

EAST AFR. PRO

C O  
35747

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REC'D  
RECEIVED 28 SEP 06

Lease of Araboko Forest

Submits for early consideration for  
consideration of a new lease

Mr. Read

(Minutes.)

It may be convenient  
the terms of the lease  
Mr. Gedge asks  
What under ab. the  
Trading & Development  
the Sikhiki Forest  
part of the area <sup>part of</sup> ~~part of~~ the land  
Sikhiki Forest

Area 100 sq. miles

Rent \$100 p.a.

Royalty 5% p.c. on value  
of produce at Month

Tenant to spend  
£3000 in 2 years

and  
I will be  
the Co. Ltd.  
Tenant to spend  
£500 a year for  
3 years

X Copy sent Com. dom. 18.9.06

subsequent Paper  
M.O.  
36636

The tenant goes to the court to select the land.

No provision to enable the tenant to acquire freehold.

No substitution of the land for the land.

Tenant to be allowed to have any of the land for the purpose of the freehold of any unincorporated areas.

I would not necessarily insist on the same terms as for the P. kobe part if I thought Mr. Gudge represented genuine people. But as far as we can see he merely represents a company manager in company managers.

The Comor is at present engaged in recovering the property from Mr. Gudge's old Co. now in liquidation, and I think we may reply that a copy of this letter

I have not confidence in but I do not think we should put up with the situation of the company as we have it now. I think they should be able to deal with the

with the view to... that at present level... new measures for granting a lease of the freehold... the securities for development... for reasonable returns to the Govt. affected by the... P. kobe lease... will be set as... M. B. K.

I should be inclined to grant the provision in the Statute. Mr. Judge's contention is that the returns have been allowed to... what they like in the future, that they have been cutting down the trees so suddenly, that it will take the forest some time to recover. I think therefore that it would be not unreasonable to give the Co. 3 years to be sure that stricter conditions be imposed at the end of their breathing time. I do not know even should representation Mr. Judge is, but I think that we ought to be able to ensure that the Co. will make a nice company in the transition.

J. R. 9/10

Unless you have any more business

In including in the letter  
to Mr. Lodge the portion  
of Mr. Ellis's proposed  
reply which is enclosed  
in brackets, and I  
include it

Mr. Lodge  
at such



20th September 1906

To  
The Under Secretary of State,  
Colonial Office,

Downing Street, S.W.

906

Sir,

Whilst regretting the decision at which Lord Elgin has arrived with regard to the transfer of the Aruboko Forest to Mr Pauling, I could see very clearly from my last interview at the Colonial Office, that it would be useless to discuss the question any further, as it is quite evident that the existence of the Lease of Antagonistic to your policy of granting what is, in Lord Elgin's view, an unduly large concession.

I have been given to understand that it might possibly be arranged for a fresh Lease, and it has been suggested that if one is granted, it will be approximately similar conditions to those of the Sekoki Forest, and before proceeding further, I would like to draw your attention to one or two items which appear to me unduly onerous in the conditions attached to that Lease.

203-15

The Under Secretary of State for the Colonies. 26th Sept. 1906.

I notice that the Royalty is charged on the gross value of the products. It is however quite conceivable that the books of the Company might at any time show a loss on the year's trading, and in any case it is hardly possible to show any profits whatever during the period in which capital is being expended for the development of the Forest. So that it seems somewhat unreasonable to ask the Company to pay a tax to the Government when they are not making any profit themselves, on the limited production which they would look upon as a partial set off against their working expenses.

I note further that the Company is bound to cut a certain amount of timber every year, under similar conditions quite irrespective of its value as a commercial proposition, and lastly I observe that the Company has to spend annually a very large sum of money on development.

Taking all these facts into consideration, I would therefore propose the following as a fair basis for the consideration of a new Lease:-

- a. To reduce the present area of 100 sq. miles to 50 sq. miles, at a rental of £50 per annum.
- b. The right to all timber growing in the forest, at a rental of £50 per annum. The timber to be cut

26th September 1904

at the discretion of the Lessees, as commercial opportunities offer, and a royalty of 5% on the nett profits to be paid to the Government on the sale of any such timber.

The Company to undertake to re-plant any areas from which timber is taken.

The Company to be allowed the option of leasing from the Government any open spaces or glades in or about the Forest, for the purpose of cultivation, and to be allowed to purchase as freehold any such cultivated areas.

The Company to undertake to expend a reasonable sum (say £500 per annum) for the first three years, and thereafter to maintain the Forest to the satisfaction of the Forest Officer.

d. All other native products from the Forest, such as Gum, Copal, etc. to be included in the terms of the Lease.

e. As the East Africa Estates Company has already expended a considerable amount in the payment of rent, I would suggest that in lieu of rent being paid to the Government for the period of three years, the amount, or at least a portion of it, should be spent on planting and development.

f. Should however the suggestion of 5% on the nett profits not be in accordance with Lord Elgin's views, I

3

The Under Secy of State.

-4-

26th. September, 1905. 178

would suggest, that, if a royalty is charged upon the gross value of the products, it should only be payable in the event of a profit being shown in the books of the Company in any one year.

I have the honour to ask, therefore, for an early consideration of the above proposals, and to be favoured with your views thereon.

I have the honour to be,

Your obedient servant,

*Amesbury*

X

3-747



Handwritten signature and date: 16 October 06

Comptroller & Exchequer

MINUTE.

- Mr. [unclear] 15/10/06
- Mr. Ashrobus.
- Mr. Cox.
- Mr. Lucas.
- Mr. Graham.
- Sir M. G. [unclear]
- Mr. Ch. [unclear]
- The Earl of Elgin.

Sir I am directed by the Earl of Elgin to acknowledge the receipt of your letter of the 26<sup>th</sup> ult. & submitting for your consideration a copy of the Forest of the Bialoko & to inform you that a copy of your letter will be transmitted to the Comrs of the B.U.P. & a further reply sent to you as soon as practicable

X Copy Comr. 658.47 Oct 18

Copy forwarded to Comrs U.F. for exam  
 as per [unclear] despatch  
 331/06

206-15 X 200 32747



Sam Beadd, however,  
that at present H. L.  
does not furnish any  
reason for granting  
a lease of the forest without  
the securities for a  
a proper development  
of the property and for  
a reasonable return  
to the Govt, afforded  
by the provisions of  
the lease of the Cherokee  
Forest.

L

W. A. ...