

1933

3326

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KENYA

CO 533/439

Electric Power Rate charged by.

E.A. Power Lighting Co to Sival Estates.

Previous

see 3268/33 E.A. Power etc.
see 3163/33 Sival Industry

Subsequent

23020/33.

Aug 17	14/10
W. Hunter	16
Dr. Hunt	17
Sir C. B. B. B. B.	18/10
R. 309	18
R. 309	19/10
R. 309	20/10
W. Hunter	20
311	20
279	27/10
297	

9888

Oct. 6th

On Friday, I had a call from Captain J. Astley Herd, representing the Directors of the Kenya Fibre and Industrial Company of Carleton House (Telephone Whitehall 8328).

The Company owns, or controls, four Sisal Estates near Nairobi, which produce a high grade of sisal fetching 10/- more than the ordinary first quality; they do a certain amount of business direct with New York. They are anxious to extend their activities in Kenya, but find themselves seriously handicapped at present by what they regard as the exorbitant charges of the East African Power and Light ^{Company} ~~Corporation~~, which amounts to nearly one-third of their total working expenditure. They are entirely dependent on the ^{E. A. P. L. Co.} ~~Company~~ for their power; the only alternative, namely, the installation of a hydro-electric plant of their own, would absorb far more capital than they can conveniently raise. The ^{E. A. P. L. Co.} ~~Company~~ has a monopoly in the supply of power, and Captain Herd had been deputed by his fellow Directors to make representations with a view to Government intervention.

At the time of the interview, I was not certain of the degree of control which the Kenya Government is in a position to exercise over the Electric Light Company. From subsequent examination of such papers as are relevant, however, I conclude that Government is in a position to bring pressure to bear on the Company if a case is made out for such action. I have, accordingly, suggested to Captain Herd that, if he cares to write in to the office stating a case, we might forward his letter to the Governor for such action as may be thought justified.

Handwritten signature
9.10.35.

Kenya Fibres & Industrial Co. Ltd. 11th October 53
Submits his case for the reduction or rate of electric power charged by the E.A. Power & Lighting Company to small estates & requests Gov. may ask for a reduction of minimum rate of 8 cents to 4 cents per unit.

It is clear from the E.A. Electric Power Ord. that the Company can operate only under license from Government, with such conditions as may be prescribed. But we have no copy of the license, and no means of knowing whether, or when, Govt. has the power to revise the conditions. In the event

Dec. 1, a copy is being sent to O.A.G. for review

Copy circ. O.A.G. L.F. division

J.P. Muriuki
16/10

More of it! There is no indication whatever that any approach has been made to the Govt. of Kenya in the first instance, as should have been done. If the S. of S. is to be invited to intervene because a small company wants to get its power cheap - and not from Govt. but from another private company - where are we to stop.

8 cents a unit is P^3 and a charge of P^3 a unit for power is not exorbitant anywhere - at least in Kenya.

The letter is a lot of special pleading but at that. Small farms in Kenya is being

3
"key industry" and there is no good ground why the electric power Co. should help to outdo it.

The E. A. Power Co. is 1 balance doing well as a whole but it has some areas where it would not show a profit independently & this may be one

as proposed

J.P. Muriuki

17/10/53

Nothing else to be done, but at least a board of them to start with and possibly the representation of the small ones - that they have no proper local representation.

18/10/53

as above

2 To Kenya Fibres & Industrial Co. (Kenya) 18. 10. 53

3 Kenya Fibres & Industrial Co. Ltd 17th Oct 53

State have not yet received a reply to No 17 requests information as to action which will be taken.

Putly 3

L.F. action on 12

J.P. Muriuki
20/10/53

4 To Kenya, 80c (w/cs 102) A/1 23rd Oct. 1953
23/10/54

Kenya Fibre and Industrial Co., Ltd.

(DIRECTORS: LORNE CURRIE, CAPTAIN T. ASTLEY HERD, FREDERICK A. JOHNSON (MANAGING DIRECTOR))

3

TELEGRAMS: KYSTAFRIK PIGGY LONDON.
CABLES: KYSTAFRIK LONDON.

TELEPHONE: WHITEHALL 2229.

OFFICES:
BROOMHALLS,
BENTLEY,
A.B.C. 5TH EDITION.

ESTATES:
MABONGOLENI, KIWAZI, NOULA,
NDARUGU,
AND AT
NAIROBI, KENYA COLONY.

CARLTON HOUSE,

REGENT STREET

(BEHIND PATRICK'S PLACE)

LONDON 17th October 1933

RECEIVED

18OCT1933

C. O. REGY

The Under Secretary of State for the Colonies,
Downing Street,
S.W.1.

Sir,

New
On the 11th inst., we addressed a letter to the Secretary of State on the subject of the rate for Electric Power charged by the East African Power and Lighting Company.

We have received a postcard acknowledging receipt of our letter but no intimation is given as to what steps, if any, are being taken arising out of the suggestion we made in our letter.

We should appreciate if we could be favoured with some information regarding any action which has been or will be taken on the points raised.

We have the honour to be, Sir,

Your obedient Servants,

For and on behalf of :
KENYA FIBRE AND INDUSTRIAL CO. LTD.



MANAGING DIRECTOR.

Kenya Fibre and Industrial Co. Ltd.

CARLTON HOUSE

REGENT STREET

LONDON W1B 1AL

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Downing Street,
S.W.1.

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We have the honour to be, Sir,
Your obedient servant,

For and on behalf of:
KENYA FIBRE AND INDUSTRIAL CO. LTD.

MANAGING DIRECTOR

C.O.

3326/33 Ke

5
11

Mr. Davies 18/x
Mr. Flood 18/fe

To go to ^{day} Ho-~~day~~

Z

Mr. Parkinson.
Mr. Tomlinson.
Sir C. Bottomley.
Sir J. Stuckburgh.
Mr. S. of S.
Parly. S. of S.
Secretary of State.

SF

OK 1933

DRAFT.

The Kenya Fibre & Industrial Co. Ltd.

Gentlemen

I am sorry to ask the rec-
of your letter of the 11th of Oct
making ~~reference~~ regarding
the rates charged for electric
power by the East African
Power & Lighting Company, & to
inform you that a copy
is being forwarded to the
Acting Governor of Kenya for
his decision
Yours
I am

①

copy to Kemp (4)

(Signed) J. E. W. Flood

Copy to Ho. & reply
to OAK Kenya LF.

Kenya Fibre and Industrial Co., Ltd

DIRECTOR GENERAL OF TRADE AND INDUSTRY, NAIROBI, KENYA

TELEGRAMS: EYSTATRIK PICCO/LONDON
CABLES: EYSTATRIK LONDON

TELEPHONE: WHITEHALL 3328

CODES:
BROOMHALLS
BENTLEYS
A.B.C. 5TH EDITION

BRANCHES:
MASONDOLENI, NISWETI, NDOUA,
NDARUGU,
AND AT
NAIROBI, KENYA, UGANDA

CARLTON HOUSE

REGENT STREET

LONDON 11th October 1935

RECEIVED
12 OCT 1935
C.I.

The Secretary of State for the Colonies,
Downing Street,
S.W.1.

Sir,

We thank you for the opportunity you have afforded us of submitting our case for the reduction in the rate for Electric Power charged by the East African Power and Lighting Company to Sisal Estates.

For some years we have pressed the parent Company in London (Messrs. Balfour Beatty & Co. Ltd) to lower the charge, and whilst our representations have been very courteously received, we have not achieved the desired object.

The present high graduated scale of Power Rates is governed by the Market Price in London on certain specified dates and amounts for 30/- per ton of our Estate Costs of Production alone.

In view of World conditions today and the difficulties which exist on every hand we accept the principle of the graduated scale, but dissent most strongly from the commencing and minimum figure of 8 cents per unit. We submit in equity and because of the parlous condition of the Sisal Industry in Kenya that the minimum figure should be 4 cents per unit, rising by stages of 2 cent for every £2 rise in price until a maximum of 10 cents is reached.

It has been generally recognised that the Sisal Industry is a Key Industry and is in the Primary Products Class.

The Sisal Industry generally, and this Company in particular, has reduced the expenditure under its own control to the barest minimum and this can be supported by proof. On the other hand, expenditure which the Company cannot control, and Electric Power is one item, is being paid today on a basis equivalent to that which operated when Sisal was twice its present price. There is no doubt this is penalising the Industry in Kenya excessively.

In contradistinction to Sisal Companies, the unique position of the E.A. Power and Lighting Company as disclosed by the Press Reports and Share Prices indicates prosperity much to be envied.

The first and fundamental essential in this industry as in similar businesses is the ability to be able to reduce costs of production so as to compete with the disastrously low

copy to Kenya (14)

CONFIDENTIAL

London 11th October 1948

The Secretary of State for the Colonies,
The Downing Street,
LONDON.

Sir,

I thank you for the opportunity you have afforded us of submitting our case for the reduction in the rate for Electric Power charged by the East African Power and Lighting Company to Kisumu rates.

For some years we have pressed the parent Company in London (Messrs. African Power & Co. Ltd.) to lower the charges, and whilst our representations have been very courteously received, we have not achieved the desired object.

The present high protracted scale of power rates is governed by the market price in London on certain specified dates and accounts for 30% per ton of our Kapsa Costs of Production alone.

In view of certain conditions today and the difficulties which exist on every hand we accept the principle of the protracted scale, but dissent most strongly from the commencing and minimum figure of 8 cents per unit. We submit in equity and because of the parlous condition of the Kisumu industry in Kenya that the minimum figure should be 4 cents per unit, rising by stages to 6 cents for every 12 tons in price until a maximum of 10 cents is reached.

It has been generally recognized that the Kisumu industry is a key industry and is in the primary products class.

The Kisumu industry generally, and this Company in particular, has reduced the expenditure under its own control to the barest minimum and this can be supported by proof. On the other hand, expenditure which the Company cannot control, and which is being paid today on a basis equivalent to that which operated when Kisumu was twice its present size. There is no doubt this is penalizing the industry in Kenya excessively.

In contradistinction to Kisumu Companies, the unique position of the E.A. Power and Lighting Company as disclosed by the Press Reports and Share Prices indicates necessarily must be noted. The fact and fundamental essential in this industry as in other businesses is the ability to be able to reduce costs of production so as to compete with the disastrously low

price ruling today. Kisumu is approximately 28 per ton less than the lowest pre war figure ever reached.

It is safe to say that all Kisumu Companies are in serious difficulties following years of depression and unremunerative prices. Some have closed down completely, others are in the hands of Receivers or the Banks.

We understand that the E.A. Power and Lighting Company operates under a License which gives it a virtual monopoly subject to safeguards, both of which His Excellency the Governor approves with the sanction of the Secretary of State.

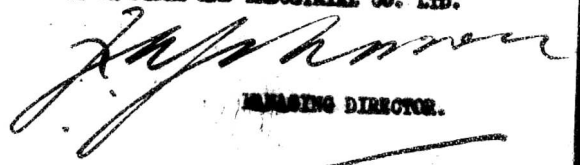
In conclusion we desire to record our appreciation of the valuable help which this New Company has received from the Government of Kenya, but we submit that in the case of a monopoly granted by the local Kenya Government, proper safeguards for the protection of Users against uneconomic rates should be enforced.

We are privileged to draw the attention of His Majesty's Secretary of State to this pressing matter and trust he may be able to recommend to His Excellency the Governor of Kenya that a request be lodged with the East African Power & Lighting Company, Nairobi, to reduce the present minimum rate of 8 cents charged to Kisumu Companies to 4 cents per unit, and rising thereafter according to the graduated scale previously mentioned.

We have the honour to be, Sir,

Your obedient Servants,

For and on behalf of:
KENYA FIBRE AND INDUSTRIAL CO. LTD.



MANAGING DIRECTOR.