

1924

461

KENYA

C.O.

20392

COXINDON.

TEL
138Date
26th April 1924.

29 APR 24

M'BAKAI WHARF.

States proposals being forwarded separately by tel. as to finalisation of £5,000,000 Loan together with further loan of £3,000,000, latter replacing £4,000,000 authorised. One item of above relates to M'Bakai Pier and equipment of Kilindini Port at cost of £600,000. African Wharfage Co's option to purchase is legally ineffective. Is taking steps to settle with Wharfage Co and requests permission to negotiate with Orogan as to price.

Previous Paper

MINUTES

Now in my opinion between
Mafinga and the African Wharfage
Co. on 1st/1st Aug 20 you will
be my judgment, did the
reformations in favor of
you go effect? *Yes*

Is the date of the 1st/1st Aug
1924?

Mr. D. J. D.

I assume that the Kilindini
Harbour Wharf and Estates Company are the
assignees of Orogan who purports to be the
lessor in the somewhat curious instrument

with

Following Paper

22578

1924 APR 29 1924

with 6597/23. Since that instrument leaves its duration uncertain it can be construed only as an agreement and not as a lease and I think operates so as to constitute a tenancy from year to year.

If this is so may it not be contended that 'during the currency of this lease' in clause (2) must mean during any year of the tenancy so constituted and that as long as the tenancy continues the right of the 'lessee' to exercise the option also continues?

The Kenya Legal Adviser evidently considered that as the instrument, being for an unlimited period, is not a lease, there is no lease on which the option to purchase can take effect. But the explanatory memorandum attached to the instrument indicates a lease for 20 years from 1st of January, 1923 (a perpetual and lease of limited duration) as being the intended subject of the option, and this being so it seems to me arguable that the tenancy from year to year has during that tenancy an option to purchase if not "the" lease (i.e. the one purposed

~~Ministry~~

Minister of Finance, Health and
Agriculture

baptist pilgrim for the

Sir Alfred

You have discussed with Mr. Calder and me, Mr. Calder's view is, briefly, that we may safely leave the two other parties (Major Grogan and his Company on the one hand and Lord Inchcape and the African Charcoal Company on the other hand) to stew in their own juice, and that Kenya ought not to embark in a large expenditure for the acquisition of a worthless wharf and an estate of some 300 acres of doubtful utility.

(1) Major Grogan's right to use the rest of the foreshore for harbour purposes. The legal lawyer said that he had no such right, but our legal advice was that we were bound by the arrangements entered into in 1921. The Governor was informed accordingly on 6/3/24 (^{approached by} Lord Stevenson), and he has made no further move except to put forward this proposal for the purchase of the whole estate, which in itself tends to imply that he accepts the Secretary of State's view.

It would be unwise in accepting as Mr. Calder advised to take the risk that Major Grogan and his Company have no right over the foreshore. Even if they have no right, it is interesting to observe the chart which they produced to us.

(1) The African Charcoal Company's right to purchase the 7 acres of land on which the existing wharf stands. Here again there is a difference of legal opinion. The legal lawyers advise that the

decrepit wharf that we should get, and, one thing appears to be certain, and that is that the port cannot do without the Wharfs facilities ^{and} now (with a year to go before the Government two-berth scheme at Kilimani is complete) or later if (as I hope) traffic at the port will, from the start, be in excess of the capacity of our two-berth scheme. It has to be remembered that, even if at our two berths we can dispose expeditiously of two steamers, there may often be other steamers in the harbour which might either be delayed by a lighter scheme based on Wharfs or be delayed out of reason.

(4) The money value which we should attach to the Wharfs Wharf for the purpose of maintaining the work of the port is, so far as I know, quite impossible to appraise, but, it is, at all events, a consideration to be taken into account in judging the desirability of purchasing the estate as a whole. For the whole estate of 300 acres the Governor proposes to offer £300,000. In September last, Major Cromer offered it to us for £400,000. as 'if the less valuable portion, ^{which had no} frontage were excluded) £300,000. The question is if the ^{old} Tiffs ^{will} stand ^{it} is alleged, whether we should pay for the whole estate or the whole estate with the buildings suggested by Major Cromer and what price the Governor would be willing to offer.

The conclusion is very distinct and that we should give up this less valuable part, and as it is probably the least valuable from the point of view of development offer a ~~cross~~ reduction in the sum proposed

proposed £300,000 than is represented by the difference between Major Grogan's figures of £400,000 and £300,000, i.e., £100,000 for the reduced area.

The objection to this is that if Major Grogan or his Company still think that they have any prospect of getting £100,000 for the 7 acres which include existing wharf they are not likely to give up the additional 140 acres or thereabouts for an extra £30,000. But it is considered undesirable to offer anything like the Government £300,000 for the whole estate. I think that the capture of the eastward area which is in the best position and has already to some extent been developed spoils the property from our point of view sufficiently to justify a very big reduction.

As you reminded us this morning Kegg made very profitable dealings in land at Victoria Island some twelve years ago, and he should have saved much money if those dealings had been much more expensive. If we have any ^{confidence} in the country at all, as I certainly have land acquisition at the port stands on a much higher level than mere speculation.

As to the relation of the service to the loan, we have already pointed out to the Governor that of the original proposals nothing assisted "option" loan we have suggested the further development which we included as a condition of service under the loan represented additional work at Kilindini, e.g., an extra berth, and at the same time, we had indicated that the Colony's further borrowings would include certain advances of which the purchasing Agent might become a recipient. Obviously enough that the transaction now under consideration

consideration should be regarded as entirely separate from the assisted cotton loan. From the point of view of unemployment in this country it is negligible. As a port, the present wharf must be regarded in any case as an accessory to the main facilities of Kilindini, and finally, the transaction, though primarily connected with the wharf at Mombasa, is ~~in~~ ^{as} too much one of land everywhere to be a legitimate object of the assisted loan.

W.C.B.

9/5/24

and London

You know as the Govt
now has no control over
the port of Mombasa
why we cannot do any
business with a foreign
nation without some
~~formal~~ ^{formal} paper or any
negotiations with the
govt.

Secretary of State

I would offer £100,000 as
the sum you are to allow
as an payment to go to
£50,000 for restricted
area including all for
one night I would not
offer £50,000 for the last
staying

2000 feet from the legal position or a mile
often I am very unwilling to see the large
sums of money & resources
spent on such an estate. The history of the Mbare
project is given in the report of the sub-
Committee of the Colonial Economic Development
Committee attached to 58715/2. It was
decided to go ahead with the first stage
at Mbare and to let Major
Gage go ahead with his work at
Mbare. Studies done by Gage
concluded with the first stage at
Mbare ... for £10,000/- the
report referred to, and we arranged a
20% fee and 34.5% Kanga. The fees
and expenses at Mbare were worked at
£30,000 - valuation of the land and the cost
of labour and supervision. It is
not quite clear if the whole thing has been
settled in a good and a difficult situation
but it is a good thing to have a good start.
It is not good for us to do nothing
it must be done so often before

The Co. says - effect that it was intended to receive the option, but ready to forward negotiation by foreigners until the first
order of its kind is produced. I don't
think there is no alternative, and it
seems clear that when it comes
about it will be for fear of competition
from foreigners. It seems clear that
it now makes it that rearing elephants
at Mombasa is not possible without
large capital expenditure, and that
one has to get back some of the
money it has lost ^{by advertising} ~~by advertising~~ yet going on
to produce.

The position clearly is that Major
General Mackinder Co. and the African
Wharf Co. are all really in need of
listening to their liabilities for pub. cash,
and if the R. Company were not so
busy to produce, & perhaps put
all their white elephant very
simply. From the fact of giving the
present money the value in 20 or 30
years time of little more than the
real profit is for me to make
the liabilities in the next 5 or 10 years
as R. Company has now promised

his Executive Council to come in his way
in office of £300,000 for the whole estate
admits appeal to foreign negotiation
on that basis. One difficulty in calculating
that price is that we have never received
details as to the unaffected ownership of
different parts of the estate, excepting 15 ac.
65 ft²/25, and part 42-43 ft²/24 which
R. Company definitely promised to send the
particulars by post and let did not do so.
Another difficulty is that the Executive
Council have not had a copy of the
Makotti report (1851), and as might
occur that the new buildings built
thereby are valued at £18,000. R. Company
not 35,000. for the land and
paid off £10,000 by the
slab of the last year in the office
(possibly 1851). And for the
offices. The same amount paid
and probably about as well as
for old fort up to date. The
new station being built on the land

until 15 or 20 years hence when the Govt
can sell the fixtures of the article at
enhanced prices. The former

settled the price &c. and
not unreasonably the last part of our
telegram of 11th April (1665 $\frac{1}{2}$). We are
absolutely in the dark as to what he
wants to do with the old blockade
but got it up & sat it out steadily
comparing it a much longer than the
old front (1) until we got word
of sending large sums on maintenance
and reinforcements & close it down and
opened the port. Now if you & Kibber
it is obvious that when it is intended to
build present, when to abolish, the
last may not be required for your fu-
ture development purposes.

The most probable explanation
of the particular sum left out is
that you got an indemnity when they
gave up their blockade so as to induce
you to give up the old one with a
view to open blockade on the
will of course a little from a friendly
attack. But after all you get the

until 18 or 20 years hence when the Govt
can sell the portion of the estate at
increased prices. The former

gives the present law —
not exceed the last part of our
treasury of 11th April (1665 $\frac{1}{4}$). We are
absolutely in the dark as to what he
wants to do with the whole estate
as yet it appears he will not
compromise it much less set the
the present $\frac{1}{4}$ until a a full whilf
spending large sums on maintenance
and expense to the last down and
set off the Govt with a good balance
it is observed, when it is intended to
sell the portion above & below, the
land may not be required for your fu-
ture support however.

~~to you for the last resolution~~
A full particular can be told about it
when you go to London it will always
be your best advice to make a
full par of the Govt as may be
necesary to have sufficient in the
wills and to take care & particularly
stocks. Not after off the Govt will be

Teleggram from the Governor of Kenya to the Secretary of State for
the Colonies.

C.O.

459

Dated 28th April.

(Received Colonial Office 5.10 p.m. 28th April 1946).

20392

29 APR 21

132 28th April Your telegram 11th April Mbaraki Am putting
proposal before you by separate cable reallocation of the 3,600,000
loan together with further loan of 3,000,000. One of the items
comprised in these proposals is for "Further port development
purchase of Mbaraki pier and estates equipment of Kilindini Port
and Mbaraki Pier £800,000". It is being proposed in the separate
cable referred to above that funds be drawn on from the 3,600,000
loan for the different items included in these proposals until that
loan is nearly exhausted and then that the unspent balance on each
item be incorporated in a 3,000,000 loan. It is suggested that
Mbaraki charge may be fairly met from the 3,600,000 now advanced
to the Crown Agents as forming part of the harbour development and
involving later purchase of material in England otherwise Mbaraki
charge will have to be met from further loan of 4,500,000 which you
have authorised but which in separate cable referred to I propose
to reduce to 3,000,000. I am informed by my legal adviser(s) that
the option to purchase granted to the African Wharfage Company in
their tenancy agreement from Kilindini Harbour Wharf and Estates
Company is of no legal effect because it is for an unlimited period.
I understand that Grogan now recognises that this government is
therefore in very strong position with the Wharfage Company and
the existence of their tenancy agreement need not hold up
negotiations. Thus taking immediate steps to settle the matter (with
Wharfage Company here but in the meantime I am anxious to commence
confidential negotiations with Grogan as to price entirely without
prejudice on either side and beg your approval. I urge that the
matter be put before the Legislative Council during May and
finally settled.

GORDON.

01/224.

PARAPHRASE TELEGRAM from the Secretary of State
for the Colonies to the Governor of Kenya.

(Sent 7.50 p.m., 18th May, 1924.)

18th May. -----

Mbaraki My telegram of to-day's date. Following
for your private information, I would agree to
£100,000 being offered later if necessary but no
more.

THOMAS.

SECRET

THE EASTERN TELEGRAPH COMPANY, LIMITED.

RECEIVED TELEGRAM

PLEASE SEND ANY REPLY TO THIS
TELEGRAM via Yester

C. O.

20392

22 APR 23



Jan 7/4



GOVERNMENT

PRIORITY

DA 82 8H NAIROBI 1/8 28 Q6 GVT

CHAPELRIES LN.

132 XNOEYNNHO ZYKOBELHIMY TOBMNALLUK

TYAYOBAGG BUAXIQUAGY RIBCYCYGMI OWOUTAKHAJ

WPEJWHTOO LOBOUTUOYD 10000LOGY NI KXWARBYTA

JYLAKOLLG BOIBVTHYA O SAOKKIANG BAJANIQDSU

UNNAHEBODD OTOBEEZYDE LHMITYOBMN OKDRXANRIP

PYGENBURG ZYKARDOSAR PYROBOMNAN AMRIPIZYD

THE EASTERN TELEGRAPH COMPANY LIMITED

DIRECT CABLE MINUTES FOR TELEGRAMS

AUSTRALIA, NEW ZEALAND, SOUTH AMERICA, EGYPT, INDIA, CHINA, JAPAN, STRAITS SETTLEMENT,
SPAIN, PORTUGAL, GREECE, TURKEY, ALL PARTS OF AFRICA, &c., &c.

TELEGRAPHIC ADDRESS: EASTERN

LONDON STATIONS:

S. V.

TELEGRAMS RECEIVED AND DISPATCHED

CENTRAL OFFICE, LONDON, S. V.
Telegrams from
London, Birmingham, Bristol,
Edinburgh, Liverpool, Manchester,
Newcastle, Glasgow, Belfast,
Ireland, &c.
Telegrams to
London, Birmingham, Bristol,
Edinburgh, Liverpool, Manchester,
Newcastle, Glasgow, Belfast,
Ireland, &c.

PROVINCIAL STATIONS:

HEAD OFFICES OF THE COMPANY: ELECTRA HOUSE, BIRMINGHAM, LONDON, E.C.

Telephone: BIRMINGHAM 222222. Telegrams: EASTERN AND WESTERN.

Telephone: 222222. Telegrams: EASTERN AND WESTERN.

TELEGRAMS RECEIVED AND DISPATCHED BY CABLE AND TELEGRAPH

TELEGRAMS RECEIVED AND DISPATCHED BY CABLE AND TELEGRAPH

3

Chapelles L. Da 82 th

DODSLOOBY AUTOZATOQ QAVAWUZYA BANETORIYAN

JOIEROYOTI OTTOVONJUQ OMINXUPAN ISYTALRAY

DUBOLENEQ TAMOHOELIQ OTNAGIJOUN AHETUNYOK

BOLLIJOQAP ZARKAPYMDA AIPEYIAOMU ZYKARDAM

PYROBIMRIH UNYBUAMRIP PYGENEBOLI KILOJLENAY

PERSEBOLIT KIANDAMOMO UBULXOJOND ISYTALVZOK

ZYKAOKLIDZ MNUNENYES DNGALTIVW KHEBETHULY

JOTBOSLIDAP PUTOUDUNYOK BOLLIAMRIW GMECTERAO

ZARKAPYMDA AIPEYNESES ITROYNESEN OMENSOYME

CONTINUATION SHEET NO. 4

474
E T Co., Ltd.

Chapman Lm

Se 8/2/64

JARMORIPB MAXYTUNVOK

ESCOLIISERI CORUZJINRY AGHOBABEYT EDEZHNESIJ

ZYAKOKLISO ZHNUSAWOND DQEAEWEXA UYASOGOMAY

AMRIPBUBYC AZXYMIBYTA JVHEMUGOK MAXYBLUUG

OTTSIBOVME LEQYEPAJE AMRIPOURLY GORYNDON *

Govt/20390/Kenya
10/4/57

675

for Agard Kenyan
12/4/57

Conrad Hart

1/1/57

1/2/57

DRAFT. Telg. (Add)

Govt.

Nairobi

MINUTE.

1. Call 135.24
2. Rottnay 135.24

3. -

4. -

5. -

6. -

7. -

8. -

9. -

10. -

11. -

12. -

13. -

14. -

15. -

16. -

17. -

18. -

19. -

20. -

21. -

22. -

23. -

24. -

25. -

13 May

Your telegram 25th April

£3,500,000 loan cannot be
used to purchase Mbaraki

It may might be bound

for it in overdraft basis

2.4% interest would be

paid to bank until

surcharge fees refunded net

of later loans. At regular

rate of African Shilling

Confir my that it is

not available further

shall be closed up before got

under my eye to publish

To regard purchase of Fort of the
whole estate have not yet received
particulars furnished in Aug²
you despatched a sum of capital
No. 1, but in view we are
unwilling to incur expenditure
of amount exceeding £300,000 for
the purchase. Several buildings at
Mbaraki valued in Nitibiti
rept at £35,000, and value of
land speculative and dependent
largely on whether institution of
Government along the Mbaraki
is established. Have understood that
such contemplated building may
put pressure to demands.

DRAFT.

MINUTE.

Agree
Ankole
Boma
Kilimanjaro
Kilimani
Kilimani
Kilimani

1. 261,000
2. 261,000
3. 261,000
4. 261,000

176
Mbaraki and we little
expect of us other parties
making large capital
expenditure on permanent
works at Mbaraki. Consider
whole question should be further
discussed on the basis in
Equation Council, and if
purchase still desired and
after difficulty cleared up
that fort should offer
£100,000 for whole estate
including new founded &
high building, Mbaraki
factory and other land.
If offer not accepted shall

I fled to ocean full repeat
of lessons with fruit partition

A black mount of trouble

by me and what difficulties

If my unanticipated

misfortune