

26 87	KENYA	X. 787 21 JAN 1926
1594		Date 29th December 1925

## DRAFT ESTIMATES 1926.

1926-27

Submits with comments and encloses statement of the financial position, schedule of new posts and cost reports.

1 copy  
 Mr. B. H. H. H.  
 Mr. H. H. H.  
 Mr. H. H. H.  
 Mr. H. H. H.

Enclosure H. H. H.

paper

(Minutes within)

5767/25

paper

see for me (P. H. Staff)

107

X 1/2

S. S. Green 28 1/2 Red

S. L. King had written S. S. G. H.

about the income in the company.

got into the building and

looking for the house, 7th

Street, 6th St. They said that

the letter is by my name, but

on the first page of the A. S.

Writing 22 1/2

G. S.

30.1.06

Long J. P. a various point of view with

and in my room

Sec of State.

I don't think it is necessary for you to read the attached despatch to Sir E. Grey or Kanya Estimates but I think you should know -

(a) That no reference is being made to the increase in the Governor's salary, as it is difficult to think of any formula which would by implication reflect on Governor's silence in Council.

(b) That while appreciating "the requirements of the Colony and the aspirations of its peoples" you are pointing out to Governor that Colony can't meet the charges or a loan such as he has in mind, and that you are suffering accordingly or him.

25.2.26.

J.A.C.

Sec of State  
will  
write

J.A.C.

1/26

1/3

<sup>Robt. Lee</sup>  
 Th Allen

Minutes below after discussion with  
 you and Mr. Botchley, and with the  
 comments on the Medical and Nil at any  
 Heads have been supplied by Mr Jeffries  
 and Mr Botchley respectively

The telegram approves the estimates  
 should include comments as suggested  
 by Mr Jeffries on Head XVII, Item 12 & 3, and  
 25, as also state in a last line  
 Mr Botchley's comment on Head XIX that  
 the Head is approved provisionally pending  
 further action

re-arrange for despatch to be  
 deal with the various other matters requiring  
 action of which I have kept a note

Dr. Stuckey

Robert

29/1/26

J. H. Allen

28/1/26

A draft bill is now commenced, and I  
 send only a few at present

(1) Decision of Council is, unless

differs, was clearly taken by majority - 6 votes

have named the withdrawal of the

action. Is the case? (the time is ordinary)

that local opinion is not unanimous) in

East Africa  
24.1.26

made by questioning the wisdom of generally  
less with the Elected Members than with the  
Govt. Also, I am afraid in <sup>many</sup> districts  
most Kenya in the Colony. Some of these  
we should have as a minimum to have  
a right to the Elected, in fact all have  
been considered - in that sense can be  
considered.

2) For the last 12 months of the year 1925  
400/48000/15 (the actual figures)  
and 300/48000/15 (the actual figures)  
(including 1000) (of which 1000 are 1000)  
There is no serious reason to believe from  
the figures that the Govt. is 200,000  
more than 1925.

The Government's estimate (1924, 1925)  
of the Govt. is 200,000 (1925)  
is 200,000.

B. C. S. 200/15  
30.1.26

The estimates have been very carefully examined in the  
Department. I would call special attention to the  
increase in the Governor's salary, referred to above.  
As proposed

(This is the  
that makes me  
that there are  
advantages in  
Constitution)

C.S.  
4.2.26

Td to Govt. <sup>cons</sup> 4th February 1926  
So Govt. 2178 <sup>cons</sup> 4 MAR 1926  
(I got it from)

Mr. Strachey.

Off. Kenya Extracts, despatched herewith.

There is no final minute on the  
Governor's salary point, and I can find  
no formula which does not by implication  
refer to the Governor's salary in  
Council. Possibly the ground has been  
covered by private letter. In any  
case: 6 I have put in a reference to  
the "operation" of the (theory and) anyone  
who writes my letter to the  
Governor (the salaries are to follow in  
the form proposals) of official  
minutes.

I hope that the last part of the  
draft may stand. Kenya opinion  
is unopposed and - without undue  
interference - need can be done by  
a vote of warning to maintain some  
kind of moderation.

B. C. S. 200/15  
15.2.26

304  
I assume  
that is to be  
C.S.

Mr. Strachey  
21.2.26

## MEMORANDUM.

156

	Actual 1924.	Approved Estimates 1925.	Revised (Oct) Estimates 1925.	Estimates 1926.
Revenue	£2111,564	£2160,326	£2248,695	£2373,994
Expenditure	1861,510	2117,235	2172,607	2388,753
	£ 250,054	£ 43,100	£ 76,088 (N)	D 14,759

<sup>a</sup>  
(X)

According to the latest figures the surplus now expected for 1925 is £72,608<sup>10</sup>, but, if the revised salaries are brought into force from the 1st January 1925 it is proposed to charge the cost for that year £9,218<sup>10</sup> to Surplus Balances, and it is also proposed to take from the same source £25,000 in reduction of the so called assets Unallocated Railway Stores. If so the surplus for 1925 is, in effect, reduced to £28,391.

Estimates 1926.

The Estimates, as ~~passed~~<sup>submitted</sup>, show a deficit of £69,858 but, owing mainly to additions to the Estimates of Revenue on the recommendation of the Treasurer and after consideration by the Select Committee, this deficit has now been reduced to £14,759 and as £17,065 represents re-votes on account of Public Works Extraordinary from 1925. It is proposed that the deficit should be met from the so called Surplus Balances, in accordance with Colonial Regulation 248 (although the reference to that Regulation is certainly open to some criticism).

Revenue.

The Estimates, as passed, show an increase of £262,430, on the actual results of 1924, of £213,669 on the approved Estimate 1925, and £125,299 on the Revised Estimate for last year. This last figure

is almost entirely accounted for by Customs up £42,800, Licences up £23,473 and Interest up £51,794.

#### Expenditure.

As compared with the actual expenditure in 1924 the Estimate for 1926 shows an increase of £525,243. The increase as compared with the Approved Estimates for 1925 <sup>is</sup> ~~was~~ £271,528, but the increase as compared with the <sup>Revised</sup> ~~actual~~ Expenditure 1925 is about £210,000 to £220,000.

#### Assets & Liabilities.

The statement as at 31st December 1924 shows a surplus of £59,210. The previous floating debt had been liquidated and the figure for Unallocated Stores, Public Works Department, <sup>has</sup> ~~had~~ been reduced to £54,807 which is less than the standard stock <sup>60</sup> (£57,000).

The item £242,347, Unallocated Stores, still appears, <sup>and</sup> It is recognised that it is not a proper asset, and <sup>it</sup> is proposed (on other papers) to set <sup>it</sup> against it £104,541 on the Liability side on account of Military Reserve Fund, and also to reduce it by a further £25,000 out of the realised Surplus for 1925, in accordance with the instructions which were given by the Secretary of State in connection with that year's Estimates.

It is, however, proposed also to charge against the Surplus, £9,218 in respect of salaries. On this basis, <sup>after writing down ~~unallocated~~ Railway Stores by the amount of the Military Reserve Fund,</sup> the position is as follows:-

Surplus

Surplus at 31st December 1924 .....	£59,310
Add 1925 Surplus, .....	£72,610
Less 19218 + £25,000 .....	34,218
	<u>£39,392</u>

Surplus at 31st December 1925 .....

To be reduced -

(a) 1926 Deficit £14,759

(b) Railway Stores  
in 1926 £25,000 .....

£39,759

Surplus at 31st December 1926 .....

£57,843

but the Balance Sheet would still  
show as Unallocated Railway Stores

£242,347 less (£104,541 + £25,000

+ £25,000) .....

£87,806

deducting this, the actual position

at 31st December 1926 would be a

Deficit of .....

£29,963

The question of taking up with the Government the question of a reserve fund and the balances required for stores, advances, working capital &c., was raised on the Loan papers (43831) but the matter was deferred (50442) pending receipt of the Estimates.

Apart from other considerations the question of the balance sheet with its present fictitious surplus will assume more importance if and when the Colony raises a loan for its own purposes; and it seems a

pity



pity if advantage cannot be taken of the improved financial position to go beyond what has hitherto been proposed, since there is ground to believe that, if the Colonial Government had been a little less expansive in some directions it might, without interfering in any way with essential services, have budgetted for an actual surplus of assets to be shown by the balance sheet at the end of 1926, even if the illusory asset "Unallocated Railway Stores" had been swept away altogether.

A. Allen

27/1/26.

Kenya Draft Estimates, 1926:Note on details.1. Revenue.

1. Customs. The amount of customs revenue shown as transferable to Uganda is £420,000 (37½% of the total). The Uganda estimates show a figure of £400,000, but the Governor of Uganda in his estimates despatch explained that he had not estimated for the full 37½%, so as to be on the safe side. (The Governor of Uganda was warned in a telegram of 16th November that Customs revenue estimates should be conservative, in view of the possible effect of a fall in the price of cotton).

Head V.Reimbursements.

Items 13 - 21. The draft Estimates for the Uganda Railway for 1926 have not been received, and the contributions-in-aid shown under these items cannot be checked at present.

Item 22. The Officer Administering the Government was informed in the Secretary of State's despatch No. 625, of 27th August, 1925, that it was considered advisable that before the grant made by the Carnegie Corporation was definitely allocated to any particular purpose, Mr. Dougall should have an opportunity of studying conditions in Kenya. The first instalment of the grant (£1,500) has therefore not yet been applied for, and although provision is made under Head VIII, Item 2 for the expenditure of this sum in 1926 such expenditure will presumably be deferred pending further correspondence after the Governor has considered Mr. Dougall's views.

In

In this connection it should be noted from paragraph (4) page 6 of X.784/26 that there has been some difficulty in deciding on the type of building most suitable for this purpose.

#### Head XI. Interest.

A note on this item and the similar expenditure item is attached. The net provision for interest on additional Colony loan Expenditure in 1926 is £32,000 representing roughly a capital sum of £1280,000. It <sup>is</sup> ~~is~~ <sup>likely</sup> ~~likely~~ will almost certainly prove excessive but £20,000 of the £32,000 was added by the Select Committee and the Governor says that the whole provision is unlikely to be required, but it was desirable to have an ample margin.

#### Expenditure.

Head IV. Governor Item 1. In the Secretary of State's despatch of 16th July No. 661, the Governor's salary was put at £4500, and the Secretary of State said that he would be prepared to reconsider the arrangements later if they were found after careful trial to be inadequate. The Governor now explains in paragraph-16 (a) of this despatch, that following a resolution in the Council moved by Lord Delamere and passed without a division, <sup>the amount has been</sup> ~~the amount has been~~ increased by £500 to £5,000 for the consideration of the Secretary of State.

#### Head V. Secretariat.

The increase in the staff of the Secretariat is explained in paragraph 16 (b) of <sup>the</sup> Governor's despatch. There is no doubt that an expansion is very necessary, but it may be noted that the Senior establishment (i.e. that of Assistant Secretaries) is composed entirely

of higher grade posts.

Head VII Administration  
in despatch No. 333/16.

A minute on certain new posts proposed

Head VII. Administration. Item 5.

The title of the post provided for under this item should be "His Britannic Majesty's Consul in South West Abyssinia."

306.E.A.

(The Governor has proposed in a Confidential despatch (No. 226) of 12th December, that 3/5 of this officer's salary should be paid at the par value of the Abyssinian Dollar, with effect from 1-4, 1923. Subject to periodical review, and subject to the observations of the Secretary of State for Foreign Affairs, ~~the Secretary of State proposes~~ <sup>it is proposed</sup> to approve).

287.

Item 241. The increase in this and other items due to increases in the salaries of Headmen is explained in paragraph 16 (c) of the Governor's despatch.

Item 386. Paragraph 16 (c) of the Governor's despatch also explains the increase in the item "Northern Frontier Expenditure" which is due to the charge <sup>by</sup> from Military to Civil Administration, and ~~offset~~ <sup>offset</sup> by a large decrease on the military vote.

Head VIII. Treasury. Item 7.

32/25.

With regard to the increase of 4 Junior Clerks, approval was given in Secretary of State's despatch 799 of August 14th, for the appointment of three additional Junior European Clerks. The 4th new appointment is said to be in replacement of a Non-European.

Head X. Part. 76-82.

The Treasurer's Memorandum, on page 5, refers to the

putting

and, [In the event of your wishing to make such further observations you will no doubt take an early opportunity of doing so, in view of the length of time which has already been occupied by the discussion of the draft leases. Revised copies of the draft leases, incorporating the further amendments suggested by the Governor, are enclosed herewith. I am

~~to invite your attention to the following points which remain to be considered -~~

- (A) <sup>Form of the leases.</sup>  
 h It will be observed from the revised draft leases enclosed herewith that a form of grant has been prepared by the Registrar of Titles which will enable the leases to be executed in their present form, while at the same time conforming with the provisions of the Kenya Registration of Titles Ordinance, 1919. <sup>the</sup> Subject to any observation which you may have to offer upon this form of grant, Mr. Amery proposes to

adopt

3. In addition to the ~~res dealt with in the~~  
~~warrant, certain other~~  
~~points remain to be~~  
~~considered, as follows:-~~

adopt this form, and to arrange in due course for the execution of the leases in this country and their transmission, after execution, to Kenya for local registration. In order to effect registration it will be necessary for the copies of each lease to be presented at the Land Office Registration Department in Nairobi, and for deed plans to be attached to the originals. The Deed of Surrender of the interests of the former Magadi Soda Company should <sup>also</sup> be sent to the Registrar of Titles in Kenya in order to be registered. *These matters will be arranged by the Governor will be asked to make the necessary arrangements for registration, by the Colonial Office after the execution and the deed of Surrender* of the leases in accordance with Section D (4) of the Memorandum of Agreement with Messrs. *It is presumed that* the cost of registration etc., will be borne by the Magadi Soda Company.

5. Boundaries of Properties. With regard to paragraph 10 of your letter of the 23rd of July, the Governor states that the Director of Land

Surveys

(Para 4)  
9334/26

Annexure 1 to 334/25)

6 8334/26  
2 Easels E 620684/25

Surveys will give all possible assistance to your representatives in the Colony in identifying the boundaries of the various properties. (C) Subsidiary Interests. With regard to paragraph 13 of your letter of the 23rd of July, the Governor states that there is no objection to the proposal that the whole of the former Company's interests should be surrendered, and new grants issued to you, upon payment of such sums as may be due in respect of stand premium and rent as detailed in the accompanying schedule.

Draft grants and plans are being prepared in respect of:-

- (a) L.O.No.1833/1 and 2, area for European housing, Miles 28.
- (b) L.O.No.4456, Native location, 2,000 acres, Miles 46 and 47.
- (c) L.O.4521 Ngongu Water works, area, 95.5 acres.
- (d) Licence for the store plot at Kajiado.

(e)

POSTAL RECORD OFFICE, LONDON

(e) Ngongu Water Agreement.

(f) Serei Pipe line Agreement. Subject

to approval by your Company these grants will be engrossed in the Colony and issued

in due course. In this connection I

am to observe that, unless you are not able to

fall in with the Governor's proposals/<sup>the</sup> arrangements

for the execution of these subsidiary

grants should be carried out locally between

the Government of Kenya and the representatives

of your Company in the Colony.

With regard to the Diatomite Concession,

the Governor stated that this should be cancelled

outright, as it has never been worked. Diatomite

has been declared to be a "common mineral" under

the Mining Ordinance 1924, <sup>and</sup> if you desire to

exploit this deposit, steps should be taken to

see we are right to do so under the Mining

Ordinance.

The store plot at Kajiado held on

temporary occupation licence is stated to be

sub-let by your Company. The Governor does

not

not recommend any variation of the form of tenure in this case.

A draft surrender in respect of L.O.1833/1 and 2 is enclosed. As the other properties in question are held merely on licence, there is no necessity for formal surrender in these cases. The signature to the new deeds will be of even date with the surrender.

All the existing title deeds in respect of all properties will be required in the Colony before the matter can be completed.

It has <sup>in this respect</sup> been observed that in the list of new grants (given above) which are being prepared in the Colony, no mention is made of the lease of 3 acres at Kajiado, which is numbered (2) in the schedule referred to in paragraph 8 of the letter from this Department of the 1st of June. I am to suggest that any representations

(20686/26)

which you desire to make on this point should be addressed to the Colonial Government direct.

D. War Cemetery at Kajiado. With regard to the letter from this Department of the 18th of September, and previous correspondence on this point, the Governor of Kenya is unable to agree with your suggestion that the whole of this cemetery area should be made the subject of a sub-lease, as the Imperial War Graves Commission attach the greatest importance to possessing the freehold of all cemetery areas. The Governor sees no reason for making the additional half acre the subject of special terms and hopes that you will be able to agree to the proposal which was set out in paragraph 5 of the letter from this Department of the 27th of August, 1925. A new grant of the whole of the original area at Kajiado is being prepared on this basis, and Mr. Mery will be glad to learn whether you are prepared to furnish the undertaking, mentioned in the letter of the 27th of August, to agree to surrender

(40865/25)

35689/25

<sup>with the addition of half-acre,</sup>  
surrender the area reserved for the cemetery when called upon to do so.

35724/15  
E. Land at Shimanzi. With reference to paragraph 20 of your letter of the 23rd of July, the Governor reports that the survey of the areas coloured green on the plan accompanying the draft Port Lease has now been completed. The precise area in the aggregate is found to be 3.736 acres. The boundaries of the British Imperial Oil Company's plot are correctly shown on this plan.

F. Lien area at Shimanzi. The Governor states that the original Magadi Company was given a lien over an area of 18 acres, making, together with the area granted on lease, a total of 25 acres. The leasehold area was subsequently increased from 10 acres to 13.67 acres (subsequently found on re-survey to be 13.65 acres), by an excision from the lien area. A portion of the remaining lien area was relinquished by



by the Company, in order that a lease might be granted to the British Imperial Oil Company/Limited for the <sup>released</sup> ~~lease~~ area, together with other adjoining land.

Mr. Amery observes that in Section C of the Memorandum of Agreement with Messrs. Brunner, Mond and Company, it is stated that a clause in the lease for the Pier and Harbour Works at Kilindini will make it clear that the lease granted to the Company in the Port is confined to the works which they have erected there. After carefully considering this matter, <sup>he</sup> ~~Mr. Amery~~ is of opinion that the draft Port lease must be dealt with on the basis of the original Port lease of 1919, together with the area actually occupied by the Depot Works as shown in green on the plan accompanying the new draft Port lease. The question of your requiring any further portion of the lien area which was originally reserved for future requirements must be a matter for separate application to the Colonial Government. In this connection I am to observe that the intention of

the

the Government with regard to this lien area, as indicated in the letter from this Office to Messrs. Samuel and Company of the 27th of July, 1911, was that, if it was found when the plans for the Port works were finally approved that the whole area was not required, such portion as was not required should revert to the Government. Mr. Amery <sup>submits</sup> considers ~~that it should now be possible for you to~~ <sup>that it would now have no difficulty in</sup> indicate definitely whether you require any further portion of the area for the purposes of your depot works.

(G.) Stand premium and rent of occupied land at Shimani outside the original leasehold area. With regard to Paragraph 21. of your letter of the 23rd of July, the Governor now states that in 1913, when the leasehold area was extended from 10 acres to 13.65 acres, it was made clear that any further acquisitions from the lien area were to be paid for in accordance with Clause 5. of the original contract, and paragraph 4. of the letter to the Magadi Soda Company, dated the 23rd of September, 1911 (reference the letter from

this

638/13

this Department to Messrs. Samuel and Company,  
dated 26th February, 1913). It appears on  
investigation that the intention was to charge  
such a sum for this land as would reimburse the  
railway for <sup>the</sup> cost of acquisition, and the Governor  
finds this figure to have been £50 per acre. The  
premium to be paid by the Company in respect of the  
area of 3,793 acres should therefore be calculated  
on the basis of £50 per acre. The premium is due  
as from the 13th of April, 1911, and it is proposed  
that simple interest at 4% per annum from that date  
should be paid by the Company on the arrears since  
that date. The rental for the whole area leased  
will be, as heretofore, one peppercorn, if demanded.

H. Rates to Kilindini and Mombasa. With regard  
to paragraph 2. of your letter of the 23rd of July,  
the Governor states that individual consignments for  
export from Kilindini or Mombasa will be accepted at  
scheduled rates, but so far as the lease is concerned  
the rates quoted therein should apply to the Shimanzi  
area only. Arrangements are not being made to deal  
with the Company's traffic at either Kilindini  
or Mombasa and

serious /

serious disturbance to other traffic  
might result if soda in large quantities  
were diverted to these ports. In the  
circumstances, it will be necessary to  
delete the words "or to Kilindini or to  
Mombasa" which were provisionally  
inserted in <sup>Clause 10(B)</sup> the draft railway lease which  
you submitted to Messrs. Sutton,  
Ommaney and Oliver in October last.

(I) Application of rates. The Government  
considers it necessary to stipulate in  
<sup>Railway lease,</sup> the ~~lease~~ manner in which the varying  
rates in the schedule should be  
applied, and to cover the point the  
following amendments, which it is  
proposed to introduce to the railway  
leases, have been prepared:-

1. After Clause 10 (B)

"and provided further that in any  
area until the total weights are of  
50,000 tons and 150,000 tons have been  
exceeded the amount charged and payable  
in respect of freight shall be at the

rate

rate of Shgs 18/- per ton or Shgs 17/- per  
respectively and if and when these total  
weights are exceeded the Uganda Railway  
Administration shall credit the lessees with  
the difference between the higher and lower  
rates then appropriate".

*Substantive*  
*High Commissioner*  
*for Transport for C7*  
*see note at end of*  
*the memo herewith*  
*(The draft says*  
*"appropriated"*  
*and this is clearly a*

After Clause 10 (C) (1)

"and provided further that in any  
area until the total weight of 150,000 tons  
has been exceeded the amount charged and  
payable in respect of freight shall be at the  
rate of Shgs 20/- per ton and if and when  
this weight is exceeded the Uganda Railway  
Administration shall credit the lessees with  
the difference between Shgs 20/- and Shgs 18/-

*Subs.*  
*High Commissioner*  
*for Transport for C7*  
*(See my note at end of*  
*the memo herewith*

*Subst. as above*

K. Minimum freight payments. The Governor  
states that full effect does not appear to have  
been given in draft leases to the last section  
of paragraph (7) of the Memorandum of Agreement  
which provides that the Government may at its  
discretion treat defaults as breaches of covenant  
to require the lessees to pay minimum freights and  
royalties. The following amendments to the

lease

lease have been approved by the Attorney  
General of Kenya in this connection and  
it is proposed that these amendments  
should be incorporated in the draft  
Railway lease.

Amendment to Clause 4 (IV) (a) -

"provided that whether the minimum  
weights set out are disbursed by the  
lessees or not the lessees shall be  
liable for and shall pay to the Uganda  
Railway Administration the amount of  
freight appropriate to and due in  
respect thereof."

Amendment to Clause 4 (IV) (c) -

"provided further and it is hereby  
agreed that nothing in this lease  
contained shall prevent the Uganda  
Railway Administration at their option  
from electing to sue the lessees for  
any unpaid freight and to obtain  
satisfaction of any judgment by  
attachment of any of the lessees'  
property".

*C7 as above?*

are being  
Oliver will also be instructed to make similar  
amendments in the draft Lake lease, with  
application to the payment of royalties.

L. Mileage from Lake Maradi to Shimanzi. The

Governor explains that under the old lease  
the Company was charged as for 381 miles because  
the small consignment, offered could not be  
worked direct to Shimanzi, but had to be taken  
in composite trains to Kilindini and then worked  
back to the Company's port. If the minimum

quantities scheduled are now consigned the  
additional mileage charge would be no longer  
applicable, and the Governor is therefore  
prepared to agree to the re-insertion of the rate  
of Shgs 17.72<sup>1/2</sup>, provided that the amendments

proposed in paragraph K above are accepted.

M. Maintenance of tank cars. With reference to the question of the  
maintenance of tank cars, and in connection  
with clause 7 (ii) of the draft railway lease

It is noted that you have deleted the words  
"and maintain" from this clause. The Governor  
states that in any event the same rate will be  
charged

*with reference to para 19 of  
your letter of the 23rd*

*Fuel Oil  
1/2*

*para 11 of your letter of the 23rd of July, regarding*

9  
85  
charged in respect of these cars as to  
any other person or Company providing  
stock for the railway under similar  
conditions.

N. Extraordinary Repairs to the

(For conson.) Magadi Railway: The Governor agrees

that Clause 6. of the Draft Railway  
Lease shall be amended by the substitu-  
tion of "additions and betterments",  
*for the phrase*  
~~instead of~~ "extraordinary repairs and  
renewals properly attributable to capital  
expenditure", but he desires that pro-  
vision should be included for arbitration  
in the event of any difference of opinion  
as to the necessity for such expenditure.

O. Sand Siding at Mile 54: with  
reference to Paragraph 25. of your letter  
of the 23rd of July, the Governor states  
that this siding is maintained, and will  
continue to be maintained, by the railway  
authorities; and that siding charges are  
covered by the freight paid. This  
arrangement will continue as heretofore.

*33/7/16*

There is no objection to the Company obtaining the sand from this point, provided that the railway retains an equal right.

P. Branch Railway at Kilindini:

With reference to Paragraph 26. of your letter of the 23rd of July, the Governor agrees that the section of the branch line at Shimanzi which forms part of the line to the new Government Harbour works should be purchased by the Government. In this connection attention is drawn to the omission, in Clause 11 of the Port Lease, of provision for the purchase of a portion of the Pier and Depot works, if it is not desired to exercise the option of purchasing the whole of the assets and property of the lessees. It is therefore proposed to insert after the words "Magadi Pier and Depot works", where they first occur in Clause 11 (1) (a), the words "or any part thereof", and also to insert after "at the price hereinafter mentioned" the words "or a proportionate part thereof".

The Government will proceed to exercise

the /

the right to purchase the section in question of the branch railway as soon as the Port Lease has been executed.

The whole of the branch line should therefore be included in the lease at <sup>18</sup> ~~the time of execution~~ <sup>he executed</sup>. The purchase price will be assessed on the principles laid down in the Lease.

(Q) Minor railway facilities:  
with reference to Paragraphs 23 and 24 of your letter of the 23rd July 1926 -  
The Governor states that the Company may rest assured that sympathetic consideration will at all times be given to any reasonable request put forward. Permission to run the motor trolley will be accorded in the future on the same lines as in the past, and the existing arrangements for the running of the Company's coaches will continue. There will thus be no objection to the additional sub-clause (4 (ii) D) ~~(43-D)~~ which has been inserted in the draft railway lease, providing for the use of the lessees' trolley.

R. Telephone Line to Ngongu:

With ref. to para. 14 of your letter of the 23rd of July, the Govr. (33724/25) states that there is no necessity for powers in respect of this telephone line to be included in the Ngongu grant. The line ~~will be~~ <sup>is</sup> a private one, and application for a licence under the Telegraph Act should be made to the P.M.G. The line, being a private one, differs from the line along the railway, with regard to which the necessity for a licence was waived.

S. Water Supplies and Native Rights:

With ref. to para. 16 of your letter of the 23rd of July, the Govr. points out that in clause 7 of the agreement dated March 15th 1915, between the then Govr. of the East African Protectorate and the Magadi Soda Co., the Company agreed to erect nine troughs at certain places in the Masai Reserve. Troughs at the places mentioned in this agreement are no longer of service to the Masai.

Again,

Again, by clause 8 of this agreement, the Company undertook to provide five additional troughs at the Ngongu streams when requested to do so by the Governor. No request has ever been made under this clause. In the circumstances, the Govr. concurs with the suggestion which was made in para.

(33724/25)

2 (j) of the letter from this Dept. of the 19th of August, 1925, that detailed arrangements on this point should be settled locally, and he proposes that there should be a discussion between the Senior Commissioner of the Masai Province and the local Manager of the Company, with a view to reaching a settlement as regards the supply of water for native purposes. Instructions are being issued <sup>locally</sup> to this effect.

When the basis of negotiations has been reached its terms will be embodied in an agreement between the Govr. and the Company. In the circumstances, Mr. Amery would suggest that

that any further correspondence on this matter should be addressed direct to the local Govt.

With regard to the Sarei pipe line,

it is pointed out that in clause 2 of the agreement of the 2nd of Feb., 1916, the Company

undertook to keep one cattle trough full of water at or near the point where this <sup>pipe</sup> line joins the Ngongu Hills <sup>Supply</sup> between Mile 46 and 47 of the Magadi Railway. The present

Company proposes to vary this agreement by undertaking to supply a limited amount of water, namely, 1,000 gallons per diem, in each of the three troughs which are at present in existence - one at Sarei, and two at Kora.

*No objection is seen to this proposal, but the*  
*This proposal is acceptable to the Masai,*  
*and is preferable to the existing agreement.*

The Govr. considers, however, that both as regards the Ngongu supply and the Sarei supply, it would be advisable if the final agreement were to provide that the sites of the troughs may from time to time be altered. This is rendered necessary by grazing conditions and other considerations relative to the <sup>stock</sup> staff.

If the Company is prepared to agree to this alteration, it will be stipulated in the agreement that the cost of the construction of and fittings to the troughs will be borne by the Masai.

It is considered that any further correspondence connected with the Company's water rights should be addressed to the local Govt.

T. Native rights to Soda:

(27/24/25)  
With regard to para. 29 of your letter of the 23rd of July, the Govr. states that his legal advisers consider that the words "for their own purposes" in section (14) of the late lease mean "for their own use", and do not cover the right of sale or barter. He considers it inadvisable to emphasize the position, which is quite clear, <sup>under (14)</sup> locally, by the introduction of any further words which <sup>would imply</sup> will impose still further limitations on the rights of the natives of the area to collect any soda for their own use. The Governor

Governor is satisfied that under existing conditions there are no grounds to suppose that there is any danger of loss to the

Company on this score. In the circumstances

Mr. Amery considers that it is <sup>rather</sup> not necessary ~~and desirable~~ to amend the lease on this point, as

proposed in para. 29 of your letter under

reference.

4. Upon the receipt of your reply to this letter, Mr. Amery will instruct <sup>Govt's</sup> the Solicitors ~~to the Crown Agents for the Colonies~~ Messrs. Sutton, Osmain & Co. and Oliver, to have final prints prepared of the Lake and Railway leases, which will then be ready for execution <sup>in due course</sup> between the Crown Agents and your Company. It will be necessary, before the final print of the Port lease can be prepared, to ~~request~~ request the Governor to complete the first paragraph of Clause 2 of the lease, describing the area to be demised, in the light of paragraph 3(F) of this letter; and also to await the result of correspondence



Governor is satisfied that under existing conditions there are no grounds to suppose that there is any danger of loss to the Company on this score. In the circumstances Mr. Amery considers that it is <sup>rather</sup> not necessary ~~and~~ desirable to amend the lease on this point, as proposed in para. 29 of your letter under reference.

4. Upon the receipt of your reply to this letter, Mr. Amery will instruct <sup>Gort's</sup> the Solicitors to the Crown Agents for the Colonies, Messrs. Sutton, Osmaine and Oliver, to have final prints prepared of the Lake and Railway Leases, which will then be ready for execution <sup>in due course</sup> between the Crown Agents and your Company. It will be necessary, before the final print of the Port lease can be prepared, to ~~await~~ request the Governor to complete the first paragraph of Clause 2 of the lease, describing the area to be demised, in the light of paragraph 3(F) of this letter; and also to await the result of correspondence

Gov. 334/26 Kenya.

Mr. Seal 19.2.26  
Mr. Allen 19/2  
Mr. Bourke 22

Mr. Bolt 23.2.26  
for sending to  
Suttons

Mr. E. J. Harding.

F

88A/13

- Mr.
- Mr.
- Mr.
- Mr. E. J. Harding.
- Mr. Strachey.
- Mr. J. Shuckburgh.
- Mr. G. Grindle.
- Mr. C. Davis.
- Mr. S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

with the Governor regarding  
 the British Imperial Oil  
 Coy's (~~South Africa~~) pipeline  
 at Shewanusi, as to the  
 addition which you have  
 suggested to Clause 2 of the  
 lease on this point.

**DRAFT.**

See 16

- Mr.
- Mr.
- Mr.
- Mr. E. J. Harding.
- Mr. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir G. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

with the Governor regarding  
 the British Imperial Oil  
 Coy's ~~South Africa~~ 2 pipe line  
 at Sheikani, as to the  
 addition which you have  
 suggested to Clause 2 of the  
 lease on this point.

**DRAFT.**

10/11/13

Gov. 334/26 Kenya.

Mr. Seal 19.2.26  
Mr. Allen 19/2  
Mr. Bourke 27

Mr. Bolton 23.2.26  
for sending to  
Sutton

Mr. E. J. Harding

Mr. Strachey

Mr. J. Shuckburgh

Mr. G. Grindle

Mr. C. Davis

Mr. S. Wilson

Mr. Ormsby-Gore

Baron of Clarendon

Mr. Amery

F

Later draft  
on 12/2/26

Nagadi Soda Company

Memorandum regarding

the amendments to the draft  
Leases made by the Nagadi  
Soda Company subsequently  
to Colonial Office letter of the  
19<sup>th</sup> of August, 1925, and the  
further amendments made  
by the Governor of Kenya.

DRAFT. Memorandum  
for consa.

26 FEB 1926

Department of Mines and Geology

re copied as per Mr.  
enclosure to letter  
Sutton 20/2/26  
Hewitt

A. Late Lease

Preamble: Recital  
of Post lease

The deletion of this Recital  
is agreed.

Preamble: last  
Recital & Clause 1(D)

The amendment of the definition  
of the Nagadi Soda Deposit is agreed,  
subject to the further deletion of the  
words "included in the demise  
hereby made". The attention of

Mr. Mc also on 12/2/26

Amendment cannot be admitted, and the clause should stand as drafted.

Clause 3

It is agreed that this clause, provided for the termination of the Lake Lease in the event of the termination of either the Railway Lease or the Port Lease by reason of default on the part of the lessees, shall not be included.

It must be clearly understood, however, that no undertaking is given by the Government of Kenya or by the Kenya and Uganda Railway Administration, that

E. J. Harding.

Strachey.

J. Shackburgh.

G. Grindle.

C. Davis.

S. Wilson.

Ormsby-Gore.

Earl of Clarendon.

Amery.

DRAFT.

The Nagadi Soda Company's  
buffet will be conveyed  
to the ports of Kilindini  
or Mombasa in the event  
of the Company being  
deprived, by any  
circumstances whatever,  
of the use of its port at  
Shauri Moyo.

Clause 4.

The Government  
of Kenya desires that

(copy that)

The Nagadi Soda Company's  
buffer will be conveyed  
to the ports of Kilindini  
or Mombasa in the event  
of the Company being  
deprived, by any  
circumstances whatever,  
of the use of its port at  
Shaurimoyo.

Clause 4.

The Government  
of Kenya desire that

(kept that)

that the rent in respect of the properties demised shall be payable on the 1st of January in every year, in accordance with the prevailing practice in the Colony. The following amendments should therefore be made in this clause:-

On line 3, substitute for "November" the word "January" and after the words "in every year" insert "and so in proportion for any less period than one year".

Clause 5.

The solicitors <sup>to</sup> for the C.A. are being instructed to insert additions to this clause, providing for the payment of minimum royalties, on the lines <sup>similar to those</sup> indicated in para. 3(K) of the C.O. letter of the ~~the~~ of February, in the case of minimum freight charges in the draft Railway lease.

(draft herewith)

Clause 5. (XIV)

As indicated in the note of p.

Clause



Clause 2 (II), the <sup>proposed</sup> amendment <sup>cannot</sup> ~~should~~

<sup>be accepted</sup> not be made, and the clause should

stand as drafted.

The addition of the words

Clause 5 (XXD)(A)

" and this restriction shall not

<sup>under-letting</sup> apply to ~~sublet~~ for residential

purposes only" is agreed.

The insertion after the word

Clause 5 (XXIII)(C)

" thereafter" of the words "provided

the interruption shall not effect

prejudicially the working of Magadi

Soda Deposit" is agreed, subject to

the further insertion of the word

"general" before "working of the Magadi

Soda Deposit".

<sup>proposed</sup> The amendment of this sub-

Clause 5 (XXIV)(B)

clause is agreed.

It is noted that the Company

Clause 5 (XIV)

now wishes to delete this sub-clause

in view of the fact that separate

grants are to be made in respect of

their water rights.

Clause 9.

Clause 9.

The deletion of this Clause is agreed

B. Railway Lease.

Clause I (J)

The amendment of the definition

of the Magadi Soda Deposit is agreed.

Clause 2.

The amendment of the description

of the property demised is agreed.

Clause 2. (rider\*)

It is noted that the Company now

wish to delete the reference to the

water rights from the Ngong Streams

and the Sarai Falls in view of the

fact that separate grants are to be

made in respect of these rights.

Clause 2. (last para.)

As in the case of the Lake Lease,

the local Government desire that the

rent should be payable on the 1st of

January in every year, and this para.

should be amended in the same manner

as in the corresponding section of

the Lake Lease.

Clause 3.

The addition of the words "subject

to the provisions of Clause 18 of these

presents

presents and" ~~and~~ before the word

"without", <sup>on</sup> of line 2, ~~is~~ agreed

Clause 4 (2), (D)

The addition of this clause,  
relating to the use of a motor or  
push trolley on the Railway, is  
agreed.

Clause <sup>4/</sup> (IV)

The provisio<sup>e</sup>s to Clauses 4,  
4 (IV) (A) and 4 (IV) (C) referred  
to in para. 3<sup>(K)</sup> of the C.O. letter  
of the        of February, should be  
inserted in this sub-clause.

(draft herewith)

The reference in this sub-  
clause to clause 1b is agreed, as  
in the case of Clause 3.

Clause 4 (V)

The amendment of this clause  
as suggested is agreed; the words  
"whose decision shall be final", which  
were ~~not~~ deleted in the copy of the  
draft Lease received in the C.O., should  
also be omitted.

Clause 4 (XVII) (B)

It is noted that the Company  
desire that this Clause should be

Clause 4 (XVIII)

~~deleted~~

deleted, in view of the separate grants in respect of water rights which are to be made.

Clause 6.

(Mheneeth) *not off*

In accordance with the remarks in para. 3(M) of the letter from the C.O. of the 8 February, this clause should be amended to read as follows: - (Here take in "A" amended)

Clause 7.(II)

The deletion of the words " and maintain" is agreed.

Clause 10

(draft herewith)

As is explained in paragraph 3(A) of the C.O. letter of the of February, the insertion of the words " or to Kilindini or Mombasa" cannot be admitted.

Clause 10 (B) and Clause 10 (C)(1)

The Governor has requested that all money quotations should be made in local currency, and the rates quoted should be amended as follows:-

For 18/-	Read	Sh.18.00
" 17/-	"	Sh.17.00
" 16/6	"	Sh.16.50
" 20/0	"	Sh.20.00
" 18/-	"	Sh.18.00.

The additional provisos to Clauses 10(B) and 10 (C)(i) respectively which

PUBLIC RECORD OFFICE, LONDON

which are referred to in para. <sup>3(I)</sup> of the C.O. letter of the <sup>9</sup> of Feb. will be inserted. (draft herewith)

The amendment of this Clause, relating to the customary date for payment of ledger accounts, is agreed.

The reference to Clause 18 of this Clause is agreed, as in the case of Clause 3.

This sub-clause is now agreed.

The figure of £569,582 is accepted as the agreed amount of the capital outlay on the construction of the Railway.

The substitution of the words "addition or betterments" for the words "extraordinary repairs and renewals properly attributable to capital expenditure" is agreed.

With reference to the marginal note as to the distance from Shimanzi Lake, Masai, see para. 3(L) of the

Clause 12.

Clause 14, (iii)

(for conson)

Clause 19 (C)

Clause 20 (A)

Clause 20 (B)

(for conson)

Clause 20.

(draft herewith)

C.O. letter of the of Feb.

(C). Port Lease.

Clause 2.

Subject to any further observations which the Company may have to offer on the subject of the lien area at Shimanzi (see para. 2(f) of letter from the C.O. of the of Feb.), it is proposed to ask the Govr. of Kenya to furnish an exact description of the property to be demised.

Clause 2 (I).

The addition of this sub-clause proposed by the Company is agreed.

Clause 2 (III).

The proviso of this sub-clause, added by the Company, is agreed. Ref. is invited, in connection with this sub-clause, to para. 3(P) of the letter

Amendment

Clause 2 (last para.)

from the C.O. of the of Feb. This para. is to be amended by the substitution for the words "first day of November every year" of the following "first day of Jan. every year, and so in

in proportion for no less period than  
one year".

In accordance with para. 3(G) of the  
letter from the C.O. dated            of Feb.,  
~~the rental para. should read be~~

The provisions of this para. of  
the lease as regards the rental  
and premium payable by the  
Company will be altered in  
the light of para. 3(G) of  
the letter from the C.O.  
dated the 1<sup>st</sup> of February.

(*ditto* hereunder)

~~The deletion of the words "and subject to a  
premium" etc., to the end of the para. is  
agreed.~~

The proposed reference to Clause 10  
of the lease in these clauses is agreed.

Clauses 3, 4, 5(III) and  
8(III).

The question of the British Imperial  
Oil Company's pipe line at Shimansi is  
still under con- sideration, and a decision regarding  
this proposed rider is deferred for the  
present.

Clause 5(II) (Rider).

The addition of the words "and this  
restriction shall not apply to under-letting

Clause 5(IV) A.

for

for residential purposes only" is  
agreed.

Clause 11(I).

This clause should be amended as  
indicated in para. 3(F) of the letter  
from the C.O. dated            of Feb.

Clause 12 A.

The sum of £45,145 is agreed as the  
amount of the capital outlay of the  
lessees on the construction of the  
Magadi Pier and Depot Works. The

additional amendments to this sub-clause  
*referring to former*  
made by the Magadi Co., are agreed.

Clause 12 B.

The substitution of "additions or  
betterments" for the phrase "extraordin-  
ary repairs and renewals *properly*  
attributable to capital expenditure" is  
agreed.

Note

By Order in Council dated the  
16<sup>th</sup> of December, 1925, the designation  
of the Uganda Railway has been  
altered to the "Kenya and Uganda  
Railway", and the references  
to the Uganda Railway in the

*as on  
C.O.  
force of the  
have still  
executed on a  
in the future)  
presume they must be  
already altered accordingly  
H.B.*

leases should be altered accordingly.

The references to the Uganda Railway  
in the Railway and Port Leases  
Administration should be altered

to "the High Commissioner for

transport", and ~~where necessary~~

~~and defining it~~ this expression should

be defined as meaning the High

Commissioner for Transport for the

Colony and Protectorate of

Kenya and the Protectorate of

Uganda, as established by

the Order-in-Council of the 16<sup>th</sup>

December, 1925

leases should be altered accordingly.

The references to the Uganda Railway  
Administration <sup>in the Railway and Post Leases</sup> should be altered

to "the High Commissioner for

Transport", and ~~where necessary~~

~~and defining it~~ the expression should

be defined as meaning the High

Commissioner for Transport for the

Colony and Protectorate of

Kenya and the Protectorate of

Uganda, as established by

the Order-in-Council of the 16<sup>th</sup>

December, 1925.