



1911

EAST AFRICAN POST
ZANZIBAR
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JAN 11

By
Date
By
of previous Paper
10/55819

Letter of J. H. Kinnear
re Zanzibar & Pemba

Letter for Charles, letter from Charles Kinnear
Investment Trust Ltd. regarding proposals for

See minute on 22254.
7/11/11
10/11/11

of previous Paper
10/55819

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In accordance with the provisions of the Act of 1906, the Secretary of State has the honor to acknowledge the receipt of the above-mentioned communication on this date.

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&
28 JUN 11



The Under-Secretary of State for Foreign Affairs presents his compliments to the Under-Secretary of State for the Colonies and, by direction of the Secretary of State,

transmits herewith copy of the under-mentioned paper, in the favour of the observations of the Secretary of State for the Colonies, Foreign Office.

June 27, 1911.

Reference is previous letter.

For Colonial Office Nov 28 1910

Description of Inclosure

Name and Date	
Tombak Eastern Investment Trust June 19	Proposals for lease of Zanzibar Chamber

Number letter sent to

Successions - 1803-2, # 12, 1446 in African 4, 951

BRITISH EASTERN INVESTMENT TRUST, LIMITED.

76, COLEMAN STREET,

LONDON, E.C.

500
June 19th, 1911.



(2150)
Sir

Reference No. 21608/11, Zanzibar

In further reference to your communication of 16th instant my Company's suggestions are that they would arrange for the formation of a Company with an adequate capital to lease and work Government Shambas in Zanzibar and Pemba, and provide working capital for their further development and for acquiring other Shambas and financing Planters and for general business and trading purposes.

I would suggest a nominal capital of say £500,000 and an initial issue of say £250,000 leaving £250,000 for future issue. This capital could of course be further increased if it could be profitably employed.

I suggest that the Company should pay to the Government as rent an annual sum equal to 5½ Annas per tree (Glove and Coconut) now in bearing, and for the trees now

planted

The Under Secretary of State
for Foreign Affairs,
Foreign Office.

planted but not yet in bearing 4 Anna for each tree for the first year in which it comes into bearing rising 4 Anna per annum until a maximum is reached of 5 1/2 Annas per annum. It will of course be realized that a very considerable sum will be spent by the Company in bringing these younger trees to maturity and that the yield will be small in the early years of production. As and when existing leases of Plantations and licenses to gather crops granted by the Government expire leases of these to be granted to the Company on the terms above set forth.

In addition we suggest that the Company should take over the Government's 25 per cent of the Clove Crop for a period of 25 years paying the Government in lieu thereof an annual sum equal to the average annual net revenue derived by the Government from this source for the years 1902 to 1910 inclusive. If in any year the 25% of the crop exceeds the average of the years above mentioned the annual payment to be increased by 50% of the increase taken at 5d per lb. which we make to be about the average price, and if in any year the price exceeds the said average price the annual payment to be increased by 50% of the increased price.

price. On the other hand if the crop and/or price fell below the above average in any year a rebate would be made by the Government to the Company of 50% of the diminution in the crop and/or price.

As to Rubber I am very sceptical as to whether this can be made pay in view of the labour conditions, the way the trees are scattered, and the difficulties of management.

The Company would of course be free to develop this branch if it saw prospects of profitable results, and I would be glad to consider any suggestions which the Government may make on this subject.

It would of course be understood that no additional Government input is upon the Clove and Coconut production.

So that the Government would, for the benefit of the Islands, participate in the general prosperity of the Company should it prove a commercial success I would suggest in addition to all the foregoing provisions that the Company pay to the Government after each year's audit has been completed a sum equal to 2 1/2% of the net profit which the Company's Auditors may certify have been earned

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by the Company for the year.

I shall be pleased to meet you and Mr. Clarke and Mr. McMillen at any time to discuss this matter further.

I am, &c.,

~~(S. S. S.)~~

W. K. Sindman.

Sindman
Chairman.