

16828
SUBJECT

CO 533/00

Road & Railway competition

Previous

15586/29
(Traffic office)

Subsequent

16063/30

1. Colonial Secretary 3pm. 13 July 1929. 2
Copy Fourth Report of Roads & Traffic
Committee on Competition between
Roads and Railways.

Regd. vide minutes on 15/8/29 (Traffic Bill)

Woolley

You may wish to see this report.

All Parliament

15. 8. 29

[I had meant you to see the
Ord. in 15/8/29 before it was
sanctioned, but when I wrote
my minute of 9.5.29 on that
paper, I forgot to make the ref.
note - I am sorry J.]

No matter, I am
afraid I have
added little or nothing
to the discussion.

resp

This is extremely interesting, and
I suggest that the matter is one
which will require very careful
watching; unfortunately the
'dirty work' will occur, if at all, in
the administration of the Ord. not
in the general principles laid down.

The general problem of course
almost world-wide, as there is no
doubt that where you have a
primitive country or a cheap
state the map ought to look
like the sea shore with one set
of a number of star fish on it



But I don't think that there is anything to be said for allowing motor transport & then taxing it heavily, because that means that a small class of the community is heavily taxed on a differential basis.

So far I have looked at the matter simply from the point of view of costs.

But if you look at the positive advantages of road transport, door to door delivery, speed, avoidance of double handling etc. it is still more difficult to find a good reason for depriving the public of such facilities.

Apart from every body else there is of course the problem of racial interest. But it is difficult to say how they will be affected by the proposals, prima facie they are in the same boat as the white farmer, but I cannot see that there was anyone on the C.A. who could speak from this point of view.

G. L. H. Cannon
16/8

I think we shall have to work the receipt of some official comm. from the Kenya C.A. as to any action wh. they propose to take upon this matter.
All Partners

W.S.
20.8.47

... may be the best reason for it.

But I don't think that there is anything to be said for allowing motor transport & then taxing it heavily, ~~but~~ because that means that a small class of the community is heavily taxed on a differential basis.

So far I have looked at the matter simply from the point of view of costs.

But if you look at the positive advantages of road transport, door to door delivery, speed, avoidance of double handling etc. it is still more difficult to find a good reason for depriving the public of such facilities.

Apart from everything else there is of course the problem of native interest. But it is difficult to say how they will be affected by the proposals, prima facie they are in the same boat as the white farmer, but I cannot see that there was anyone on the C.A. who could speak from their point of view.

G. L. Cameron
16/8/52

I think we shall have to wait the receipt of some official comm. from the Kenya C. as to any action we shall propose to take upon this report.

All Parkers
17.8.52

Wes.
20.8.52

The Secretariat,

Nairobi,

Kenya.

13th July, 1929.

The Colonial Secretary of the Colony and Protectorate of Kenya presents his compliments to the Under Secretary of State for the Colonies and has the honour to transmit twelve copies each of the undernoted documents for information:

Report of Committee appointed to consider Question of Rural Telephones.

Fourth Report of Roads & Traffic Committee on Competition between Roads and Railways.

Report of Select Committee on Film Censorship.

Report of Select Committee on the Land Bank Bill.

Report of Select Committee on Legislative Council Chamber.

Fourth Supplementary Estimates, 1928.

Report of Select Committee on First Supplementary Estimates.

Statement of Excesses on Sub-heads which have been met out of savings under the same head as at 30th September and 31st December, 1928.

Progress Report on Anti-Malarial Work in Nairobi for the period ending 31st December, 1928.

ROADS AND TRAFFIC COMMITTEE.
FOURTH REPORT.
COMPETITION BETWEEN ROADS AND RAILWAYS.

In letter No. S. TRN. 3/12/186 of 11-11-27 from the Hon'ble Colonial Secretary, the Roads and Traffic Committee was requested to discuss the policy to be pursued in respect of the competition of road traffic with railway traffic - a competition which, in the case of certain roads between places served both by road and rail was held to be detrimentally affecting railway revenue. The delay in reporting on the matter is due to the necessity for obtaining information from other countries regarding the policy adopted therein.

2. The problem is one which has arisen in recent years in most countries, and has proved a difficult one to deal with. Briefly stated, the establishment of motor services for the conveyance of goods along roads parallel to railways is due primarily to the following causes:-

1) The differentiation of railway rates by which bulky goods of low unit value are carried at freight rates below cost, this loss being made up by high freight rates on luxuries and other goods of high unit value.

2) In some cases where goods are conveyed by road, greater rapidity of transport and avoidance of some handling and the inconvenience of booking and taking delivery at railway stations.

The operation of these factors, which cannot be avoided, enables lorries to compete with railways in the conveyance of goods, which pay high freight rates by rail. In the case of motor omnibus services,

greater rapidity of conveyance is achieved in certain cases, and it is often more convenient and sometimes cheaper than travelling by rail.

3. The following countries have enacted legislation with the object of overcoming or reducing what is regarded by Railway Authorities as unfair competition:-

New Zealand, Italy, Victoria, Tasmania, Norway and Sweden.

The following countries appear to have legislation in this respect under consideration:-

Austria, the United States, Western Australia, South Africa and Hungary.

In all cases known, where legislation has been enacted, the main objects aimed at appear to be control by some specified authority of:-

(1) Routes over which Public Motor Services, either for goods or passengers, operate.

(2) Rates charged for the conveyance of goods or passengers by such services.

No attempt seems to be made to control vehicles conveying goods or passengers in those cases where regular Public Services, involving the payment of rates and fares, are not operated.

4. The Committee is of the opinion that on some roads in the Colony, goods and passengers are being conveyed by road vehicles to the detriment of railway revenue, and that the effect is already sufficiently important to justify the enactment of legislation to reduce it as far as possible. The situation is set forth from the point of view of the Railway Administration in letter No. A9/34/1 dated 2nd April, 1926, with attached memorandum, by the General Manager (the late Sir Christian Felling) a copy of which is appended to

this report. The Committee feels that anything which would necessitate an increase of railway freight on export produce of low unit value, to compensate for loss of traffic in goods bearing high freight rates, would be detrimental to the Colony's progress.

5. The Committee recommends the immediate enactment of two short bills entitled respectively:- "A Bill to Provide for the Licensing of Motor Omnibus and Motor Lorry Services" and "A Bill to establish a Central Roads and Traffic Board". The draft bills, which the Committee recommends, are appended to this Report.

6. The principal provisions and effect of these Ordinances in regard to the subject of this report would be as follows:-

- (1) A schedule of those roads where competition with railways takes place would be published in the Gazette.
- (2) The operation of a motor omnibus or motor lorry service on any of these roads, or partly on any of those roads, would only be legal under licence from the Central Roads and Traffic Board.
- (3) Before deciding to issue a licence, the Board would require to be satisfied:-
 - (a) that existing facilities for the conveyance of freight or passengers, as the case may be, are inadequate.
 - (b) that the road or roads over which the service would be operated, would not be unreasonably damaged by the service.
- (4) The establishment of a Central Board for the

power to decide certain matters connected both with roads and traffic on them, and to advise Government on certain matters.

82

Subject. On the basis of that report, a "Central Roads Board" for dealing with certain matters relating to roads, arising out of the two Local Government Ordinances, has been established. There also exists a "Central Roads Committee" for dealing with certain matters concerning roads constructed out of Loan. This Committee also - namely, the Roads and Traffic Committee is in existence, and has tended to become a Standing Committee, the advice of which is sought by Government from time to time on road and traffic law. This Committee now reiterates the recommendation which it made in 1925, that there should be one Central Roads and Traffic Board for dealing with all major issues relating to both roads and traffic. It considers that that Board should be established by the "Central Roads and Traffic Board Ordinance"; the Bill of which is appended to this report. It recommends that the Central Roads and Traffic Board should have definite powers in the administration of certain Ordinances, and should be advisory to Government on other matters relating to roads and traffic. The functions of the various existing bodies, which are mentioned above, should be absorbed by it. Only one of the existing bodies - namely, the Central Roads Board - has been established by law, that is, under the Local Government (Municipalities) Ordinance; its functions having relation to certain roads and streets which it is proposed should be administered by local authorities.

The Hon'ble Ag. Commissioner for Local Government, Lands and Settlements, in his speech in Legislative Council at the Second Reading of the Local Government (District Councils) Bill, foreshadowed the establishment of that Board by a Central Roads and Traffic Board at a later date in the following words:- "The questions of roads and traffic are most intimately connected, and the appointment of a Central Roads and Traffic Board to advise Government on the administration of these two measures when enacted will no doubt be proper at some later stage. If and when such a Board is established, it will no doubt absorb the Board proposed in Local Government Legislation, subject to the creation of such machinery as will preserve the distinct identity, possibly as a sub-board, of a body which will continue to perform the functions now the Central Roads Board proposed to be constituted by this Bill."

The Committee therefore recommends that a Central Roads and Traffic Board Ordinance be now enacted as a clause of the Bill appended to this report. The powers and duties would be those set forth in clauses 7 and 8 of the Bill. It is to be noted that the "Roads Ordinance" which is referred to in clause 4 of the Bill, has not yet been enacted. The original draft of this Bill, following the principles recommended by this Committee in its Second Report, is still awaiting

modification to bring it into line with the two Local Government Ordinances.

- Sec. 1. E. L. Sisco. Director of Public Works.
(Chairman).
- " T. D. H. Bruce. Ag. Attorney General.
(Member).
- " C. N. Rhodes. Ag. General Manager, Kenya & Uganda Railway.
(Member).
- " Conway Harvey. Member for Laka.
(Member).
- " Thos. J. O' Shea. Member for Plateau South.
(Member).
- " H. E. Rice. For Commissioner of Police.
(Member).
- " C. Davidson. Municipal Engineer, Nairobi.
(Member).

21. November, 1928.

* The two bills recommended by the Committee have not been reproduced as they are substantially the same as the printed bills which are now before Legislative Council.

C. L. N.

6

THE EAST AFRICAN BANKING CORPORATION

General Manager's Office,

Nairobi, Kenya, April 1926

In reply please state
Ref. No. 4.3.34/1 and date.

The Hon'ble The Director of Public Works,
P. O. Box 662,
NAIROBI.

ROAD TRANSPORT

With reference to the meeting of the Roads and Traffic Committee held on the 21st January 1926 in regard to the question of road transport, I forward herewith, as promised, a memorandum embodying my views in regard to this problem, with particular reference to the competition with which this Administration is faced from such transport, the control over the road transport which is exercised in other countries, and my suggestions for meeting the position in Kenya.

(Sd.) C. L. N. Felling.

GENERAL MANAGER.

Enc. 1.

ROAD TRANSPORT.

The problem of road transport as it affects the Kenya and Uganda Railways is not peculiar to this Administration. It is a problem which is common to all countries and confronts both private railway companies and Government owned railways.

Although at the present time competition between road transport and the railways of Kenya and Uganda is neither general nor acute, it has assumed definite shape so far as the section between Mombasa and Nairobi is concerned, and there can be no doubt that, as the public roads are improved, it will develop.

Consideration of this matter, therefore, is not academic. It is a real problem, which may be expected to become acute, and it is desirable that it should be examined with proper regard to the welfare of the public as a whole while still in its infancy, and that its regulation and control should be decided upon before it assumes the immense proportions to which it has grown in other and older countries, which have failed to take the recognition of it, or where vested interests have until now prevented any control being exercised over this form of transport.

In approaching this question it is desirable that I should preface my remarks by stating that I recognise:-

- (a) that evolution of the means of transport should not be hindered and no undue restrictions should be placed upon new forms of transport, whether by road or by air or by any other means;
- (b) that any controls over new forms of transport should only be such as is absolutely necessary, the paramount consideration being the interests of the public.

The road traffic which has been set up in competition with those between the coast and Nairobi may well be taken as a fair illustration of the whole problem. Its study will illustrate practically the whole matter, because it is typical of what confronts all railway companies and administrations, although in other countries the degree and the scope of such competition are both more extensive and intensive.

perhaps assist considerably in the matter if first of all the position of the administration in regard to this is properly understood.

Railways, whether privately owned or whether the property of the State, are common carriers to the extent that they are obliged by law to carry all descriptions of traffic for all persons with discrimination under the same conditions. The importance of this obligation is paramount, because it imposes upon the railway administration or the railway company liabilities which are not imposed upon its competitors. Whereas a railway must convey all classes of traffic without discrimination and between all points served by the line, and to do so must provide and maintain expensive track, rolling stock, equipment, and staff, road transport is under no such obligations: it is free to convey only such traffic as it desires, and to convey it in its own time and between only such points as it desires and under such conditions and at such rates as the owners of such transport may at their discretion decide.

For instance, the railway administration must

The road traffic which has been set up in competition with these railways between the coast and Nairobi may well be taken as a fair illustration of the whole problem. Its study will illustrate practically the whole matter, because it is typical of what confronts all railway companies and administrations, although in other countries the degree and the scope of such competition are not quite so extensive and intensive.

It perhaps assists considerably in the matter if first of all the position of the administration in regard to this law is properly understood.

Railways, whether privately owned or whether the property of the State, are common carriers to the extent that they are obliged by law to carry all descriptions of traffic for all persons with equal attention under the same conditions. The importance of this obligation is paramount, because it imposes upon the railway administration or the railway company liabilities which are not imposed upon its competitors. Whereas a railway must convey all classes of traffic without discrimination and between all points served by the line, and to do so must provide and maintain expensive track, rolling stock, equipment, and staff, road transport is under no such obligations: it is free to convey only such traffic as it desires, and to convey it in its own time and between only such points as it desires and under such conditions and at such rates as the owners of such transport may at their discretion decide.

For instance, the railway administration must

convey light goods, or bulky goods, or dangerous goods, or goods of an objectionable nature. It must transport livestock of all descriptions and arrange for the feeding and watering of such animals. It must maintain a regular public service for the conveyance of passengers of all classes of traffic and it has to carry its statutory liabilities for loss, delays or damage to any such traffic.

From all these restrictions and obligations the road competitors of the railway are free. They can, and do, pick out the "eyes" of the traffic, taking only those classes which give them good and payable loads, convey the traffic as and when it suits them, and between only those points where the road conditions render the service a profitable one, but at the same time they have none of the liabilities of general carriers.

It may be, and frequently is, contended that such competition can exist only because of the deficiencies of railway transport or because the railway charges allow such competition to live. It would be as well to examine this contention.

It is generally admitted that the prosperity of Kenya is bound up with its agricultural and industrial activities. Whatever latent resources there may be there can be no question that the country at the present time is entirely dependant upon the resources mentioned. There is no evidence that there will be any considerable change in this state of affairs for many years to come.

The question at once arises: Can any means of transport other than the railway meet the requirements of a community dependent mainly, if not wholly, upon primary products? If road transport went to the consuming