from the Government of Kenya for assistance from the Fund for the improvement and extension of the telegraph and trunk telephone system of the Colony. (C.D.A.C. 1854)

2. Assistance is required in connection with:-

- (a) The substitution of iron for existing wooden telegraph poles along certain sections of the railway system at a total estimated cost of £21,800, of which the Government share is £8,100.
- (b) The extension of telephone facilities, particularly in the mining areas in the Colony at a total estimated cost of £17,500 of which the Government share is £13,930.

THE UNDER SECRETARY OF STATE,
COLONIAL OFFICE.

The

C.D.A.C. Kenya (8th Nov 1935 file)

(4)

16
6

3. As regards the extension of the trunk telephone lines, the Committee recommend a loan of £13,930, each instalment to be free of interest for two years, thereafter to bear interest at 3½ per cent and to be repaid by equated annuities over a period from the third to the twelfth years from the date of advance.

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

I am, Sir,
Your obedient servant,

L. Smith

Secretary to the Committee.

The telegraph routes on which the proposed reconstruction is to be made are owned jointly by the Railway Administration and the Post Office and the costs of the reconstruction are to be shared proportionately. The Railway Administration has funds available with which to pay its share (£13,700), and it is in respect of the Post Office share (£8,100) that assistance is sought from the Colonial Development Fund.

While the Committee regard the substitution of iron for wooden poles, which have nearly reached the end of their effective life as partly a work of replacement, they are prepared to recognise that there is a considerable element of betterment in the expenditure. In view of this and of the fact that there will be some saving in maintenance costs by the use of iron telegraph poles, the Committee see no justification for a free grant of the whole amount required. They recommend a loan up to £4,050 representing one half of the Government share of the estimated cost, each instalment of the loan to be free of interest for two years, thereafter to bear interest at 3½ per cent and to be repaid by equated annuities over a period from the third to the twelfth years from the date of advance.

unavailable

C.D.A.C.1854.

(4)

8

Case 6

COLONIAL DEVELOPMENT ADVISORY COMMITTEE.

Kenya: Telegraph and Trunk Telephone System.

copy to Kenya (8 on 1936 file)

I circulate, for consideration, an application from the Government of Kenya for assistance from the Fund for the improvement and extension of the telegraph and trunk telephone system of the Colony.

A Colonial Office memorandum is attached and the usual financial summary is prefixed.

L.S. SMITH

Secretary to the Committee.

COLONIAL OFFICE,

10th September, 1935.

FINANCIAL SUMMARY

- 1. Dependency: Kenya.
- 2. Description of Scheme: Improvement and extension of telegraph and trunk telephone system of the Colony.
- 3. Date of commencement: Three months after approval.
- 4. Period of Scheme: 15 months.
- 5. Total Cost: £39,300
- 6. Allocation of cost: Local: £16,400
U.K. £22,900.
- 7. Assistance desired: Loan of £13,930
Free grant of £8,100.
- 8. Suggested terms of loan Free of interest for two years, repayable by equated annuities during the third to the twelfth years from date of advance.
- 9. Probable yearly amounts Required:

1935/36	£12,000
1936/37	£10,030.

10

COLONIAL OFFICE MEMORANDUM

In the annexed despatch the Government of Kenya asks for assistance in improving and extending the telegraph and trunk telephone system of the Colony, with the particular object of increasing telephonic facilities in the rapidly developing gold-mining areas in Kavifondo.

2. It will be seen that the scheme falls into two parts:-

1. Substitution of iron for wood telegraph poles.
The cost to the Colony will be £8,100; as there will be no increase in revenue this amount is asked for as a free grant.
2. Extension of ^{trunk} telephone lines, at a cost of £13,930, with a resultant net increase to revenue averaging £1,500 per annum during the first five years.

3. The Secretary of State has no doubt that the schemes put forward have a real developmental value, and are suitable objects of assistance from the Fund. He is unable, however, to find justification for the very generous financial terms suggested by the Kenya Government for the revenue-producing part of the proposals; and he would suggest for the Committee's consideration, that the loan of £13,930 should be free of interest for two years only, and should be repaid by equated annuities (calling for £1,661, approximately, per annum) during the 3rd - 10th years from the date of the loan.

COLONIAL OFFICE,

10th September, 1935.

KENYA.

No. 348.

GOVERNMENT HOUSE,
NAIROBI,
KENYA.

16th July, 1935.

Sir,

I have the honour to transmit the accompanying application for assistance from the Colonial Development Fund to the amount of £22,030 for the purpose of the reconstruction of telegraph routes along certain sections of the Railway and of the extension of trunk telephone facilities to the mining areas in the Colony and the coffee and farming areas of Nyeri and Nanyuki.

2. As you are aware the development of the mining industry is regarded as of the greatest importance to the welfare of this Colony and the provision of adequate communications in the mining areas is considered to be a necessary step towards full and economical development of mining potentialities. Constant and responsible representations are being received by the Postmaster General as to the need for improving communications in these areas. The Acting Governor agrees with the Postmaster General that hitherto it has been desirable to wait until the probable lines of development and the degree of development of the industry had become clearer before embarking upon any large schemes to provide telegraphic and telephonic facilities. The lines of development are now sufficiently clear to warrant the scheme proposed, which should meet the needs of the industry for some years, being proceeded with.

3.

THE RIGHT HONOURABLE
MALCOLM MACDONALD, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.1.

3. In his memorandum accompanying the application, the Postmaster General explains the need for the reconstruction of certain telegraph routes along the Railway system. The costs of reconstruction are shared proportionately by Government and the Kenya and Uganda Railways and Harbours Administration, and Mr. Wade is satisfied that the work is necessary and that the Kenya and Uganda Railways and Harbours Administration has funds available with which to pay its share.

4. In the opinion of the Postmaster General the present is an opportune time to undertake the works in respect of which the application is now made, in that the price of material, particularly of copper wire, is very low. If the works are carried out the Colony will have a route system so permanent in character that expenditure upon it, beyond normal maintenance costs, will not be required for many years and a telephone trunk lay-out which will make ample provision for the future. The scheme is of a character which clearly can be best and most economically dealt with as a whole, but, in view of the Colony's present financial position, it cannot be undertaken in that manner unless assistance is forthcoming from the Fund.

5. The Standing Finance Committee has been consulted and the Acting Governor has sought the advice of his Executive Council in the matter. Both recommend that the application should be transmitted to you for consideration.

I trust that the application will receive your support and will be laid before the Colonial Development Advisory Committee for consideration.

I have, etc.,

(sd) H.G. PILLING.

ACTING GOVERNOR'S DEPUTY.

Draft
Presented 6/9
Mr. Hood 9.9.
Sir Campbell

1. The annexed duplicate the Report of Messrs who for assistance in improving & extending the trunk telephone system of the Colony, with the particular object of increasing telephonic facilities in the rapidly developing gold-mining areas in Kaimosi.

2. It will be seen that the scheme falls into two parts:

A. Substitution of wire for wooden telegraph poles. The cost to the Colony will be £8,100; as there will be no increase in revenue, this amount is asked for as a free grant

B. Extension of trunk telephone lines, at a cost of £13,930; with a resultant net increase to revenue averaging £1300 per annum during the first five years.

3. The S. of S. has no doubt that the schemes put forward have a real developmental value, and are suitable objects of assistance from the Govt. He is unable, however, to find justification for the very generous financial terms suggested by the Muz. Dept. for the revenue-producing part of the proposals; and he would suggest, for the C'ty's consideration, that the loan of £13920 should be free of interest for two years only, and should be repaid by equal instalments (either for £166, approximately, per annum) during the 21-12th years from the date of the loan.

C.O.
Sept. 58

2
14

C. O.

Mr. Freeston. 10

Mr.

To go by tomorrow's air mail (20th August).

Mr.

Sir C. Parkinson.

Downing Street,

Sir G. Tomlinson.

20 August, 1935.

✓ Sir C. Bottomley. 19f

Sir J. Shuckburgh.

Sir,

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

C. D.
R 19 AUG
D 19

I have etc. to acknowledge

the receipt of your despatch No. 348 of

DRAFT. *comin*

the 15th of July enclosing an

application for assistance from the

KENYA.

Colonial Development Fund in

NO. 637

re-constructing and extending the

O.A.G.

telegraph and telephone facilities of

the Colony.

2. Your proposals will be laid

before the C.D.A.C. at their next

meeting which will be held on

September 25th. As at present

advised, however, I shall find

difficulty in supporting that section

of the application relating to the

financial terms on which the assistance

is sought. It is anticipated in the

enclosures to your despatch that the

FURTHER ACTION.

net revenue under Part II of the scheme

which the Colony will derive from the

expenditure of £13,930 will average £1,300

per annum during the first five years. This

represents a return on the capital of about

9.3% and the percentage will no doubt tend

to increase with the growth of traffic in

subsequent years. The rate of interest on

the loan to be paid by the Govt. of Kenya to

the Imperial Exchequer is placed at nil for

the first five years and at 3½% for 15 years

thereafter. I cannot suppose that so wide

a disparity between the net profits to the

Colonial Govt. and the return to the Imperial

Exchequer will caused itself either to the

G.D.A.C. or to the Treasury.

3. I propose, therefore, that the

Committee should be invited to formulate its

own suggestions for the terms on which the

desired capital assistance, if approved, should

be granted. The Committee's suggestions will

then be communicated to you by telegraph and

you

C. O.

Mr.

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Perly. U.S. of S.

Secretary of State.

15
you will no doubt inform me whether they

are acceptable to the Govt. of Kenya.

I have, etc.

(Sgd.) MALCOLM MacDONALD

DRAFT.

FURTHER ACTION.

KENYA.

No. 348



16
GOVERNMENT HOUSE,
NAIROBI,
KENYA

16
RECEIVED

12 JUL 1935

C. O. REGY.

JULY, 1935.

Sir,

I have the honour to transmit the accompanying application for assistance from the Colonial Development Fund to the amount of £22,030 for the purpose of the re-construction of telegraph routes along certain sections of the Railway and of the extension of trunk telephone facilities to the mining areas in the Colony and the coffee and farming areas of Nyeri and Nanyuki.

2. As you are aware the development of the mining industry is regarded as of the greatest importance to the welfare of this Colony and the provision of adequate communications in the mining areas is considered to be a necessary step towards full and economical development of mining potentialities. Constant and responsible representations are being received by the Postmaster General as to the need for improving communications in these areas. The Acting Governor agrees with the Postmaster General that hitherto it has been desirable to wait until the probable lines of development and the degree of development of the industry had become clearer before embarking upon any large schemes to provide telegraphic and telephonic facilities. The lines of development are now sufficiently clear to warrant the scheme proposed, which should meet the needs of the industry for some years, being proceeded with.

12 copies.

Answered (2)

/3.

THE RIGHT HONOURABLE
MALCOLM MACDONALD, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.1.

3. In his memorandum accompanying the application the Postmaster General explains the need for the reconstruction of certain telegraph routes along the Railway system. The costs of reconstruction are shared proportionately by Government and the Kenya and Uganda Railways and Harbours Administration and Mr. Wade is satisfied that the work is necessary and that the Kenya and Uganda Railways and Harbours Administration has funds available with which to pay its share.


4. In the opinion of the Postmaster General the present is an opportune time to undertake the works in respect of which the application is now made, in that the price of material, particularly of copper wire, is very low. If the works are carried out the Colony will have a route system so permanent in character that expenditure upon it, beyond normal maintenance costs, will not be required for many years and a telephone trunk lay-out which will make ample provision for the future. The scheme is of a character which clearly can be best and most economically dealt with as a whole, but, in view of the Colony's present financial position, it cannot be undertaken in that manner unless assistance is forthcoming from the Fund.

5. The Standing Finance Committee has been consulted and the Acting Governor has sought the advice of his Executive Council in the matter. Both recommend that the application should be transmitted to you for consideration.

I trust that the application will receive your support and will be laid before the Colonial Development Advisory Committee for consideration.

I have the honour to be,
Sir,

Your most obedient, humble servant,


ACTING GOVERNOR'S DEPUTY.

APPLICATION FOR ASSISTANCE FROM COLONIAL
DEVELOPMENT FUND.

18

QUESTIONNAIRE IN FORM RETURNED IN SECTION
A OF ENCLOSURE TO SECRETARY OF STATE'S
CIRCULAR DESPATCH OF THE 13TH MARCH, 1934

- (1) Colony. Kenya.
- (2) Description of Scheme. Scheme falls into two parts:
- Part I. Replacing by iron poles existing wooden telegraph poles along certain sections of the Railway system.
- Part II. Extension of telephone facilities in the Colony, particularly in the mining areas of the North and South Kavirondo.
- (Memorandum attached).
- (3) Date of commencement. Three months from receipt of Secretary of State's approval.
- (4) Approximate period of Scheme. 15 months.
- (5) Total cost.
- | | |
|--|---------|
| (a) Government expenditure (Post Office Department). | £22,030 |
| Railway Administration expenditure. | £17,270 |
| Total. | £39,300 |
- Note:- Assistance is required only in the case of Government's share of the total expenditure. This expenditure would be incurred as follows:
- | | |
|-----------------|----------|
| Year 1935/36 .. | £12,000 |
| Year 1936/37 .. | £10,030 |
| Total. | £22,030. |
- (Memorandum attached).
- (b) Estimates have been based on technical advice.
- (6) Allocation of cost.
- On Total expenditure:
- | | |
|---|---------|
| (a) Local | 16,400 |
| (b) United Kingdom (including sea freight, insurance, etc.) | £22,900 |
| Total. | £39,300 |

(7) Cause of delay in placing work in hand.

Mainly financial stringency. In some instances, time not ripe in an economic sense.

(8) Terms of Loan.

See under (10).

(9) Advantage of Scheme and Estimated Revenue.

Reconstruction of decaying wooden pole routes on a permanent basis and necessary extension of telephonic facilities in areas in which development is taking place.

Net Revenue: £1300 per annum. (Average over 5 years).

Note:- Net Revenue = Gross receipts less maintenance and operating charges. Interest and depreciation not allowed for.

(10) Form of assistance.

(i) Not applicable.

(ii) (a) Direct loan for 20 years from the Fund in respect of £15,930 expenditure on telephone extension services, free of interest and repayment for first 5 years, thereafter to bear interest at 3% and to be repaid within 20 years from the date of advance by annuities covering principal and interest.

(b) Direct grant from the Fund in respect of 28,100 Government's share of non-revenue producing expenditure on reconstruction of wooden pole routes.

(11) Security.

Not applicable.

(12) Documents.

Copies of the Colony's estimates for 1935 have already been furnished.

20

MEMORANDUM
ON
APPLICATION FOR ASSISTANCE FROM COLONIAL
DEVELOPMENT FUND IN RESPECT OF CERTAIN
TELEGRAPH AND TELEPHONE SERVICES.

The scheme falls into two-interdependent parts.

2. Part I consists of reconstructing on a permanent basis some 266 miles of wooden telegraph pole routes along certain sections of the Railway system by substituting iron for the wooden poles. At a maximum these wooden poles are within 4 or 5 years of the end of their effective life. Wooden telegraph poles have proved suitable for use on main lines in the Colony. The proposed work will see the end of such routes along the Railway and will, in addition, provide permanent routes of sufficient strength to carry existing wires and any additional wires that may be necessary to meet development requirements both by Government and by the Railway Administration for as many years ahead as need now be contemplated. Pole routes along the Railway system are owned jointly (but not equally in all cases) by the Railway Administration, which is a separate financial entity, and the Post Office. Reconstruction costs are shared in proportion to ownership. The Railway Administration arranges its own finances. It is in respect of the Post Office (Government's) share of the cost that assistance is required. The total cost of Part I of the scheme is £21,800 made up as to:

Railway share. . .	£13,700
Post Office share. . .	£ 8,100
Total..	<u>£21,800</u>

3. Part II of the scheme relates mainly to an extension of trunk telephone facilities to the mining areas in North and South Kavirondo. The estimates under this part of the scheme are framed on the assumption that certain of
the

the reconstruction work in Part I will be carried out. The mining industry is now sufficiently advanced and stabilised especially in the Kakamega area to warrant steps being taken to provide telephonic facilities of such a character as will link the area with Kisumu and Eldoret and with the Colony's main trunk system. It is proposed to serve the South Kavirondo area by a line from Kisumu to Kisii, an important centre at which no telegraph or telephone facilities exist at present. This line would ^{also} be of great administrative convenience. Kisumu is becoming the distributing centre for the North and South Kavirondo mining areas, and with the development of the mining industry, it must steadily advance in importance. In order to provide adequately for its future requirements and the Kavirondo country generally, it is proposed to erect a trunk line from there to Nakuru along the Railway line. This line would, in addition to affording the most expeditious and direct connection between Kisumu and Nairobi and Mombasa, give isolated local exchanges at Koru, Molo and the important tea and coffee areas of Kericho and Sotik access to the main trunk system.

a trunk line extension to the coffee and farming areas of Nyari and Nanyuki is also proposed. It is not considered that, at the moment, this line would be self-supporting, but there can be little doubt that in a few years' time the service will become necessary and yield sufficient revenue to justify its provision.

4. A financial summary of the proposals is attached.

General Post Office,
Nairobi,
1st May, 1935.

(Signed) F. J. ...
POSTMASTER GENERAL,
KENYA, UGANDA & TANGANYIKA.

FINANCIAL SUMMARY OF PROPOSALS.

22
END

Work.	Railway share.	Post Office share.	Total cost.	Amount required from Col. Dev. Fund (P.O. share).	Estimated expenditure in England on material etc. (including sea freight, insurance, etc.)	Estimated average revenue per annum over first 5 years. (Net Revenue = Gross receipts less maintenance and operating charges. Interest and depreciation not allowed for).
	£	£	£	£	£	£
Part I of Scheme: Reconstruction of wooden pole routes along Railway. ..	13,700	8,100	21,800	8,100	13,800	nil
Part II of Scheme: Trunk Telephone Extensions:-						
1. Kakamega-Nisumu.	-	1,700	1,700	1,700	1,290	300
2. Nisumu-Nakuru.	3,570	4,630	8,250	4,680	3,530	400
3. Nisii-Nisumu.	-	2,350	2,350	2,350	1,070	150
4. Kakamega-Eldoret.	-	2,000	2,000	2,000	1,070	250
5. Extension to Myeri and Manyuki. ..	-	3,200	3,200	3,200	2,140	200
TOTALS.	17,270	22,030	39,300	22,030	22,900	1,300