

1923

KENYA

C.O.
49554

21/10/24

DATE

REC
10 OCT 23

11TH SEPTEMBER 1923

CONF.
500

SUBJECT

COAL FOR RAILWAY

244

FREIGHT CHARGES.

Reports as to tonnage on which debts can be accepted but asks every effort be made to secure a reduction in proposed rate or that an offer be of £50,000 be made to Shipping Liquidation in settlement of all outstanding freight charges.

ays

CIRCULATION

Mr. ~~Parkinson~~
Mr. ~~Bostwick~~
Mr. ~~...~~

Asst. U.S. of S.

Perm. U.S. of S.

Part. U.S. of S.

Secretary of State.

Previous Paper

B.A.

44390

MINUTES

The total in 26930/11 shows that the Col. Govt. had assumed that no changes would be made for freight, but the minutes in that paper show that the assumption was not justified.

The minutes & statement - 9616/11 show that the freight on 17477 tons was just under 19/- a ton. This is the basis for the Col. Govt's assumption that the freight rates generally would not exceed £1 a ton. I think this is a point which may well be put in whatever attempt we may make to settle this matter.

T
My

We now have a statement signed by the Chief Accountant of the U.K. showing

Minute to C.B. 28 Nov 1923
Min. to S. Dept - 14 APR 1924. C.B. 59665

Subsequent Paper

50
59665

tonnage on which debit can
be accepted by the Railway in
respect of A. Cost of Coal &
B. Freight on Coal.
This statement is declared to
be correct after taking into account
all payments made by the CA
up to & including May 1923.
This statement is identical
with Statement C of 5/7/1920
except that two shipments by
the 'Thyra', viz 3677 tons on
3.9.17 & 2036 tons on 10.1.18
are omitted, thus reducing the
total tonnage from
50897 to 48861. The
cost of these is disposed of
on 11/30/21, & the second on
CA. The field in this
5/6/22
clear so far as Kenya is
concerned; that is C says
Kenya is prepared to pay
£44,883, or if the Shipping
Legislation & the Admiralty
refuse this (as they would
will cover more) £50,000 as
a compromise settlement.
I think, in view of the Shipping

* omitting odd
parts of a ton and

* that perhaps
'disposal' is
the 2036 tons is less
than the amount
claimed.

Liquidator's letter is 22075, that this amount
(£50,000) should be offered at once.

There would still remain the 215
G.E.A. portions of the consequences of
Crossington (and Adonia) (see claim is
44390/23 & my pencil notes at the bottom
of the envelope - this paper). The quantity is
(3582 + 2800) 6382 tons & the rate will be
either (a) 32/6 a ton, or (b) 20/- a ton, or (c)
a rate based on the rate implied in the compromise
arranged for Kenya. This is chargeable to Comin
Finally there are the two "Huma"
shipments (see statement B of 5/7/1920,
CA
22075/23 Kenya, & 7000 units (1) on
CA
22075), viz, 1500 tons, at one of the
rates mentioned above, payable from
Comin charges.

The first step therefore is to
authorize CA to offer £50,000 to the B of T
in respect of Kenya's share in the Admiralty
& Ministry of Shipping consequences. It
explains to the Admiralty & B of T
that if this is accepted the further question
of the G.E.A. (or Comin charges) portions
of the Crossington (and Adonia)
consequences, & also that of the two "Huma"
shipments will be taken up & settled.

not only
1000 tons is
admitted in
this ship.

f. printing and
at A

Some as for all.

h/ 25/10/23

I am afraid that the Govt. of Kenya will not get out of this mess so easily: if £20000 net clear of their liability, however, it will be worth paying this sum (U.K. wt. pay) & having done with the thing. The Govt. went

on making assumptions, first that there will be no charge when that the charge will be limited to £1 per ton: we can understand that people in this country will not feel disposed to implement false assumptions made in Kenya - but for all that, I think we must do what

we can - i.e. tell C.A. ~~unsuccessfully~~

~~unsuccessfully~~ to offer as a price payment of U.K. coal of weight 200000 paying out net Govt. of Kenya only about £20000

in settlement hereabout about they had previously assumed; that it means that that charge will be made of freight, that such charges will not exceed £1 per ton (see A above).

As the Govt. have not say, I doubt whether the exchange of General could really clear up in detail a company's selling these claims, as proposed by C.A. in

first instance limiting, even to the U.K. coal as at X.

del 6.11.23 2LB

I don't know what an exchange could do, but the result has been a good effort at the impossible.

Let us see what it will be best for us to do. Give it. Give S.E.A. coal - on his return with us of the coal.

del 6.11.23

~~base calculations~~

See. I think there is a limit to the amount of coal that will be available to be bought in the U.K. in connection with the amendment of the C.C. Act for the purpose of the Division of the E.A. war tax

Minutes from C.A. of 25 Nov. attached

h/ 29/11/23

KENYA.

No. 500.

CONFIDENTIAL.



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

11th September, 1923.

49554

REC
RF 10 OCT 23

247

My Lord Duke,

E.A.
22075

I have the honour to acknowledge the receipt of Your Grace's despatch No. 731 of the 29th May, regarding the question of freight on coal supplied to the Uganda Railway.

2. As explained in Sir Charles Bowring's telegram No. 725 of 31st May, 1918, it had been assumed that no charges would be made for freight for this coal. The first intimation that these charges would be raised was in Mr. (now Lord) Long's despatch No. 143 of 9th March, 1918, and as the debits mentioned in that despatch amounted to £16,897 on commitments totalling 17,477 tons (a rate of somewhat less than £1 per ton) it was assumed that the freight rates would not exceed £1 per ton and it was on this basis that provision was made in Estimates.

3. I enclose for Your Grace's information a statement prepared by the General Manager showing the tonnage on which debits can be accepted by the Uganda Railway Administration, and I would ask that Your Grace should cause further representations to be made to obtain a reduction of the rate to the figure which was allowed in Estimates, viz: £1 per ton. As Your Grace is aware, the whole position in regard to this coal has been most unfortunate. Large stocks were purchased at a period when abnormal prices were ruling and at the beginning of the present year there were 19,554 tons of coal on hand

at

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET,

LONDON, S. W.

26930
18
Edms
18

18

GRACE

THE DUKE OF DEVONSHIRE, K.G., P.C., G.C.M.G., G.C.V.O.,

at a book value of Shillings 95/50 cents per ton. As explained in paragraph 4 of Kenya despatch, Confidential No. 410 of the 17th July, 1923, Mr. Felling decided to use the stocks on hand at approximately replacement cost viz: Shillings 35/- per ton, charging the difference between this figure and book value to net revenue account. The amount so debited to net revenue to the end of July was £41,740, and a further debit of approximately £13,680 has still to be faced until the balance of coal has been used up. It will, therefore, be seen that the railway finances have already suffered considerably during the present year on account of this coal and I am anxious that every effort should be made to avoid any further burden on this account. I trust, therefore, that it will be found possible to secure the reduction in rate suggested. If such a reduction is not obtainable, I would endorse the General Manager's recommendation that an offer be made to the Shipping Liquidation of 250,000 as a compromise ⁱⁿ settlement of all outstanding freight charges due by the Uganda Railway.

4. With regard to paragraph 3 of Your Grace's despatch Mr. Felling has ascertained from the General Manager of Railways, Dar-es-Salaam, that 1,000 tons of coal were discharged there ex S.S. "Hanan" for the Central Railway in 1918. The further consignment of 500 tons cannot be traced, but in view of the statement in paragraph 1 of the letter dated 29th January, 1919, from the British East Africa Corporation to the Under Secretary of State for the Colonies, copy of which was forwarded under Lord Milner's despatch No. 110 of February 13th, 1919, it seems possible that a mistake has been made and that the Central Railway only received one shipment by this steamer. There is no

record

500

40104

23

In view of the above

429
6374
19

500
8721/19

record of any coal having been landed at Kilindini
by this vessel and no debit can be accepted by the
Uganda Railway in regard to shipments ex S.S. "Hunan".

I have the honour to be,

My Lord Duke,

Your Grace's most devoted
and most obedient servant,

R. J. Courson

GOVERNOR.

STATEMENT SHOWING TONNAGES ON WHICH DEBITS CAN BE ACCREDITED BY UGANDA RAILWAY

In respect of A. Cost of coal.
B. Freight on coal.

Name of vessel.	Date sailed Delagoa Bay.	A. Cost of coal	Tonnage received by Uganda Railway.	Remarks.
Iran	13.2.23		2,486	
			<u>2,486</u>	Tonn. cost
		B. Freight on coal		
Opportus	28.4.16 ✓		4,501	
Crossington Court	30.1.17 ✓		2,963 X	
Felton	24.3.17 ✓		2,934 X	
Osman ✓	23.5.17 ✓		4,978	
Osman ✓	14.7.17 ✓		4,378	
Thyas ✓	9.10.17 ✓		3,533	
Thyas ✓	3.12.17 ✓		3,707	
Thyas ✓	2.10.18 ✓		3,730	
Channing ✓	30.3.18 ✓ <i>John</i>		2,750 70	
Thyas			3,630 10	Arrived Kilindini 15.5.18
Channing ✓	7.5.18 ✓ <i>Duba</i>		2,770 2	
Iran	13.2.23 ✓ <i>Duba</i>		2,486 1	
Iran	12.4.23 ✓ <i>Delagoa Bay</i>		2,523	
			<u>24,883</u>	Total tonnage freight

N.B. The above is after taking into account all payments made by Crown Agents up to and including May 1923 (Uganda Railway Working Account).

(Signed) E.E. Goodship.
Chief Accountant.
Uganda Railway.
30.7.1923.

X This is party 6585 ton (see attached A in 577/19/20) of which 3582 ton for GEA

PAS.

X This is party 5724 ton of which 2800 ton for GEA

Mr. Jewell.

In C.O. letter No. 49554/23 of the 9th November, you authorise us to offer £50,000 as a compromise in settlement of outstanding freight charges due by the Uganda Railway for coal.

The total amount claimed as freight on the basis of the figures given in the statement attached to your letter is £69,495.12.6d, but of this amount £14084. is claimed by the Admiralty, and the balance by the Board of Trade. We propose, therefore, to offer the Board of Trade £40,000 in payment of their claim, and to endeavour to settle the Admiralty claim for £10,000.

We have not argued with the Admiralty at all up to now about their rates, but presumably we must do so now, and only offer £10,000 as a last resource.

Can you say, please, if this proposed action will meet your wishes.

M. B. Stanley
M. Fisher

R. Bradburn

"P" Dept.
Crown Agents.
23.11.23.

The CA figure of £69,495.12.6
appears to be arrived at by exchanging some of the
consignments at 32 1/2 a ton, & others at 35 1/2 a ton.

M. Jewell Esq.
Colonial Office.
P.O. MP.

I think we may agree to
this proposal, by minute?

W.H.
27.11.23

W.H.
27.11.23

Minute sat

W.C.A. - W.H.
27/11/23

W.C.A.
27.11.23

Govt 24554 Kenya

C. D.
R 7 NOV.
D 6

Inv.

252

SA

DRAFT.

CA

9 Nov 1923

Genl.

MINUTE.

- Mr. Parkes (P.P.S.)
- Mr. B. S. M. (P.P.S.)
- Mr.
- Sir C. Davis.
- Sir G. Grindle.
- Sir H. Road.
- Sir J. Masterton Smith.
- Mr. Ormsby-Gore.
- Duke of Devonshire.

Letter of 6th inst. from
 Mr. Dept No. 22075/23
 of the 29th of May, same
 etc. to inf. you that
 he has now received
 from the Gov. of Kenya
 a reply to the Dip. of
 the 29th of May, of which
 a copy was enclosed
 in that letter, relating
 to charges for coal
 shipped to East Africa

(2) The Government
 of Kenya are prepared
 to accept details in

relating to the
 on the S.E.A.
 coal.

reference
 coal in Gov. of Kenya
 in 4915/23

request of coal supplies from
Upward Railway in the
enclosed statement which,
it will be observed, takes into
account all payments made
by you up to the 31st May 1923.

3. The Governor states that when it
became clear that the Government
would be required to pay freight
on the coal shipped to the Colony
by the Upward Railway, it was
assumed that the charge would
not exceed £1 a ton. This
assumption, it appears, was
based on the fact that the
debts referred to in the letter
from this Dept. No. 96167 of
the 9th of March 1918 (of which a
copy was sent to the Governor)
amounting to £16,897 were
in respect of consignments of
coal amounting 17,477 tons,
that is to say, the rate worked
out at rather less than £1
a ton.

4. The Governor contends that
the charges for freight should
not exceed £1 a ton on the

consignments for the Upward
Railway etc. are still
in dispute; but he
states that if it is 253
~~not~~ not practicable for
such a reduction to be
arranged, he is prepared
to accept the recommendation
of the General Manager
that an offer be made
of £50,000 as a
compromise in
settlement of all
outstanding freight
charges due by the
Upward Railway for
coal.

DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr.
- Sir C. Davis.
- Sir G. Grindle.
- Sir H. Bond.
- Sir J. Masterion Smith.
- Mr. Ormsby-Gore.
- Duke of Devonshire.

~~at least~~
with reference to
5. The Dept.
approves of your
understanding to arrange
making 50,000
~~of the~~
~~£50,000~~
→ final settlement
of all charges for
freight outstanding

on the coal consigned to the
Upendra Railway of this
offer is accepted, the further
extension of ~~the~~ the consignments
to the P.T. (German East Africa) by way of
of a number
sum of 2,00,000
including the shipments ex
P.S. "Huanan" (see para 3 of
the dip. enclosed in C.O. letter
of the 29. of May) will be
taken up separately & settled
as soon as possible. In this
connection it should be observed
that of the consignments
ref. to in your letter P2/5014 of
the 6. of Sept., the Govt. of
Kenya admit a debit for
4501 tons ex S.S. "Cyfarthfa"
& that they admit debits
for 2963 tons & 2934 tons
ex S.S. "Crossington (net)" and
"Polvena" respectively; the remainder
of the amounts carried in these two
ships, & namely 3582 tons & 2000
tons, which were for use in German East
Africa, are ^{then} shown in statement "C" which
formed one of the material to the Govt. dip. of
the 2. of Dec. 1919 forwarded in C.O. letter

(22)

(44)