

EAST AFR. PROT

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Conf
1910
July
previous Paper
31/1/10
25/8/10

Railway policy

Comparison of working & receipts of Uganda Rly with those of other Railways. Shows that concessions in the past have proved beneficial both for the Railway & the industry concerned. Submits case for more liberal policy in regards rates for passenger & goods. Asks for power to vary the rates in particular cases which would assist in the development of the country & the economy.

Should Sully

I agree with all the views ^{expressed} ~~submitted~~ I think that the Treasury with regard to the Uganda R^y are very short sighted.

Sent copy of this despatch (with the ^{missions} which I have indicated in the 12th para:) to the Treasury & say that I had some views generally on the views expressed by the fin^l & ^{perhaps} considers it a matter of great importance to the future development of the Rly that I should ^{submit} ~~submit~~ present

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proposed should be given ~~the~~ ^{the} ~~most~~ ^{most} ~~and~~ ^{and} ~~under~~ ^{under}
direction & giving the rule ^{particular}
because - & that he trusts that, in
view of the weighty facts & arguments
brought forward in the case, J: L:
will see their way to accepting the
proposition made by the fir in the
last para. ~~1878~~

H. J. R.
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Sir P. Gouard has forgotten more about
Railway management in tropical countries
than anybody at the Treasury
ever knew. Write as you please

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THE NATIONAL ARCHIVES
COLLECTION
SERIALS ACQUISITION
SECTION

GOVERNMENT HOUSE,

Nairobi,

July 8th 1910.

EAST AFRICA PROTECTORATE.

Confidential (SS)

My Lord,

With reference to the despatch No. 24, 417 of the 8th of August 1909, from the Colonial Office addressed to me whilst in England; I have alluded to the railway policy in my general report upon the Protectorate, but the matter is one of such supreme importance that I would propose to address Your Lordship separately in this despatch.

2. The gross receipts on the railway have increased from £151,000 per annum in 1903-4 to £245,500 in 1908-10, whereas the working expenses which stood at £191,000 in 1903-4 now stand at £180,000. In 1903-4 there was a loss on working of £40,000, to-day there is a profit of £65,000. There is no reason to believe that the profit on working will on the average decrease though possibly extraordinary circumstances, such as drought, cattle disease or sickness, may in a particular year reduce the earnings.

3. In their letter of the 16th of July 1906 the Lords Commissioners of His Majesty's Treasury evidenced their

THE RIGHT HONOURABLE

THE EARL OF CREWE, K.G.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET, LONDON, S.W.

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their willingness to adopt a liberal policy in regard to the railway; and in a despatch from the Colonial Office No. 22,577 of the 17th of July 1908 Your Lordship shared the view that it should be treated as a development line and that as low rates should be charged upon it as are possible without incurring a loss on the working.

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4. On the 12th of November 1908 I found it necessary to appeal to Your Lordship with reference to the coastward railway rates obtaining to-day. In the Colonial Office communication No. 57,269 of the 6th of December 1908 Your Lordship's view was communicated to the Lords Commissioners to the effect that the stage of detailed supervision over railway rates had now been left behind, that local interests and considerations had become more complex, and that nothing should be done to hamper opportunities for development which are presenting themselves. Your Lordship also stated that such opportunities for development would be hindered by continuing the present system of detailed supervision of railway rates, that the railway should be made as flexible an instrument as possible in the development of the Protectorate on safe and prudent lines, and that so long as reference in every detail had to be made to authorities thousands of miles away, unacquainted with local conditions and requirements, the real development of the Protectorate would be greatly retarded. For these reasons you were of opinion that the Governor-in-Council should have a free hand in dealing with coastward rates of raw products of the country, and should be regarded as successful in this responsibility if the general revenue

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of the Protectorate showed progressive and satisfactory improvement, and as having failed if the revenue was found to remain stationary or to have declined.

5. In reply the Lords Commissioners of the Treasury agreed to allow the discretionary power to fix coastward rates subject to a minimum of 1/2d per ton per mile, such authority to be limited to a period of three years. Your Lordship appears to have considered that this concession, which in reality amounts to very little, would meet the situation.

6. In order to develop this country our urgent necessity is that of the creation of an export trade in low grade products. These products cannot, as a rule, stand a rate of 1/2d ~~per ton~~ per mile. I would desire to point out that in an ~~as~~ of the railway working by the 57 most important countries in the world the average gross earnings on goods traffic per 100 ton miles is 4/1. The Uganda Railway at 12/6d. is only exceeded by two railways in the world. On the other hand the expenditure per train mile of the Uganda Railway is 4/3d., the average of the other systems I have mentioned being 4/5d.

7. I cannot believe that even the most untechnical person can doubt with such figures before him that the earnings we are taking on this railway are totally opposed to legitimate development. When I point out that the Sudan Government Railways, paying at present 1/2% on the capital outlay and with a cost per train mile identical with that of this railway, are only taking 2/- per hundred ton miles as against our 12/6d. the case against us becomes all the more glaring.

8. In passenger traffic our rates do not compare so unfavourably

unfavourably, though they do exceed the average of the railways I have mentioned. Our gross earnings per 100 passenger miles are 5/7d. as compared with two shillings in British India, 3/- in Dutch Indies, 4/- in Egypt, and 3/- in the Soudan. Nevertheless our passenger rates, more particularly in the third class, are of such a prohibitive character that thousands of natives use the railway line as a road in preference to travelling upon its trains.

It will take a concrete instance as to hampering of development in the question of imported cattle and sheep for the development of the farms of this country. From 1905 to 1909-10 the total income from this most important branch in so far as the farmers are concerned, averaged Rs. 1,00,000. In an annual average in good traffic the country is stocked with some 2,00,000 native sheep. The sheep are of an inferior character, the sheep non-wool-bearing and not of high market value for meat. Everything depends on the necessity of getting up both these classes of stock, increasing the milking and meat value of the cattle and the meat and wool value of the sheep. It was pointed out in 1906 that the Uganda Railway charges upon imported sheep were at the rate of 50 cents per 100 lbs. per mile, which amounted to no less than Rs. 1.75 per head for 100 miles, i.e. to the centre of our pastoral

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unfavourably, though they do exceed the average of the railways I have mentioned. Our gross earnings per 100 passenger miles are 5/7d. as compared with two shillings in British India, 3/- in Dutch Indies, 4/- in Egypt, and 8/- in the Sudan. Nevertheless our passenger rates, more particularly in the third class, are of such a prohibitive character that thousands of natives use the railway line as a road in preference to travelling upon its trains.

It will take a concrete instance as to hampering of development in the question of imported cattle and sheep for the development of the farms of this country. From 1895 to 1909-10 the total income from this most important branch, in so far as the farmers are concerned, averaged Rs. 1,00,000. In an annual average in good traffic the country is stocked with some 3,00,000 native sheep. The average of an 18 month period, the sheep non-weaned and not of high market value for meat. Everything is done to the necessity of getting up both these classes of stock, improving the milking and meat value of the cattle and the meat and wool value of the sheep. It was pointed out in 1906 that the Bechuanaland Railway charges upon imported sheep were at the rate of 50 cents per 100 lbs. per mile, which amounted to no less than Rs. 4.75 per head for 100 miles, i.e. to the centre of our pastoral

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metre gauge railways the rate for a similar distance is Rs.1.47; the South African Railways Rs.1.60 and Rs.1.74; the South Australian Railways Rs.1.88; The Queensland railways up to Rs.2/-; the Canadian Pacific Railway about Rs.0.75 per head.

11. Notwithstanding these exorbitant rates 9,000 imported sheep have arrived in the country, and we have already been able to produce 32,000 cross bred sheep, the value of which is as compared to the native animal 9/10 Rupees in lieu of 4/5 Rupees.

12. In allowing the reduction of this exorbitant rate it is seriously proposed by the Treasury that we should report annually as to the results. This somewhat absurd stipulation was carried out, and on the 6th of September 1908 a report was forwarded to Your Lordship and duly passed to the Treasury. In reply Sir George Murray states that their Lordships had viewed this concession with considerable hesitation and that the report appears to confirm their fears; and that, in consequence of the financial loss involved, the concession so far as it has had any result at all would seem, judging from the Acting Manager's remarks, to have encouraged the importation of an inferior quality of stock.

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13. The immediate total loss due to the importation of all stock under the 81 cents per vehicle mile rate as compared with the 50 cents rate has been only about £500. The inferiority of the stock referred to by the Acting Manager was only comparative, i.e. its value was not up to the average of the previous Australian imports,

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but it was immeasurably superior in every way to the native sheep which exist in the country.

14. The direct result of the importation of breeding sheep has been the production in this country of cross-bred sheep which are valued to-day at £11,000 and next year will, I am informed by the Director of Agriculture, probably exceed in value £20,000. In addition the export in good mutton has greatly increased.

15. In 1906 a concession was made of a truck rate for the carriage of sheep coastwards. The immediate result was that the number of sheep carried increased from 750 to close upon 2000 per annum; the cattle from 8 to 100, and in this year (1910-11) sheep are going coastwards at the rate of 8,000 per annum.

16. I would appeal to Your Lordship that concessions in these respects have involved no less in railway revenue and on the other hand have undoubtedly been of immense value to the inhabitants of the country. It is such rates as these and the considerations which would weigh with me in granting them that, in my opinion, can never be fairly dealt with or understood some 5,000 miles away.

17. I have received petitions from various bodies of settlers to reduce the rates on imported cattle still further; and I consider that any such reduction, which is strongly supported by the Manager of the Uganda Railway, is entirely legitimate.

18. Farmers in the country are appealing for lower rates for fencing material. If one considers the policy largely

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laid down from home, of the preservation of game; if one remembers the fact that the presence of these settlers is entirely due to our policy; if one calls to mind the dictum of Sir David Bruce that game and farming cannot go together, the very least we can do for the settler is to allow him to protect his farm as cheaply as possible against the incursions of game. In all our Colonies most liberal terms have been granted to settlers for fencing material.

19. I have given these two instances in order to accentuate the hopelessly unbusinesslike manner in which we are dealing with these railway rates today. Provided always that the net receipts of the line are not affected, I cannot conceive that there should be any difficulty in granting power for the revision of rates to the local authorities. To continue the antiquated unbusinesslike system of using the railway as a taxing machine is a mistake. It is a mistake of commission.

It is a mistake under the present system, that any increase in the rates will result in a vast amount of business being lost. It is a mistake to suppose that any such increase will result in a financial loss to the Government. It is a mistake to suppose that any such increase will result in a financial loss to the Government. It is a mistake to suppose that any such increase will result in a financial loss to the Government. It is a mistake to suppose that any such increase will result in a financial loss to the Government.

21. Take for example the case of the low rate for the export of maize and beans. The Government is aware that the low rate which goes outwards at the rate will be a direct loss to his revenue, but it is in any case a mistake to analyse the results of the creation of such a rate. If, as I firmly hope 2,000 to 3,000 tons of maize and beans will be shortly exported from this

Colony, there will be placed in the hands of the settlers £10,000 to £15,000 and doubtless portions of this sum will be utilised in the importation of articles which would not otherwise have been introduced into the country, and will tend to increase both the customs and railway receipts.

23. The general finances of the country are, I think, on sound lines. We have been carrying out lately a great deal of development work out of our own revenues, a proceeding not always witnessed in the past. I have pointed out in my general report on the Protectorate that I can see an early reduction of the Grant-in-Aid to £100,000 and I have no hesitation in saying that further reductions will very largely depend upon the policy of trusting this Government with regard to railway rates. To continue the policy of extracting from this railway three times the average amount usually taken in other parts of the world means not only crippling and hindering our development but entirely

defeating the objects of the Lords Commissioners themselves. As I have already stated in my despatch, I do not propose any large or general reductions in rates, nor do I at any time suggest such a measure without consultation with the Lordship. What I cannot

do is the total of the Treasury, which is absorbed in other Colonies

on the part of the policy

24. In 1893 I was in the Orange River Colony and from a terrible financial depression, the Mother Country and extracted a large sum

ways in the Transvaal had only just emerged from a financial depression, a sum of £5,000,000 and a sum of £30,000,000

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the net receipts of the railways amounting to £2,180,000, were by far the largest single item of revenue of the two Colonies. Though a decrease in revenue on the railways, amounting to £478,000 was contemplated, and an increase in expenditure of £300,000, the High Commissioner did not hesitate to approach the Home Government with a recommendation for a decrease in the railway rates throughout South Africa. A Commission representing all the South African railways and Governments met under my chairmanship at Bloemfontein, and reductions aggregating £400,000 were agreed to without any demur on the part of the Home Government. The wisdom of the policy was undoubted. Whereas in 1904-5 the net revenue of the railways was £1,760,000 further reductions which took place in the Railway rates reduced this sum by £338,000 by 1907-8. Notwithstanding this immense reduction in rates the gross revenue of the two Colonies increased in these years to over £1,570,000; the exports which stood at £29,000,000 in 1904 amounted to £37,000,000 in 1908, the imports standing at the same figure in both periods.

25. Throughout the period of Crown Colony Government the Commissioner of Railways with the local Financial Board of Control of which he was Chairman were authorized to adjust and lower railway rates in the interests of the development of the two Colonies.

26. What I would finally suggest for Your Lordship's approval is not the general power of reduction of rates which you were prepared to concede heretofore, but the power of varying the rates on particular items, which would assist

assist in the development of the country and its revenue. Such reductions would in no way seriously affect the revenues, in fact as I have already pointed out they would tend to the immediate advancement of the Protectorate generally, small increases of customs and railway revenue, and ultimately lead to very material gains.

I have the honour to be,
Your Lordship's humble,
obedient servant,

[Handwritten Signature]
GOVERNOR.

for East
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Pennsylvania

17 Dec 1870

Sir,

I am to request you to make the alteration of the l.p. of the line to the letter from the Dept. of the works of the Dept. of the power of the line of the East to be paid on the London Railway & to check that a reply may be returned to us as soon as possible.

DRAFT

*The Secretary
to the Treasury*

MANUPTS

- Mr. Habbe
- Mr. Batten
- Mr. Pades
- Mr. Jun
- Mr. Cox
- Sir C. Lucas
- Sir F. Hopwood
- Col. Seeley
- Lord Crane

(Signed) PERTRAM COU