



EAST AFR. PROT. UGANDA

C. O. 19701

19701

Colonial

Date 1912 June

LOAN OF £500,000

FOR VARIOUS PURPOSES.

Last previous Paper. 1909 (Roads in Eastern Province) (Railway stock & equipment)

Hampstead Ball Rd

Mr G. Fiddes

I have had registered the memorandum relating to the loan of £500,000 for the E.A. & Uganda promised by the Chancellor of the Exchequer in the House of Commons on Monday last, the 24<sup>th</sup> of June.

I have added at the end a memo (to be filled) by Sir P. Girouard, in reply to Sir J. Anderson's enquiry how the charges on the E.A. P. share of the loan would affect the estimates in future years.

subsequent Paper ready

I now submit a draft to the Treasury see Gov 20101 Roads

Handwritten notes: The 10-12-12-13 years Copy attached 2/26 July 2108

... has been done in to be applied  
and sending correspondence and other  
necessary explanations. The allocation of  
£500,000 proposed in the draft is for  
consideration. Its precise point has hitherto  
been discussed only by you, Sir P. Crouard,  
and myself. You & Sir P. Crouard have already  
seen the draft in its first rough form.

Hals

June 26

J. R.  
~~26/11~~

that development will ensue which will appreciably hasten the day on which the Protectorates will be self-supporting. The signal example of capital expenditure in the past is the construction of the Uganda railway. Originally constructed at a cost of 5½ millions, this railway, 535 miles long, connecting Lake Victoria with the Indian Ocean at Mombasa, was primarily undertaken on Imperial and political grounds and the whole charge of it was accordingly borne by Imperial funds. It has, in fact, proved to be the only means by which the Protectorates of East Africa and Uganda could be developed or could ever have any hope of becoming financially self-supporting. It is on this railway, ~~and on~~ its extension by means of branches and steamer services, and on its maintenance in efficient condition by additions to rolling stock, permanent way, improvements, and the provision of terminal facilities in the shape of piers, wharves, and harbours, that reliance must be placed for eventually freeing the two Protectorates from their dependence on Imperial funds.

More recently the Imperial Government have advanced a sum of £170,000 to the Uganda Government to construct the Busoga Railway, a line 65 miles in length, tapping the rich cotton producing districts around Lake Kioga of which the British Cotton Growing Association entertain the highest hopes. This railway has its terminus at Jinja on Lake Victoria, whence the steamers of the Lake Victoria Service carry the traffic to the Lake terminus of the Uganda Railway to be hauled the whole length of that railway to the sea.

(The

(The terms as to the interest to be paid on this loan and the rate at which it is to be refunded have not yet been arranged).

His Majesty's Government have also undertaken to advance £250,000 to the East Africa Protectorate to be spent on -

- (1) A branch line, 50 miles long, of the Uganda Railway to serve the rich agricultural district to the North of Nairobi.....£50,000
- (2) A Deep-water Pier at Kilindi<sup>on Mombasa Island</sup> the terminus of the Uganda Railway on the Indian Ocean..... £100,000
- (3) A Water Supply for Mombasa..... £ 90,000.

This loan bears interest at the rate of  $\frac{1}{2}$  per cent and a sinking fund of .1 per cent, and the amounts due in these respects are to be found within the limits of expenditure imposed by the Imperial Treasury in calculating the annual grant-in-aid. It has thus been sought to re-produce in connection with this loan as nearly as possible the situation in which the Protectorate would be if it were in a position to <sup>raise</sup> ~~undertake~~ this necessary loan on its own responsibility.

A contract has recently been made for the development of the immense soda deposits of Lake Malawi where many millions of tons of soda are in sight. Such development involves the construction of a branch line 100 ~~200~~ miles long to connect the lake with the Uganda railway. This branch is being undertaken by the Company to whom the lake has been leased. From this concession the Protectorate will eventually derive large benefits in the shape of royalties, traffic on

the Uganda Railway and revenue from the additional shipping which will be attracted to Mombasa. In return His Majesty's Government have undertaken to spend up to £350,000, if so much should be required, to adapt the main line of the Uganda Railway to carry the traffic and to provide the necessary rolling stock. The instalments of this liability are now falling due and are being provided year by year.

These are arrangements already made. The effect of the policy hitherto followed, namely, that of keeping a watchful eye on the annual grants-in-aid and yet not refusing ~~such~~ grants or loans for capital works designed to expedite development and increase revenue, may be seen from the appended tables.

It will be seen that in the last seven years the revenue raised locally by the East Africa Protectorate has risen from £461,000 to £781,000, and that the grant-in-aid from Imperial funds has diminished in the same period from £164,000 to nil. (It is necessary to explain that this result in 1912-13 has only been accomplished by drawing on the large balance which the Protectorate had accumulated as the result of savings on expenditure and revenue in excess of the estimates in the last two years. It cannot be said <sup>though it is hoped</sup> that no grant-in-aid will be required for ordinary purposes in 1914-15.)

In the same period the local revenue of Uganda has risen from £97,000 to £232,000 and the grant-in-aid has fallen from £112,000 to £45,000.

There has now come something of a crisis in the affairs of the Uganda Railway. So far the railway has managed with the equipment and rolling stock handed over when construction was finished in 1902. The amount of that equipment and rolling stock was then admittedly in excess of requirements, but in late years there has been an <sup>ever</sup> ~~very~~ growing difficulty in coping with the seriously increasing traffic. Since the year 1903-4 the gross receipts of the railway have risen from £132,000 to £424,000 (estimated) in 1912-13; and instead of an adverse balance of £60,000 in 1903-4 a profit of £135,000 is anticipated in the current year. In 1902 it was anticipated that three or four trains a week in each direction would meet all requirements. The ~~actual~~ number now in use is some fifty to sixty in the week. The traffic has, in fact, burst all bounds, and most serious complaints are being heard as to the incapacity of the railway to handle traffic with reasonable expedition or even in some cases to accept it at all. It has become plain beyond dispute that extensive expenditure is urgently required to equip the railway to meet the existing <sup>condition of traffic and the</sup> ~~state of affairs~~ which is far in excess of anything which was contemplated when the railway was completed. It is estimated that <sup>(quite apart from the separate passenger and goods traffic)</sup> the immediate requirements are approximately 20 engines, 200 wagons, a considerable amount of passenger stock, large expenditure on sidings and officers quarters and improvements of various kinds at the ports on Lake Victoria served by the railway steamers.

*Handwritten notes:*  
 1. *improved this in 1902 on platform*  
 2. *to carry more goods*  
 3. *and*

With regard to the last item it may be explained that the increasing traffic demands improve-

improvements in pier and wharfage accommodation and in storage facilities. An additional steamer has recently been ordered for the Lake service, but the development of exports from all the Lake ports makes yet another steamer urgently required and in fact indispensable unless traffic is to be refused. The nature of the Lake steamer service is of such a character that at present it is earning from 15 to 16 per cent per annum on its capital cost.

The sum of \$100,000 included in the loan mentioned above for a deep water pier at Kilindini is for construction only, and includes nothing for the equipment of the pier. It is necessary to provide adequate machinery and appliances for the prompt and efficient handling of cargo, if the traffic is not to be subject at its ocean port to the delays and inconveniences which it is hoped to avoid on the Railway itself by the provision of the additional rolling stock and other facilities mentioned above. It is also necessary to incur some expenditure on the improvement of the existing wharf accommodation at Kilindini to meet the great and growing pressure of traffic pending the completion of a new pier, which has not yet been begun and which will take some years to complete.

There are, in addition, two capital services of an urgent nature in the Protectorate of Uganda. The Capital, Kampala, is eight miles distant from its port on Lake Victoria. Large quantities of traffic, both imports and exports, pass along the road between the two places, and all existing means of transport are

now inadequate to deal with it. It is inevitable that a line of railways should be constructed between these two places unless agricultural development in this rich part of Uganda is to be seriously checked and the Lake steamer service and the Uganda Railway are to lose traffic which is actually waiting to be taken. It is also eminently probable that this short line will eventually be the beginning of a trunk line which will in course of time no doubt extend across Uganda from East to West and serve the *rich* districts of the Congo which border the Protectorate to the South of Lake Albert.

As mentioned above, the Busoga railway has been *directed* to tap the rich cotton districts around Lake Kioga. This lake is an extensive sheet of water with *numerous* ~~enormous~~ arms penetrating many miles inland. The Protectorate Government have recently largely increased their fleet of vessels on this lake in order to collect the cotton and bring it to rail head. Inland, round and beyond the creeks, are large areas well adapted for cotton cultivation, in which cotton is actually now being grown in large quantities by the natives. The problem is to bring this cotton down to the lake shore and so put it into steamer and railway communication with the sea. The British Cotton Growing Association state that there is a most serious danger at present, that the natives will find that they cannot dispose of the excellent crops which they have grown. If this occurs, the damage that would be done is incalculable. It is not merely a question of this year's or of next year's crop. If disappointed in their



their first attempts <sup>at</sup> agricultural development, the natives are unlikely to take up cotton growing again for a generation, when perhaps the memory of their unfortunate experience may have died out. The only remedy is <sup>the immediate construction of</sup> a system of good roads to replace the jungle and bush tracks which are at present the only means of communication in the districts concerned.

For all these purposes a loan of £500,000 will be nothing more than adequate. It is proposed that on such a loan the Governments of Uganda and the East Africa Protectorate should pay interest at the rate of 5 per cent per annum and should provide sinking fund at the rate of 1 per cent per annum.

EAST AFRICA PROTECTORATE

Year	Revenue	Grant-in-Aid for ordinary purposes
1906-7	£ 461,363	£ 164,000
1907-8 <sup>x</sup>	474,700	153,000 <sup>x</sup>
1908-09	485,868	138,000
1909-10	503,040 <sup>†</sup>	133,500
1910-11	509,586 (Retained)	130,000
1911-12	530,279	115,000
1912-13 <sup>‡</sup>	780,664	Nil <sup>‡</sup>

<sup>x</sup> A special additional grant was made in this year of £40,000 for the payment of compensation in connection with the abolition of slavery.

<sup>†</sup> In this year the practice began of handing over a portion of the Customs Receipts, about £20,000 to begin with, to Uganda.

<sup>‡</sup> A grant-in-aid of £23,000 has been provided for this year in connection with the undertaking given by His Majesty's Government to furnish funds for equipping the Uganda Railway to carry the soda traffic from Lake Magadi.

## UGANDA.

YEAR	REVENUE	GRANT IN AID FOR ORDINARY PURPOSES.
	£	£
1906-07	96,772	112,000
1907-08	111,883	85,000
1908-09	102,572	95,000
1909-10	165,145	103,262
1910-11	191,094	96,000
1911-12	(Estimated) 174,844	65,000
1912-13	231,794	45,000

Sir J. Andersson

Here is Sir P. Girouard's memo.

He estimates that £300,000 is wanted.

You & I  
~~have~~ have discussed this, and we suggest  
 that the opportunity may be taken of getting  
 what is required for a line between Kampala  
 and Port Bell (about  $7\frac{1}{2}$  miles). The case for  
 this is stated in the papers herewith. The proposal  
 here <sup>was</sup> for a tramway (2ft gauge) at a suggested  
 cost of £15,000; but I do have nothing to do with  
 a tramway, for it seems clear that this will  
eventually be the beginning of an important  
 line into the interior. It is stated that the  
 extra cost of a metre gauge line will be £120  
 a mile. I don't follow this, and I think the  
 safer guide is the cost of the Basoga line  
 (i.e. Price Robinson) which has worked out at  
 somewhat under £3,000 a mile. On this  
 basis £25,000 will cover the cost.

There can be no doubt that this piece of  
 line is badly wanted that it is of great  
 profitable importance, both for the development  
 of Uganda trade & as a feeder to the Uganda Ry.

The money should be lent to the Uganda  
 Govt - as in the case of the Basoga line  
 where £170,000 was lent to them - and the line

Specimen  
 80/12

series best be worked by the Uganda Ry  
in account with the Uganda Govt. & in  
2nd with the Daroga line.

The proposal is then to :-

loan to E.A.P. Govt. for Uganda Ry	£ 300,000
" " Uganda Govt. for Kampala Ry	£ 25,000
	<hr/>
	£ 325,000

To be repaid at  $3\frac{1}{2}\%$  +  $1\%$  sinking fund.

Pr. 256

Mr Hancock.

I agree with Mr. Fiddes as  
to the Kampala-Port Bell line.

Mr. P. Gouraud says nothing as to the  
need for improved facilities for handling  
cargo at Mombasa which from other  
sources we learn is in urgent. I doubt too  
if he has made adequate provision for  
stores at the collecting centres - though with  
plenty of trains the need for these should not be  
great. I have asked Mr. Fiddes to ascertain  
from Mr. P. G. what is req<sup>d</sup> for Mombasa,  
& meantime to make sure we should ask  
for a round £400,000.

A letter to the Press on the lines of Sept. 25<sup>th</sup>  
which will be prepared at once if further  
on the other items. 26/6

June 21st 1912.

After further consultation with Sir John Anderson I have decided to take the whole £500,000 loan which it is possible for me now to secure, in order that we may probably add another steamer to Lake Victoria, make more extensive improvements in the pier and wharf at Kilindini and generally do the job well whilst we are about it. I have written the following letter to the Chancellor of the Exchequer :--

" My dear Chancellor of the Exchequer,

As you will be stating in the House of Commons on Monday that £500,000 of your realised surplus will be devoted to my loan I think you should say that it is ' for the improvement and development of Uganda and East African Railways, communication and ports. ' I propose to pay you interest at 5% with 1% Sinking Fund, so that I am doing you handsomely ! I am very grateful to you for this real assistance and am glad to think that it is all such good business for the Imperial Government.

Yours very sincerely,

L. Harcourt.

*L.H.* 21.6.12

Colonial Office,  
Whitehall Street, S.W.

June 21st 1912.

My dear Chancellor of the Exchequer,

As you will be stating in the House of Commons on Monday that £500,000 of your realised surplus will be devoted to my loan I think you should say that it is " for the improvement and development of Uganda " and East African Railways, communications and ports."

I propose to pay you interest at 3½% with 1% Sinking Fund, so that I am doing you handsomely ! I am very grateful to you for this real assistance and am glad to think that it is all such good business for the Imperial Government.

Yours very sincerely,

*L. Harcourt*

(1) Original

The very large increase in traffic upon the Uganda Railway has brought very forcibly to notice the unsatisfactory condition as to equipment in which the Railway now stands. I would propose, before suggesting measures necessary for an immediate improvement of conditions, to go into a short review of the history of the line since it was handed over to the Government administration by the Uganda Railway Committee on the 1st October 1903. At that date the line was in a more or less complete condition for traffic. Expenditure of £5,550,000 had been authorized upon its construction, of which £5,317,000 was ear-marked at that date, leaving a total of £223,000 in the hands of the administration to complete the line to the standard then thought advisable for the country. It was assumed that six trains a week, three each way, would be worked and that the working expenses would be about £67,000 per annum ~~on the Railway~~, exclusive of the expenses of the one steamer it was proposed to place upon Lake Victoria Nyanza. The line, in so far as bridges and permanent way were concerned, was of a fairly high standard. A fifty pound rail was provided and all bridge structures were of a thoroughly permanent character, designed, however, throughout for a ten ton axle load. Fencing was not provided as it was

not



not considered to be required: ballast was omitted in most parts of the line, the station buildings, staff quarters, etc. constructed upon the line were of a temporary character. The Committee in their handing over Report of the 21st February 1904 described them as follows:- "In nearly all cases the station buildings are of timber covered outside with corrugated galvanized iron so that they may be easily taken down if required and re-erected elsewhere. In design they are inexpensive and the cost of up-keep should not be large. The staff-quarters are for the most part of wood and iron". The statement that wood and iron buildings can be easily taken down and re-erected elsewhere and that the cost of upkeep should not be large are unfortunately not correct in African experience. Many years of experience of such buildings, both in the south, north, west and east of Africa, have convinced me that though there are advantages in the erection of such buildings, mainly in the rapidity with which they can be occupied, there are many grave disadvantages both as regards the health of those who inhabit them and the extraordinary expense of upkeep. After but few years the timber used in their construction has perished, and rarely, if ever, is there much advantage in taking them down for re-erection elsewhere. As a matter of fact the stations and buildings of the Uganda Railway have remained where they were originally erected at a cost of some £500 000 and it has not been found possible upon the small

small amount remaining on capital expenditure to materially improve these buildings since their erection in 1908-1909. Many are in the last stage of constant repair and, in view of the enormous increase of traffic, are totally inadequate for the working of the Railway. In Nairobi and Mombasa and Kisumu buildings of a more permanent character have been erected since 1902 but a very large proportion of this expenditure has been defrayed from ordinary expenditure of the Protectorate.

#### Equipment.

The line in 1902 had some seventy fairly powerful locomotive engines. The bulk of these were erected in 1899-1900 and had therefore seen from ten to twelve years service on the line. From 1902-18 the total addition of engine stock amounted to three shunting engines.

The rolling stock in 1902 consisted of 204 passenger vehicles and brake vans and 950 goods wagons. On the 31st March 1911 passenger vehicles and brake vans numbered 232 and goods wagons 955.

#### (2) Traffic, 1902-12.

The estimates made in 1902 for the receipts upon the Railway were that in its first year of working as a through line £62,000 would be received. The actuals for 1902-3 were £57,328.

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The following figures will show the results of the working since that date and must be considered to be of a highly satisfactory character:-

Year.	Gross Receipts	Working Expenses	Profit on Working.	Net Receipts Loss on working.	Interest on Capital
	£	£	£	£	%
1903-4	131,567.	191,668.	-	60,101.	Nil.
1905-6	204,929	148,250	56,679	-	1.07
1907-8	232,070.	167,357.	64,713.	-	1.20
1909-10	246,146	180,279	65,867.	-	1.22
1911-12	349,672	229,264	120,408.	-	-
1912-13	424,300.	289,632.	134,668.	-	-

Estimated.

Whereas in 1903-4 the working expenses were about 150% of the gross receipts, in 1912-13 it is estimated that they will be 67.6 and they were actually in 1910-11 72.5.

Though it was originally thought that 3<sup>4</sup> trains per week each way was the object with which the Railway was built, the actual traffic offering and ever increasing has led in 1912 to a service of four goods trains per diem in each direction or some 50 to 60 goods trains a week in lieu of six or 8. It may be reasonably asked how this very large increase in train mileage has been possible upon such a small increase of rolling stock and low capital expenditure upon improvements, buildings, and quarters. The main factor which has allowed of

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the Railway carrying this enormous increase of traffic has been the fact that the engines and goods stock originally provided were much in excess of immediate requirements. The Committee of the Uganda Railway in their final Report state that "the amount of rolling stock supplied is undoubtedly larger than is required for the small quantity of public traffic at present offering, but it was only just sufficient to carry in a reasonable time from the coast to points where required, the materials necessary for construction. Had the amount of rolling stock been restricted to the ultimate traffic requirements, the period of construction of the Railway would have been very much prolonged and expenses in other directions largely increased. .... The locomotives were required for construction purposes, not for traffic; the goods stock is in excess of present traffic requirements for the same reason as the locomotives".

It was, indeed, a fortunate circumstance both for the working of the Railway and for the progress of East Africa that the Uganda Railway Committee and Sir Guildford Molesworth found it desirable and necessary to provide an excess of rolling stock during construction. This rolling stock such as it was, <sup>is</sup> considerably battered by the heavy wear and tear always witnessed in construction periods, ~~were particularly in tropical climates,~~

has

has not only accommodated the traffic anticipations of 1903, amounting to £87,000 per annum, but <sup>has</sup> provided for an increase since that date to 1911 of nearly 500%, changing a loss in working of £60,000 per annum in 1903 -4 to a profit estimated very confidently in 1912 -13 at £135,000, or nearly 2 1/2% on the total capital expenditure upon the line.

(3) Steamer Service

When we turn from the Railway to that <sup>one</sup> most important factor which has ~~so~~ materially assisted in the remarkable development - I refer to the Railway steamer service on Lake Victoria Nyanza - the most extraordinary condition of affairs is found to exist. These steamers with all piers, wharves, and other buildings found necessary at the various ports upon Lake Victoria Nyanza have been ~~entirely~~ provided from funds other than those granted by Parliament for the Uganda Railway. On the present capital expenditure <sup>are</sup> on the steamers is paying some 15 to 16% per annum. The service is hopelessly overtaxed, though its efficiency is of a high character. Through lack of funds it has been quite impossible to give facilities at the various ports at all commensurate with the traffic that has been offering. At most the piers are flimsy in construction, the appliances for loading <sup>and</sup> of a primitive character, and the storage accommodation is much too limited. At any and all of these ports are to be seen large quantities not only of valuable imported merchandise but of equally valuable country

country produce - and particularly cotton - lying in the open exposed to all the evil effects of a tropical climate. It is true that after considerable pressure the fleet on the Lake is to be increased by one steamer. If this had not been done it is undoubted that private enterprise would have at once stepped in as all our own boats were working to their full capacity. But apart from the steamer service itself, it must be repeated that the port equipment upon which it is based is ludicrously inadequate.

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(4) Improvements on construction and equipment on order.

1903-1902

(a) *Uganda Railway Committee*

When the railway was handed over by the Uganda Railway Committee to the Government of the Protectorate a sum of ~~£1,000,000~~ remained unexpended on the votes granted by Parliament. The whole of this balance has been allocated to the expenditure on various items on improvements during the years <sup>1903</sup> 1902-1912. It has been impossible to devote ~~but~~ little of these funds to improvements in buildings other than the general offices of the Railway and a new station at Nairobi which will cost about ~~£200,000~~ <sup>£40,000</sup> when completed. The bulk of the funds have been devoted to water supplies, completion of bridges and culverts, ballasting, re-alignments, ~~purchase~~ of land, and to the construction of permanent dwelling houses in so far as funds would permit. With the severe pressure in traffic which has come upon us in the last two years 70 wagons <sup>have been</sup> provided for out of these funds.

(b) Improvements due to Magadi Railway.

Approval has been received for the expenditure of £550,000 <sup>on</sup> for such improvements as may be necessary to the main line of the Uganda Railway <sup>which is</sup> owing to increase of traffic expected from the development of the soda deposits at Lake Magadi <sup>and</sup>.

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well as provision ~~for~~ <sup>to be</sup> the rolling stock required  
 for the working of this traffic upon both the Magadi  
 branch line and the main line of Railway. The  
 expenditure is limited to £75,000 in any one year and  
 to £350,000 as a total. Of the expenditure in  
 each year about half will be devoted to rolling  
 stock and at present there are on order 8 locomotives  
 and 90 wagons. It may be fairly asked whether it  
 would not be possible to utilize this rolling stock  
 as a temporary measure to relieve the congestion  
 which may occur on the main line, more particularly  
 in view of the fact that the wagons may not be  
 required <sup>immediately</sup> on their delivery ~~possible~~ for the use of  
 the soda traffic. The contractor for the Magadi  
 Railway is bound to complete the line in 18 months  
 from October 1911. i.e. by April 1913, and I am not  
 of opinion that we should count on his taking longer  
 than this. It would, therefore, appear probable  
 that all the engines and wagons under order for the  
 Magadi Railway will be required <sup>in</sup> July 1913.  
 It takes 12-18 months to obtain delivery and erect  
 engines. All manufacturers are at present full of  
 orders so that it is necessary to place them at  
 once if we hope to put them into traffic by July  
 1913, i.e. about the time we would have to give up  
 any use of Magadi stock <sup>for present purposes</sup> other than for soda. The  
 same remark applies to wagons in a lesser degree.  
 It is also to be remembered that the wagons which

have  
 been ordered for the soda traffic are  
 covered and quite unsuitable to many  
 classes of traffic which the Railway  
 has to carry.



(5) Existing Conditions & *Proposals as to future*

But Today the Manager of the Line, to whose personal efforts much of the success in working is due, is face to face with the <sup>for the first</sup> position not only of finding every one of the seventy engines and 950 wagons at work, but that they are being worked in such a fashion that he cannot allow for the repairs so necessary for their upkeep. Such a strain if thrown upon new rolling stock might not be immediately felt, but with stock of the age of that of the Uganda Railway to continue such a policy even for a short time must not only lead to grave restrictions in traffic but to destruction of the further life of an already greatly deteriorated equipment. Now, although fortuitous circumstances have allowed of the Railway carrying an enormous increase in traffic and attaining a financial position that no one could have dreamt of ten years ago, it is entirely due to the competence of the staff and the existence of an excess of rolling stock. The line is in no sense equipped for the traffic it is carrying, more particularly in its station buildings, station equipment, and staff quarters. East Africa is not a country in which Railway employees can find house accommodation unless it is provided by Government. The head offices of the Railway, in which the important results I have indicated have been largely involved, are still in the same condition as they were <sup>when</sup> erected as temporary construction quarters fourteen years ago. They are in almost every particular similar to the East Africa Government buildings I have frequently referred to in my reports, - a collection

collection of tin shanties not only unworthy of the position of the Railway but placing the staff in danger as to health and at a distinct disadvantage in the production of good work. The station buildings, with the exception of Nairobi, ~~which is now being improved out of Protectorate funds~~, are in a disgraceful condition. They are just as the Committee described them in 1902 - "temporary buildings" - ~~clashed in every direction~~, insanitary, uncomfortable and meeting in no way the public demand. The Railway with 50 to 60 trains a week in each direction is still being worked on the primitive line clear message system by means of the ordinary telegraph instrument. There is hardly a line in tropical Africa which remains in this condition and certainly none bearing the traffic which is now thrown upon the Uganda Railway. With the increase in the number of passengers carried, the ever expanding tourist traffic, danger to life and limb alone demands the installation of more up to date methods. The signalling arrangements throughout the line are of the most primitive character, the central workshops are both inadequate and ill-equipped, ~~the line, which in 1902 -3 it was not considered~~ to fence, now passes for many miles through agricultural and stock districts both European and native.

*summary*

10

~~have been ordered for the goods traffic are covered~~  
~~and quite unsuited to many classes of traffic which~~  
~~the Railway has to carry.~~ When I arrived in the  
 country in 1909 some 20 to 25 engines and a propor-  
 tion of the wagons stock held over from construction  
 days were, in the case of the engines laid up  
 permanently until required, and the wagons <sup>some</sup> not being  
 fully utilized. <sup>held</sup> The increase in traffic has  
 taken place since 1909 and in less than <sup>one</sup> year  
 the gross receipts went up by £100,000, to be  
 followed in our Estimates for the year 1912-13  
 by an increase of £75,000. The 20 engines and the  
 proportion of wagons which I found to be out of use  
 are now, as I have already stated, more than fully  
 occupied and it would roughly appear to be the case  
 that about 20 engines and 200 wagons are required  
 on an increase of £100,000 in general traffic.  
 We have for 1912-13 a prospective increase of  
 £25,000. To meet this we have on order <sup>45-70</sup>  
 wagons, and the problematical use of the Magadi  
 stock. The traffic on the line is being maintained  
 at from £8,000 to £9,000 per week, and I am strongly  
 of opinion that the estimates of the gross receipts  
 for the year 1912-13 will not only prove to be  
 correct but, very probably be exceeded. The most  
 satisfactory feature in all our receipts in the last  
 few years has been the constant increase in export,  
 and there is little reason to believe that we will <sup>Shu</sup>

see diminution, more likely the contrary, in the future. At the same time passenger traffic is becoming very heavy indeed. Where at present we are running 4 mixed trains per week in either direction within a year it will be necessary to run a daily passenger train and here we will find <sup>small be found under</sup> an absolute lack of engines and first and second class passenger stock. The Manager of the Railway is of opinion that the requirements for the next two years can only be met by a large increase in rolling stock and considerable expenditure in improvements. He estimates as follows:-

For goods traffic an addition in each year of ten engines and 100 wagons and considerable improvements in sidings, quarters, crossing stations, etc. For passenger traffic an addition of 5 engines, 15 first class and second class passenger carriages and some 10-15 brake vans. The rough estimate as he puts it is as follows:-

Engines.	25 at £5,500	£137,500.
Goods stock	200 wagons at £350	70,000
Passenger stock	15 first and second class at £800	12,000
Brake vans	10 at £400	4,000.
Sidings, Quarters, Crossing Stations, etc.		60,000
Improvements on Lake. <i>Parts</i>		16,500
		<hr/>
	Total	£ 300,000
		<hr/>



BT  
decision which you have communicated to me with regard to the half and half principle, it will be quite possible to find interest and sinking fund <sup>any</sup> on the sum which <sup>largest income available - finally</sup> I have outlined in this Report which <sup>that this sum</sup> I greatly regret has to be somewhat hurried and far too brief.

206.12

BT

memo by Sir P. Girard 258

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Mr. Read,

Sir John Anderson has asked me to state what amount of additional loan charges I can provide for on the Estimates of the East Africa Protectorate without departing from the recognized principles on which those Estimates are to be framed.

I will assume that a further loan of £375,000 is to be granted to the Protectorate, that of this amount £250,000 will be required in the year 1913-14 and the remainder in the year 1914-15, and that the charges on the loan will be interest at the rate of  $3\frac{1}{2}$  per cent. and a sinking fund of 1 per cent. per annum. On this hypothesis the loan charges in 1913-14 will be £11,250 and in 1914-15, £16,875.

On page 37 of my confidential report on the Protectorate dated the 19th February last, I have given a fore-cast of the estimates for 1913-14. That estimate includes all the charges which at the time I could foresee as probable, but naturally it does not include any charges in respect of the new loan now proposed. It was, however, based on the old half and half principle. Under the new half and half principle as recently approved the Protectorate will be entitled to spend £8,934 more on the estimates of railway revenue and expenditure included in my fore-cast than I have actually shown. The manner in which this additional amount is calculated will be seen from the attached sheet A. This will leave a small balance

balance of £2,316 to be found in respect of the new loan charges in that year, and I can confidently guarantee to find this sum out of the £80,000 included in the forecast for minor public works and other unforeseen expenditure.

The forecast for 1914 was not framed on any half and half principle, but on the assumption that local revenue will balance expenditure in that year. In point of fact, revenue will probably be larger in that year than in my forecast, for, as will be seen later, there has been a still further excess in the actual receipts for 1913-12, and the revenue for 1913-14 and 1914-15 could therefore legitimately be calculated on a higher basis than was taken in my forecasts. If, however, the revenue in 1914-15 were not higher than in my forecast, I would find the new loan charges of £16875 from the sum of £85,878 included for minor public works and other unforeseen expenditure. If at the worst I should find this impossible, I should have to give up the dream of balancing revenue and expenditure in that year, and fall back on the half and half principle, which, in its new form, would permit of an expenditure of £973,356 in that year, and would so give me £14,228 of the amount required. The balance, £2,647, would have to come out of the last item of my forecast.

So much for the finding of the money under the new half and half principle. I should like to add a word as to the general financial position, which is now seen to be considerably stronger than when my forecasts were framed.

It appears from a report in the "Leader" of British East Africa of June 1st that Mr. Smallwood,

the



the Treasurer, stated in the Legislative Council that, owing to additions to the revised estimates of revenue and further savings on expenditure for 1911 -12, it might be expected that the actual surplus at the close of the last financial year would be £250,000 instead of £164,828, the latter being the estimated balance on which the Estimates for 1912 -13 were framed. This would give the Protectorate a balance of £85,172 in excess of what was expected when the Estimates were approved. It appears from the same source that the Treasurer's final Estimate of the balance which will be available on the 31st of March next, irrespective of this additional amount of £85,172, that is, calculated on the figures which were available when the Estimates for 1912 -13 were first framed, is £11,113. Adding to this the £85,172 which is now expected to represent the excess of assets over the estimated figure as at the 31st of March last, a balance of £96,285 will be in the hands of the Protectorate on the 31st March 1913 without taking into account any savings on expenditure or increases in revenue over the Estimates which may be realized during the current year. It would appear, therefore, that the deficit of £40,720 shown in my forecast for 1913 -14 in my confidential report can easily be met without coming to the Imperial Government for a grant-in-aid in respect of that year.

26 June 1912

## Estimates of

	<u>Railway Revenue.</u>	<u>Railway Expenditure</u>
1912-13.	£ 416,800	£ 282,132.
1913-14.	458,480.	300,000
Increase	<u>41,680.</u>	<u>17,868.</u>

Under the old half and half principle, only the half of £41,680, i.e. £20,840, would have been available for new expenditure, including new Railway expenditure, i.e. £2,972 excluding new Railway expenditure.

Under the new half and half principle, there is available out of the £41,680

(a) £17,868, (i.e. the new expenditure required to earn the increased revenue)

(b) one half of the remainder  
i.e.  $\frac{£41680 - £17868}{2} = £11,906.$

i.e. £8,934 more than under the old principle.

26 June 1912.

Ed.

Co  
19701/12

108100  
to  
the  
Paradise  
4.35 pm

Paradise  
4.35 pm

29.6.12

C. D.  
R. 29 JUN  
D. 29

29 June

DRAFT.

Cypher  
Telegram to  
Jackson  
Sutcliffe

There is some prospect

MINUTE.

Mr. Read. 27 June  
Mr.  
Mr. H. Just.  
Mr. J. Anderson.  
Mr. Emmott.  
Mr. Harcourt.

I am obtaining from  
Imperial for loan of  
£ 25,000 for construction  
of metre gauge railway  
Kampala to Port Bell  
and £ 90,000 to  
£ 100,000 for improvement

27/6/12

20/6/12

2

of communications and  
other primary districts  
East of Nile.

With reference to  
better scheme I request  
that you will  
consult your expert  
adviser confidentially  
as to how funds  
could best be  
expended whether  
in construction of

263  
metalled roads or  
railway so that you  
may be in position  
to discuss whole  
question with me  
when you come on  
leave in August.

19701

264

*ll*

~~C.O./19701 East Africa Protectorate~~



*se*

Downing Street,

1 July, 1912.

DRAFT.

*Copy attached to Downing Street of Notice to be signed*

THE SECRETARY  
TO THE TREASURY.

MINUTE.

- Mr. Butler June 26th
- Mr. Read. 26
- G. H. Fiddes. 27
- Sir H. Just.
- \* Sir J. Anderson. 27
- \* Lord Emmatt. 27
- \* Mr. Harcourt. 28-6-12

*for copy of all documents  
attached as to Committee  
minutes in Gov. as marked  
1928/12  
made by Sir P. Girouard. June 20-1912  
attached to 19701. make  
2 spare copies.  
B.C.G.A. June 19.  
(1909/11) make spare  
Estimates 15/13*

*Copy attached to Downing Street of Notice to be signed*

Sir,

I am directed by Mr. Secretary Harcourt to request you to lay before the Lords Commissioners of the Treasury the following statement as to certain urgent capital requirements of the East Africa Protectorate and Uganda, for which there is no prospect of the Governments of these Protectorates being able to provide on the ordinary annual Estimates, and for which, as their Lordships are aware, it has accordingly been decided by His Majesty's Government that a loan of £500,000

~~should~~  
shall

3863-20

*shall*  
be made from Imperial funds.

2. These requirements are mainly connected with the Uganda Railway. As the Lords Commissioners are aware, the construction of this Railway was primarily undertaken on Imperial and political grounds, and the whole of the original capital charge *has been* was borne by Imperial funds. In the process of time, however, it has become clear that, altogether apart from political or strategical necessities, the Railway is the only means by which the Protectorates of East Africa and Uganda can be developed and can ever have any hope of becoming financially self-supporting. Railway receipts form the bulk of the Revenue of the East Africa Protectorate, and it is the Railway that has made possible the opening up of the territories concerned and the inception and development of industries which enable the natives to earn money wherewith to pay the hut and poll taxes imposed upon them, and which form the basis of the import and export trade on which customs dues are levied.

It is

~~taxes imposed upon them.~~ It is thus upon the Railway, and on its extension by means of branches and steamer services, and on its maintenance in efficient condition by additions <sup>to</sup> rolling stock, <sup>by</sup> permanent way, <sup>and</sup> improvements, <sup>and</sup> the provision of <sup>adequate</sup> terminal facilities in the shape of piers, wharves, and harbours, that reliance must be placed for <sup>permanently</sup> ~~eventually~~ freeing the two Protectorates from their dependence on Imperial funds.

3. At the present time a crisis has been reached in the affairs of the Railway. Hitherto it has been found possible to carry on with the equipment and rolling stock handed over when construction was finished in 1902. The amount of that equipment and rolling stock was then admittedly in excess of traffic requirements, but in late years there has been an ever growing difficulty in coping with the increasing traffic.

*It seems connected with the rapid acceleration of construction,*

traffic. A statement is enclosed <sup>X</sup>  
 which shows the increase in train  
 mileage and public tonnage since the  
 year 1909-10 and the anticipated in-  
 crease in the current year and in the  
 coming year. The statement shows also  
 the number of engines and rolling *the amount of*  
 stock available and the calls which  
 have been made upon the stock in con-  
 nexion with the Magadi, Busoga and  
 Thika branches. The gross receipts of  
 the railway have risen from £132,000  
 in the year 1903-4 to £424,000 (estimated)  
 in the current year, and an adverse  
 balance of £50,000 in the year 1903-4 has  
 been turned into a profit after providing  
 for working expenses, of £135,000, in the  
 current year.

4. The most serious complaints have  
 reached Mr. Harcourt as to the incapacity

of

See 19288/12 not printed.

DRAFT.

of the railway to handle traffic with  
 reasonable expedition. It is reported  
 that produce is being delayed and even  
 seriously damaged on wharves and plat-  
 forms for lack of carrying capacity and  
 storage room. It has, in fact, become  
 plain beyond dispute that extensive  
 expenditure is urgently required to  
 equip the railway to meet the existing  
 congestion <sup>of traffic</sup> and the anticipated increase,  
 which is far in excess of anything which  
 was contemplated when the railway was  
 completed. A memorandum by Sir Percy  
 Girouard is enclosed which shows in  
 greater detail what the present situation  
 is, and which indicates that, in order  
 to meet present requirements and the  
 expected increase of traffic, it is  
 necessary to spend a sum of £300,000 on  
 new engines, goods and passenger stock,  
 brake vans, sidings, quarters, and  
 crossing stations, and improvements

at the ports served by the Lake steamers. It will be realised that as some time must elapse before the programme of expenditure can be completed, the relative urgency of the different items may alter and some readjustment between them may become necessary, but it will be understood that such readjustment will take place within the total of £300,000.

5. Apart from the improvements at Lake ports covered by the sum indicated above, it will be necessary in the near future either to provide another large cargo steamer for service on Lake Victoria or to make yet further additions to the shipping facilities at lake ports.

For this purpose it is considered desirable to set aside a sum of £35,000.

6.

*Sir P. Girouard has added a par. to his memo. of the 20<sup>th</sup> of June to cover this point and the points in para. 6.*  
P.G.

6. It is also necessary to incur further expenditure on the terminal facilities at Kilindini. As their Lordships are aware, a sum of £100,000 for the construction of a deep water pier at that port was included in the loan of £250,000 <sup>made</sup> ~~promised~~ to the East Africa Protectorate last year. The prospects of an increase in traffic have, however, developed so considerably since the estimate for <sup>the same</sup> ~~the pier~~ was framed that it will be necessary to equip the pier with facilities for handling traffic at considerably greater expense than was then contemplated. It will also be necessary to undertake immediate improvements in the existing wharf accommodation at Kilindini and the existing appliances for handling traffic to meet the immediate pressure pending the completion of the

new



new pier, which has not yet been begun and which will take some two years to complete. For these purposes a sum of \$40,000 will certainly be required, but it is not possible to indicate yet the precise items on which it will be spent. The necessary information is being obtained on these points.

7. There are, in addition, two services of an urgent nature in the Protectorate of Uganda. The capital of the Protectorate, Kampala, is about eight miles distant from <sup>Port Bell,</sup> its port on Lake Victoria. Large quantities of traffic, both imports and exports, pass along the road between the two places, and the existing means of transport are now inadequate to deal with it satisfactorily. It is inevitable that a line of railway should be constructed between these

DRAFT.

[I would not send  
the correspondence unless  
compelled to do so  
It offers various  
weak points for  
attack.]

HAB

two places unless the outlet for the  
produce of a very rich part of the  
Protectorate is to become hopelessly  
congested and the lake steamer service  
and the Uganda railway are to lose  
traffic which is waiting to be taken.

~~A copy of correspondence is enclosed~~  
which will show the grounds on which  
Mr. Harcourt has come to the conclusion  
that the construction of this short  
line of railway should be undertaken.

~~It will be seen that~~ Various proposals  
~~for the construction of the line~~  
have been made and various estimates of  
cost have been given. It is highly pro-  
bable that a line constructed between  
Kampala and its port will eventually be  
the beginning of a trunk line which will  
in course of time extend across Uganda  
and serve the districts of the Congo  
State which border the Protectorate to  
the south and west of Lake Albert.

For

For this reason, and with a view to being able to use the old rolling stock of the Uganda railway, Mr. Harcourt is of opinion that it is beyond all question that the line should be of the metre gauge. This being so, he does not consider that it will be safe to adopt any lower estimate than that of the actual cost of construction of the Busoga railway, namely, <sup>at 500</sup> about £3,000 a mile. It is hardly possible that the cost should exceed that of the Busoga railway, as the road between Kampala and its port is an easy one and there is practically no bridging to be done. For this service a sum of £25,000 should suffice.

8. Their Lordships are aware that the Busoga railway has been constructed to tap the rich cotton districts around Lake Kioga and that the Protectorate

Government

Government have recently largely increased their fleet of vessels on this Lake in order to collect the cotton from the shores of the Lake and to bring it to ~~road~~ <sup>the railway at Namaspala</sup> ~~road~~. The measures already taken will thus serve the cotton growing districts within easy transport of the Lake shores. Beyond this area, however, are extensive districts well adapted for cotton cultivation in which ~~cotton is now actually being grown in~~ large quantities by the natives and it has become urgently necessary to face the problem of bringing the ~~the~~ cotton ~~grown in these districts~~ down to the shores of Lake Kioga, or alternatively, in the more southern districts concerned, direct to the shores of Lake Victoria, and so putting it into steamer and railway communication with the sea. A letter from the

British

British Cotton Growing Association

is enclosed from which it will be seen that there is a most serious danger at present that the natives will find that they cannot dispose of the crops which they have grown. If this occurs the damage that would be done would be incalculable. The natives would be unlikely to take up cotton growing again until the memory of their unfortunate experience had died out, and the industry might thus be checked in these districts for a generation. As the <sup>Cotton</sup> British Growing Association point out, the only remedy is the immediate construction of communication to replace the jungle and bush tracks which are at present the only avenues of transport in the districts concerned. It is hardly practicable to decide without consultation with the Governor.

\* See 19009/12 not printed

DRAFT.

Governor, whether this end can best be secured by the construction of good metalled roads fit for motor traffic or in some other way. It would appear that the two roads most urgently required, namely, that to connect Mbale with Iganga, whence there is already a good road to Jinja, and that to connect Kumi with <sup>Ingondo,</sup> ~~Bulonga~~, the nearest point <sup>on lake</sup> ~~on lake~~ <sup>Kiofa,</sup> amount to a total length of about 100 miles. The cost of constructing metalled roads for this distance would probably not be less than £100,000. Mr. Harcourt would, accordingly, propose to set aside this sum, either for the construction of such roads or for such alternative mode of communication as may be deemed most suitable after consultation with the Governor.

9. The requirements stated above may therefore be summarised as follows:

(1)	Engines, rolling stock, and other improvements on the Uganda railway and at the Lake Victoria ports.....	£300,000
(2)	Additional cargo steamer <i>shipping facilities</i> or extension of <del>storage ac-</del> <del>commodation</del> at Lake ports ...	35,000
(3)	Improvements in terminal facilities at Kilindini.....	40,000
(4)	Railway from Kampala to Port Bell.....	25,000
(5)	Communications in the Eastern Province of Uganda...	100,000
	Total	<u>£500,000</u>

10. It is proposed that the Governments of the East Africa Protectorate and Uganda should provide interest at the rate of 3½ per cent and a sinking fund of 1 per cent per annum on the portions of the loan allocated to those Protectorates respectively, and that these loan charges should be found within the limit of expenditure imposed in each year by the application of the half-and-half principle

In the manner approved by the Lords Commissioners in connexion with the loan of £250,000 made to the East Africa Protectorate last year.

I am, &c.

*now as applied to the Estimates of the respective Protectorates*

*Amount of course be commenced for loan term and*

11. The expenditure of the Loan will extend over at least two or more probably over three years, and as the influence of the works on Revenue cannot be fully realized until they have been completed and are in operation, Mr Harcourt trusts that their Lordships will agree to all out the contribution of to the

*as*

Simkay tried to cover.

Went in 1916.

I am etc.

~~\_\_\_\_\_~~ H. J. READ.

for the Under-Secretary of State

Encl

UGANDA RAILWAY EQUIPMENT .

(1) Original

The very large increase in traffic upon the Uganda Railway has brought very forcibly to notice the unsatisfactory condition as to equipment in which the Railway now stands. I would propose, before suggesting measures necessary for an immediate improvement of conditions, to go into a short review of the history of the line since it was handed over to the Government administration by the Uganda Railway Committee on the 1st October 1903. At that date the line was in a more or less complete condition for the traffic offered. Expenditure of £5,550,000 had been authorized upon its construction, of which £5,357,000 was ear-marked at that date, leaving a total of £233,000 in the hands of the administration to complete the line to the standard then thought advisable for the country. It was assumed that six trains a week, three each way, would be worked, and that the working expenses would be about £67,000 per annum, exclusive of the expenses of the one steamer it was proposed to place upon Lake Victoria Nyanza.

Construction

The line, in so far as bridges and permanent way were concerned, was of a fairly high standard. A fifty pound rail was provided and all bridge structures were of a thoroughly permanent character, designed, however, throughout for a ten ton axle load

Fencing

Fencing was not provided as it was not considered to be required: ballast was omitted in most parts of the line; the station buildings, staff quarters, &c. constructed upon the line were of a temporary character. The Committee in their handing over Report of the 21st February 1904 described them as follows:-

"In nearly all cases the station buildings are of timber covered outside with corrugated galvanized iron so that they may be easily taken down if required, and re-erected elsewhere. In design they are inexpensive and the cost of up-keep should not be large. The staff-quarters are for the most part of wood and iron". The statements that wood and iron buildings can be easily taken down and re-erected elsewhere and that the cost of upkeep should not be large are unfortunately not borne out in African practice. Many years of experience of such buildings, both in the south, north, west, and east of Africa, have convinced me that, though there are advantages in the erection of such buildings, mainly in the rapidity with which they can be occupied, there are many grave disadvantages both as regards the health of those who inhabit them and the extraordinary expense of up-keep. After but few years the timber used in their construction has perished, and rarely, if ever, is there much advantage in taking them down for re-erection elsewhere. As a matter of fact the stations and buildings of the Uganda Railway have remained where they were originally erected at a cost of some

£600,000,

10.



£600,000, and it has not been found possible upon the small amount remaining on capital expenditure to materially improve their condition since their erection in 1908-1909. Many are in the last stage of constant repair, and, in view of the enormous increase of traffic, are totally inadequate for the working of the Railway. In Nairobi, Mombasa, and Kisumu buildings of a more permanent character have been erected since 1902 but a very large proportion of this expenditure has been defrayed as part of the ordinary expenditure of the Protectorate.

#### Equipment.

The line in 1902 had some seventy fairly powerful locomotive engines. The bulk of these were erected in 1899-1900 and have therefore seen from ten to twelve years service on the line. From 1902 to 1912 the total addition of engine stock amounted to three shunting engines.

The rolling stock in 1902 consisted of 204 passenger vehicles and brake vans and 950 goods wagons. On the 31st March 1911 passenger vehicles and brake vans numbered 232 and goods wagons 955.

#### (2) Traffic 1903-1912.

The estimates made in 1893 for the receipts upon the Railway were that in its first year of working as a through line £62,000 would be received. The actual receipts for 1902-3 were £87,328.

The

The following figures will show the results of the working since that date and must be considered to be of a highly satisfactory character:-

Year	Gross Receipts	Working Expenses	Net Receipts		Interest on Capital.
			Profit on Working.	Loss on working.	
	£.	£.	£.	£.	%
1903-4	131,567	191,668	-	60,101	Nil.
1905-6	204,929	148,250	56,679	-	1.07
1907-8	232,070	167,357	64,713	-	1.20
1909-10	246,146	180,279	66,867	-	1.22
1910-11	300,116	201,596	98,519	-	1.80
1911-12	+349,672	229,264	120,408	-	-
1912-13	+424,300	289,632	134,668	-	2.50 about

+ Estimated.

Whereas in 1903-4 the working expenses were about 150% of the gross receipts, in 1912-13 it is estimated that they will be 67.6% and they were actually in 1910-11 72.5.

Though it was originally thought that 3 to 4 trains per week each way would fulfil the immediate object for which the Railway was constructed, the actual traffic offering and ever increasing has led in 1912 to a service of four goods trains per diem in each direction and a mixed service each way 3 times a week or some 50 to 60 trains a week in lieu of six or 8. It may reasonably be asked how this very large addition

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addition in train mileage has been possible upon such a small increase of rolling stock and low capital expenditure upon improvements, buildings, and quarters. The main factor which has allowed of the Railway carrying this enormous increase of traffic has been the fact that the engines and goods stock originally provided were much in excess of immediate requirements. The Committee of the Uganda Railway in their final Report state that "the amount of rolling stock supplied is undoubtedly larger than is required for the small quantity of public traffic at present offering, but it was only just sufficient to carry in a reasonable time from the coast to points where required the materials necessary for construction. Had the amount of rolling stock been restricted to the ultimate traffic requirements, the period of construction of the Railway would have been very much prolonged and expenses in other directions largely increased..... The locomotives were required for construction purposes, not for traffic, the goods stock is in excess of present traffic requirements for the same reason as the locomotives."

It was, indeed, a fortunate circumstance both for the working of the Railway and for the progress of East Africa that the Uganda Railway Committee and Sir Guildford Molesworth found it desirable and necessary to provide an excess of rolling stock during construction

construction. This rolling stock (such as it is battered by the heavy wear and tear always witnessed in construction periods, and by 12 years of service) has not only accommodated the traffic anticipations of 1903, amounting to £87,000 per annum, but has provided for an increase since that date to 1911 of nearly 500%, changing a loss in working of £60,000 per annum in 1903-4 to a profit estimated very confidently in 1912-13 at £135,000, or nearly 2½% on the total capital expenditure upon the line.

### (3) Steamer Service

When we turn from the Railway to one factor which has materially assisted in its remarkable development - I refer to the railway steamer service on Lake Victoria Nyanza - the most extraordinary condition of affairs is found to exist. These steamers, with all piers, wharves, and other buildings found necessary at the various ports upon Lake Victoria Nyanza, have been provided from funds other than those granted by Parliament for the Uganda Railway. On the present capital expenditure the steamers are paying some 15 to 15% per annum. The service is hopelessly overtaxed, though its efficiency is of a high character. Through lack of funds it has been quite impossible to give facilities at the various ports at

all

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12

all commensurate with the traffic that has been offering. At most the piers are flimsy in construction, the appliances for loading are of a primitive character, and the storage accommodation is much too limited. At any and all of these ports are to be seen large quantities not only of valuable imported merchandise but of equally valuable country produce - and particularly cotton - lying in the open exposed to all the evil effects of a tropical climate. It is true that after considerable pressure the fleet on the Lake is to be increased by one steamer. If this had not been done, it is undoubted that private enterprise would have at once stepped in as all our own boats were working to their full capacity. But apart from the steamer service itself, it must be repeated that the port equipment upon which it is based is ludicrously inadequate.

(4) Improvements on construction and equipment on order.

1903 - 1912.

---

(a) Capital Account Uganda Railway.

When the railway was handed over by the Uganda Railway Committee to the Government of the Protectorate a sum of about £233,000 remained unexpended of the votes granted by Parliament. The whole of this balance has been allocated to expenditure on various items of improvement during the years 1903-1912. It has been impossible to devote any large proportion of these funds to improvements in buildings other than the general offices of the Railway and a new station at Nairobi which will cost about £40,000 when complete. The bulk of the funds has been assigned to water supplies, machinery, completion of bridges and viaducts, ballasting, re-alignments, purchase of land, and the construction of permanent dwelling houses. With the severe pressure in traffic which has come upon us in the last two years, 70 wagons were perforce provided for out of these funds, at an expenditure of £28,000.

(b) Improvements due to Kagadi Railway:

Approval has been received for the expenditure of £350,000 on such improvements as may be necessary to the main line of the Uganda Railway, to meet the increase of traffic expected from the development of the soda deposits at Lake Kagadi and on the provision of the rolling stock required

for

(4) Improvements on construction and equipment on  
order.

1903 - 1912.

(a) Capital Account Uganda Railway.

When the railway was handed over by the Uganda Railway Committee to the Government of the Protectorate a sum of about £233,000 remained unexpended on the votes granted by Parliament. The whole of this balance has been allocated to expenditure on various items of improvement during the years 1903-1912. It has been impossible to devote any large proportion of these funds to improvements in buildings other than the general offices of the Railway and a new station at Nairobi which will cost about £40,000 when completed. The bulk of the funds has been assigned to water supplies, machinery, completion of bridges and culverts, ballasting, re-alignments, purchase of land, and the construction of permanent dwelling houses. With the severe pressure in traffic which has come upon us in the last two years, 70 wagons were perforce provided for out of these funds, at an expenditure of £22,000.

(b) Improvements due to Nagadi Railway.

Approval has been received for the expenditure of £350,000 on such improvements as may be necessary to the main line of the Uganda Railway to meet the increase of traffic expected from the development of the soda deposits at Lake Nagadi, and on the provision of the rolling stock required

for

for the working of this traffic upon both the Magadi branch line and the main line of Railway. The expenditure is limited to £75,000 in any one year and to £350,000 as a total. Of the expenditure in each year about half will be devoted to rolling stock and at present there are on order 8 locomotives and 90 wagons. It may be fairly asked whether it would not be possible to utilize this rolling stock as a temporary measure to relieve the congestion which may occur on the main line, more particularly in view of the fact that the wagons may not be required immediately on their delivery for the use of the soda traffic. The contractor for the Magadi Railway is bound to complete the line in 18 months from October 1911, i.e. by April 1913, and I am not of opinion that we should count on his taking longer than this. It would, therefore, appear probable that all the engines and wagons under order for the Magadi Railway will be required for soda in July 1913. It takes 12 to 18 months to obtain delivery and erect engines. All manufacturers are at present full of orders, so that it is necessary to place orders at once if we hope to put engines into traffic by July 1913, i.e. about the time at which we should have to give up any use of Magadi stock for general purposes. The same remark applies to wagons in a lesser degree. It is also to be remembered that the wagons which have been ordered for the soda traffic are covered and quite unsuited to many classes of traffic



traffic which the Railway has to carry.

(5) Existing Conditions and Proposals as to future.

To-day the Manager of the Line, to whose personal efforts much of the success in working is due, is face to face with the fact that, not only is every one of the seventy engines and 950 wagons at work, but that they are being worked in such a fashion that he cannot allow for the repairs so necessary for their upkeep. Such a strain if thrown upon new rolling stock, might not be immediately felt, but with stock of the age of that of the Uganda Railway to continue such a policy even for a short time must not only lead to grave restrictions in traffic but to destruction of the further life of an already greatly deteriorated equipment. Now, although fortuitous circumstance has allowed of the Railway carrying an enormous increase in traffic and attaining a financial position that no one could have dreamt of ten years ago, it is entirely due to the competence of the staff and the existence of an original excess of rolling stock. The line is in no sense equipped for the traffic it is carrying, more particularly in its station buildings, station equipment, and staff quarters. East Africa is not a country in which Railway employees can find house accommodation unless it is provided by Government. The head offices of the Railway, in which the important results I have indicated have been largely evolved,

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are still in the same condition as they were in when erected as temporary construction quarters fourteen years ago. They are in almost every particular similar to the East Africa Government buildings to which I have frequently referred in my reports, - a collection of tin shanties not only unworthy of the position of the Railway but placing the staff in danger as to health and at a distinct disadvantage in the production of good work. The station buildings, with the exception of Nairobi are in a disgraceful condition. They are just as the Committee described them in 1902 - "temporary buildings" - insanitary, uncomfortable, and meeting in no way the public demand. The Railway with 50 to 60 trains a week in each direction is still being worked on the primitive line clear message system by means of the ordinary telegraph instrument. There is hardly a line in tropical Africa which remains in this condition, and certainly none bearing the traffic which is now thrown upon the Uganda Railway. With the increase in the number of passengers carried, the ever expanding tourist traffic, danger to life and limb alone demands the installation of more up to date methods. The signalling arrangements throughout the line are of the most primitive character, the central workshops are both inadequate and ill-equipped, and the line which in 1902-3 it was not considered necessary to fence, now passes for many miles through agricultural and stock districts both European and native.

When I arrived in the country in 1909 some 20 to 25 engines and a proportion of the wagon stock held over from construction days were in the case of the engines laid up permanently until required, and in the case of the wagons were not fully utilized. The bulk increase in traffic has taken place since 1909 and in less than one year the gross receipts went up by £100,000, to be followed in our Estimates for the year 1912-13 by an increase of £75,000. The 20 engines and the proportion of wagons which I found to be out of use are now, as I have already stated, more than fully occupied and it would roughly appear to be the case that about 20 engines and 200 wagons are required on an increase of £100,000 in general traffic. We have for 1912-13 a prospective increase of £75,000. To meet this we have on order 70 wagons, and the pro lematical and in any case purely temporary use of the Magadi stock. The traffic on the line is being maintained at from £8,000 to £9,000 per week, and I am strongly of opinion that the estimates of the gross receipts for the year 1912-13 will not only prove to be not exaggerated but will very probably be exceeded. The most satisfactory feature in all our receipts in the last few years has been the constant increase in export, and there is little reason to believe that we shall see diminution, more likely the contrary, in the future. At the same time passenger traffic is becoming very heavy indeed. Where at present we are running 4 mixed trains per week in either direction, within a year it will

will be necessary to run a daily passenger train and here we shall be found with an absolute lack of engines and first and second class passenger stock. The Manager of the Railway is of opinion that the requirements for the next two years can only be met by a large increase in rolling stock and considerable expenditure in improvements. He estimates as follows:—

For goods traffic an addition in each year of ten engines and 100 wagons and considerable improvements in sidings, quarters, crossing stations, etc. For passenger traffic an addition of 5 engines, 15 first class and second class passenger carriages and some 10-15 brake vans. The rough estimate as he puts it is as follows:—

Engines	25 at £5,500	£ 137,500
Goods stock	200 wagons at £350	70,000
Passenger stock	15 first and second class at £800	12,000
Brake vans	10 at £400	4,000
Sidings, Quarters, Crossing Stations, etc.		60,000
Improvements at Lake Ports.		16,500
	Total	<hr/> £300,000 <hr/>

Apart

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Apart from this expenditure of £300,000 which is designed to place the Railway in a more favourable position to carry the traffic offered or offering, I must point out that it would be false economy to meet possible development on the Railway without an increase of facilities in two other directions upon which the success of attracting and dealing with the traffic largely depends, I refer to steamer capacity on Lake Nyanza and shipping facilities at the sea port of the Protectorate. The provision of a further steamer for Lake Nyanza and increased storage, equipment and purchase of land at Kilindini will involve a further sum of at least £75,000 and I would include in this sum any expenditure necessary to meet pressing requirements at the existing lighter pier which would immediately relieve the congestion of traffic which exists and is bound to increase until the greater facilities afforded by a deep water pier are available for public use.

The criticism might be offered that the Government should have been more fully alive to the position of affairs. In my Report confidential of the 18th February, I pointed out under Railways that a good deal yet remained to be done in the improvement and replacement of buildings and increases in rolling stock. The Railway had for so many years, in fact from 1905-9 remained in almost the same position as to gross revenue, that I was

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not fully persuaded that the very substantial advances which took place in 1909-10, to be followed by almost double traffic in 1911-12, would be maintained. The results, however, both of these years and of the months which have now elapsed in 1912-13, all go to show that the increase is not only being maintained but is being exceeded and is largely due to circumstances over which the Government of the Protectorate has but little control and of which it often has not sufficient knowledge.

I refer more particularly to the substantial increases in export trade which have been witnessed in Uganda and German East Africa, all of which involve a haul over the Uganda Railway from its Lake terminus to the sea. The position financially is in every way satisfactory, and I trust that it may be possible to make such representations as will allow of a considerable sum being placed at the disposal of Government for the immediate improvements I have outlined above. Owing to the decision which you have communicated to me with regard to the half and half principle, it will be quite possible to find interest and sinking fund on any sum which might become available. Finally, I greatly regret that this memorandum has had to be somewhat hurried and far too brief.

E.P.C. Girouard

20th June, 1912.