

1925

KENYA

o. 18.  
28679  
24 JUN 25

DATE

23<sup>rd</sup> June, 1925

Indicate

RELATION —

Mbatia

S of S.

Has received communication from Ufuan Wharfage Co. and encloses copies. Will gladly make appointment to discuss matters if he will communicate with his Secretary.

S of S.

S of S.

Secretary of State

Previous Paper

MINUTES

26389

Private & memo. written. We are sitting at a meeting on Tuesday at 10.30. Sir E. Gifford to call on Monday afternoon to look after letters and discuss.

Wed. 24.6.25

See the letter to the Wharfage Co. (16505) which started the paper of the correspondence. It is deplorable that newspaper (Mr. W.A.M. Sim) should have been allowed to compare those communications with a letter which should be in a fair way of being thought out.

Wed. 25.6.25

Mr 26/6/25

To Mr. Wharfage. 10 JUL 1925 4-5 3/00/25

Return to Mr. Wharfage

Subsequent Paper

DAG 29005

Copy left to Mr. Wharfage (16505) which I have included in and C of 29005 in order to be included in the...

Helicopters and Lt. J. H. Wilson, with  
Mr. Brady for me to E. E. Gigg, for  
Sturley and me

The program is so full that any reference  
not of the program is unnecessary.  
We have secured access to the  
school site and the principle that  
a 41-man (Marshall Company  
has in view its facilities, for  
going to the school, just when  
yourselves (and Helicopters according  
to what I am that point), but on  
other points, you cannot help for  
many an aspect locally

W.C.S.  
30.6.55.

The views on importance which  
the Helicopters attached to the  
example & precedents of Columbus  
where all work is done & done  
to the satisfaction of the people  
by the Helicopters. (Clyde)  
a statement might be asked for  
reference in the foreign press.

W.C.S. 1.7.55.

W.C.S. 1.7.55.  
Clyde

122, Leadenhall Street,  
London, 16th June 1925.  
E.C.3.

19

Dear Mr. Ormsby-Gore,

Thank you for your letter  
of 15th. I will be at your disposal  
as soon as the reply comes, and will  
get my Secretary to arrange with you  
a time of meeting convenient to you.

Yours sincerely,

*Mcneave*

The Hon. W. Ormsby-Gore, M.P.,  
Colonial Office,  
London, S.W.1.

In the annexed memorandum, I have attempted to digest these papers which Lord Inchcape has sent us, and have prefaced it with what I have gathered to be Mr. Felling's views on the position.

As was anticipated, the general question of port control is vitally involved. That question cannot be settled before the 12th <sup>July</sup> ~~May~~, but it is possible that the Governor's latest telegram affords a means of shelving it, since he is proposing an extended Commission of Enquiry which will include a representative of the Secretary of State and a representative of the London Shipping Companies. If Lord Inchape <sup>knows of</sup> ~~consents to~~ that proposal, he may be willing to come to terms on the narrower issues.

These are:-

- (a) The Company to retain lease of the Mbaraki plot subject to six months notice.

This is where the question of port control comes in. It would be necessary to recognise that the notice should not be exercised unless an arrangement for efficient port control could be evolved which would make the retention of the plot unnecessary for the handling of the cargo of the two shipping companies concerned.

- (b) The railway to have running powers for a <sup>some</sup> ~~low~~

low level line through the companies' area.

It should be made clear at the outset that ~~their~~ attitude on other points will depend on this matter. The proposal to buy from Major Grogan was subject to the land being free from encumbrances. The fact that the most easterly plot, ~~is~~ already partially developed, would otherwise have no low level access must be regarded as an encumbrance.

(c) The undertaking that Kilindini charges will not be adjusted for the purpose of damaging Mbaraki should stand in the form which we suggested.

It is not, I think, possible to agree that we will in every case consult the African Wharfage Company as to whether any change would be detrimental to them, when, on the other hand, we have no control over their own charges.

(d) The siding charge to Mbaraki will disappear when the Government buys from Major Grogan. ~~As a result~~ ~~from that~~, its impropriety has never been admitted by the Colonial Government, and it is not possible for the Secretary of State to undertake that it shall go, unless the present negotiations are successful.

(e) On the establishment of a port authority in any form, the fixing of services for handling cargo (including lighterage charges) would come within the scope of the authority as a matter of public interest.

This is suggested as a means of meeting

Mr.

Mr. Felling's view that lighterage charges are excessive. It will be opposed by Lord Inchcape, and it is a question for consideration whether the port authority's powers should not end at the quay side. ~~If our alongside arrangements are successful at all, it is to be presumed that lighterage charges cannot be kept up.~~

If it is agreed that we can enter into conference with Lord Inchcape on these lines, I do not think that it is necessary to communicate with the local Government before <sup>having</sup> a meeting, which might in that case be held early next week. The only point on which I think it might be useful to consult the Governor beforehand is that of the form of our undertaking in respect of Kilindini wharfage charges, but, as observed above, I see no reason for giving way on this point.

W.C.S.  
24.6.51

PORT CONTROL.Mr. Felling's views.

So far as I can judge them, Mr. Felling's views on the position are as follows:-

1. There is no congestion at Kilindini, and ships are not unduly delayed.

2. The provision of free storage in Government transit sheds is abused by exporters and importers who use them as warehouses. The godowns are full while ships leave with space unbooked, and waggons arrive with exports which cannot be unloaded (Contrast this with Mr. Sims' view that railway control would mean that cargo (presumably import cargo) would be allowed to remain in sheds to avoid the trouble of bringing down rolling stock.)

3. In other ports, port authorities aim at a rapid despatch of steamers, but it is not accepted that for that reason the steamship companies must have control. In South Africa the working of the ports is greatly improved since the railway took over control.

That is not the real point. In most ports, South Africa, or not, the Port Authority, whatever it is, does the landing and wharfage work.

4. Lighterage is not unsatisfactory, but under present

In the papers sent by Lord Inchcape, there is no reference to waiving the option to purchase, but Lord Inchcape has definitely undertaken <sup>to do</sup> that subject to the settlement of the questions of ~~the~~ <sup>the</sup> sliding charge to M'baraki and the continuance of the lease to the Company. In Mr. Sims' letter of 22nd May, he insists on the following:-

1. The shipping companies to retain the handling of the cargo ashore.

2. Wharfage and other rights to be agreed between the Government and the African Wharfage Company <sup>with</sup> and special regard to the <sup>rights</sup> ~~rights~~ so agreed not to be detrimental to the lessees of M'baraki.

(This is substituted for our conditions that the ~~rights~~ <sup>rights</sup> at Kilindini should not be adjusted for the purpose of ~~damaging~~ M'baraki).

3. If ~~an~~ <sup>an</sup> ad valorem charge on cargo generally is decided on, it should be collected by the Government and that Mbaraki should receive a proportion represented by the Mbaraki cargo.

(We have heard nothing of the abortive proposal to levy an ad valorem wharfage charge. In his letter, Mr. Sims seems to confuse the Executive Council with the Legislative Council.)

Mr. Sims' letter of 28th May.

1. Railway control of harbour work was had in

the past and is bad now on Lake Victoria.

(It is six years since the railway was in charge at Kilindini. The present arrangements are admittedly not too satisfactory for the public and it is gratuitous to suppose that railway control would be as inefficient as in the past.

On Lake Victoria the railway is putting <sup>his</sup> house in order by transferring the wharfrage work from the Marine to the Transportation Department. In other words, it is doing there exactly what it would like to do at Kilindini.

2. Under railway control steamers would not get proper despatch, as cargo would be handled to suit railway convenience.

(The railway convenience surely depends as much on quick despatch as steamer convenience.)

3. Safe custody and delivery of cargo requires that shipping companies should have full control over it while awaiting shipment or delivery to consignees.

(In the old days, the Uganda Railway had a bad name for breakages in handling at the port. But Mr. Sims claim would apply equally to every port on earth. This seems to be a made-up argument for the purpose of retaining the advantages which they at present hold.)

4. Government control would mean vexatious regulations and restrictions.

(This again is mere prejudice, unless it is backed up

25  
by definite experience at other ports where there Government control, e.g. South Africa.)

5. Under railway control cargo would probably be allowed to remain in sheds until it suited the railway to send waggons to take it away.

(See note on Mr. Felling's views where he attributes the nuisance of goods waiting in sheds to the exporters or importers.)

[ Mr. Frudd's letter of 14th May.

There is nothing much in this letter except the reference to the suggested wharfrage charge and Mr. Felling's trouble over the interest charges on the deep-water wharf, and the reference to running rights <sup>over</sup> ~~for~~ the Mbaraki siding.

C  
This is important in any settlement, and as it makes the most easterly part of Major Grogan's estate useless to the Government if they cannot have low level access to it, Lord Inchcape will no doubt use ~~it~~ as a lever for bargaining, but if he presses it too strongly I can see a good chance of the purchase from Major Grogan breaking down.

W.S.D.  
24.6.25



R  
28/6  
122

222, Leadenhall Street,  
London.

E.C.3. 23rd June 1925

C.O.  
28679  
24 JUN 25

Dear Mr. Ormsby Gore,

The communications I have been awaiting from the Directors of the African Wharfage Company, Kilindini, have now been delivered and I enclose copies as it may interest you to peruse them prior to our meeting.

If the Colonial Office will communicate with my Secretary I shall gladly make an appointment to discuss matters with you.

Yours sincerely,

*McCarthy*

The Hon. W. Ormsby Gore M.P.  
Colonial Office,  
S.W.1.

*Enclos.*

M'Baraki

With reference to Mr. Wilson's letter of the 23rd April enclosing copy of a letter to Lord Inchcape from Mr. Ormsby Gore and copy of a Memorandum from Mr. Wilson to Lord Inchcape on the subject of Mbaraki, in conjunction with Frudd I have carefully gone into the contents of these two communications.

Siding charge. I note that Mr. Ormsby Gore promises to abandon the present siding charge on cargo shipped over Mbaraki wharf which has been railed there by the Uganda Railway, when the Wharf is purchased by Government.

There should be no difficulty ~~whatever~~ in adjusting rates for wharfage and handling at Mbaraki Wharf and the Government deep water pier at Kilindi, and the assurance is very satisfactory that there will be no adjustment of the charges at Kilindini Pier for the purpose of damaging the Mbaraki Wharf. Probably it could be agreed that all rates affecting the two piers should be the same.

Retention by the African Wharfage Co. of their Lease at Mbaraki. I do not see how this can be any obstacle to Government acquiring possession of Major Grogan's property, as it is merely a change of landlords as far as the African Wharfage Co. are concerned, and the fact that running rights would have to be acquired through the Mbaraki premises to reach

reach the extension which is being developed by Major Grogan adjacent and beyond Sharati, should not be difficult.

The only obstacle so far as I can see to an amicable and satisfactory working arrangement between Government and the African Wharfrage Co., is the question of who is to handle the cargo ashore. A point is made by the General Manager of the Railway that he must have revenue with which to pay his heavy annual debit for interest and sinking fund on the new wharf, which I believe is estimated to be in the neighbourhood of £103,000 per annum. The Executive Council turned down his proposal that an ad valorem wharfrage charge be collected, and, in passing, I might say that the proposal was that exports should be subjected to a very light wharfrage charge, while imports would have to pay practically all the bill. Now, when it is realized that the vast majority of the voting power on the Legislative Council rests with representatives of the planting and agricultural community, it is obvious that they would be in favour of any scheme by which their produce would escape wharfrage dues at the expense of importations, 75% of which in the end are for native consumption.

While it may be argued that imports are capable of standing a bigger rate than exports, most careful consideration should be given in any adjustment of wharfrage charges and it must be kept well in the minds of those representing Government that the charges for service on the Pier, in the event of any adjustment, should not be made "for the purpose".

reach the extension which is being developed by Major Grogan adjacent and beyond Wharfedale, should not be difficult.

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of damaging Mbaraki wharf. The African Wharfrage Co's rent is a heavy one and with charges and working expenses, revenue must be found to meet these outgoings.

I do not like the words "for the purpose" and ~~should like to see them omitted and the plain assurance~~ given that nothing will be done in any way of adjustment of charges that will be detrimental to Mbaraki Wharf. It would suit Government at the outset, when they have only two berths on the Kilindini Pier, that certain ports should go to Mbaraki, such as cotton, coffee, sisal, etc. leaving probably maize to be dealt with at Kilindini wharf.

The points for which we should hold out in negotiating with Mr. Ormsby Gore are:-

1. That the Shipping Companies retain the handling of the cargo ashore.
2. Wharfrage, handling, crantage and storage rates to be agreed between Government and the lessees of Mbaraki (the African Wharfrage Co) with special regard to the rates so agreed not being detrimental to the lessees of Mbaraki.
3. Should an advalorem charge for these services be decided on, to be collected through the Customs or other Government Department, Mbaraki to receive payment for all cargo passing over the Wharf.

"M. Baraki

With further reference to my letter of yesterday, I enclose herewith a copy of one e from Frudd, which he wrote me expressing his views on Mr. Ormsby Gore's letter of the 20th April to Lord Inchcape. You will see that he goes over much of the same ground as I do, but he does not bring up the points that we wish kept in the forefront in negotiating with Government. It might be as well to go again over the reasons why we are so insistent upon the handling of the cargo a share being left in the hands of the Shipping Companies:•

1. In the light of past experience the Railway have done this very badly.
2. Present and recent experience show that the Uganda Railway, where they do perform such duties, namely at the ports of Lake Victoria Nyanza, carry them out in the same deplorable way that they did at Kilindini in the past.
3. Should the Railway work the cargo at the port, the interests of steamship Companies in the way of despatch and general facilities would be subservient to the convenience of the Uganda Railway, with the inevitable result that steamers would not get the despatch they should.

4. In the interests of the Shipowners with regard to the safe custody and delivery of cargo arriving and also with regard to cargo for shipment it is important that they themselves, or their agents, should have full control over the receipt and delivery, and the safe custody of the cargo while awaiting shipment and delivery to consignees. This also is a point we make in the light of past experience.
5. While at present we are comparatively free from restrictions as regards giving notice for cranes, hours of working, what cargo we have to land, etc. all this would change once the work ashore was carried out by a Government Department, and endless forms would have to be filled in and red tape introduced into the working, resulting in delay and loss of time.
6. The Railway having full control of all cargo, would no one up against them to force their hands and press for removal of cargo, and the result would be that Cargo would very likely be allowed to remain in sheds to suit the convenience of the Railway, if they were short of rolling stock.

Mombasa  
14th May 1925.

32

Private

Dear Mr. Sim,

M'Baraki.

I thank you for giving me a sight of Mr. Ormsby Gore's letter of 20th April to Lord Inchcape, as also copy of Mr. Wilson's memo to Lord Inchcape of 22nd April, both of which I return herewith.

After a careful study of these letters, I am of opinion that we should press for the immediate abolition of the siding charges levied at present on traffic MBaraki, for I see no good reason why the Government should wait until the completion of their purchase of MBaraki Estate before doing this.

With respect to the Kenya Government reserving the right to adjust their Kilindini charges, I consider this question could very well be made the subject of ~~mutual~~ mutual arrangement, for the Government would naturally not wish to unnecessarily sacrifice revenue at Kilindini any more than the Wharfage Co. do at MBaraki.

I have long been under the conviction that, even if the charges were alike at both places, MBaraki would not suffer any less of traffic on that account, though possibly, with the opening of the new Government berths and sheds, a diminution of traffic to MBaraki at



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I have long been under the conviction that, even if the charges were alike at both places, MBaraki would not suffer any loss of traffic on that account, though possible, with the opening of the new Government berths and sheds, a diminution of traffic to MBaraki at

the deficit is almost inevitable. The rapid growth of the exports from Kenya, however, in my opinion will soon counter-balance this.

The charging of similar rates at MBaraki and Kilindini should dispel any anxiety the Government might have on behalf of the East African Lighterage Co., apart from our Agreement with this Company under which the traffic is equally shared.

In relation to the Government's wish that Railways should have running rights over the lines laid in the Wharfrage Co's <sup>MBaraki</sup> area, I see no insuperable difficulty in giving them such rights, though I fully realise that at times the traffic passing through between the MBaraki sheds and piers will inconvenience our working, and, if we grant them this concession, it might be made another lever in our negotiations to retain the working rights at MBaraki.

Certainly the only means of access to the low level portion of the new development is through our area and this circumstance should be, as I have already stated, a considerable factor.

A point which our people at home may not have given serious consideration is ad valorem wharfrage. I think I am correct in stating that the chief reason the suggestion of imposing wharfrage charges was turned down by the Kenya Executive Council was MBaraki, as it was considered by them

that goods using MBaraki would be free of such a charge, resulting in a diversion of all possible traffic to that place. I am not aware of the legal position in regard to such a charge, but I should think legislation might easily be introduced to cover wharfage, or call it any other name, no matter where or how the cargo is imported or exported.

I know that Felling is very much exercised over finding the required £103,000 per annum as from 1st January 1925 interest, etc., on the cost of the new wharf, and, if this ad valorem charge were introduced, I feel certain that Felling would no longer be keen to do the handling of cargo, at any rate for some few years, and even though the Railways would nominally still have control of the Port, they would be content that we should continue to work cargo and go on paying them crantage as at present, with the proviso only that all handling charges should be agreed from time to time.

I consider the question of the suggested wharfage charge on imports and exports is a very important one indeed, for without this, the Railways consider they must take over the handling of cargo as a means of raising additional revenue to meet the above-mentioned interest charges rather than increase their railway rates, against which there would be a considerable outcry from up-country.

I feel that Felling realises that we could work more

economically than his Department, and that probably in the long run he would get more out of our paying him crange, but, as you know he is being subjected to considerable pressure from various sources to assume the handling of cargo. Certain it is, however, that if the Railway does take over the work, not only will the Wharfage Co., suffer but the Shipping Lines will be hemmed in with all sorts of regulations as to working hours, overtime, charges and so on, from which we are happily a comparatively free just now. I do hope, therefore, that our respective Principals at Home will be able to persuade the Colonial Office of the desirability of imposing a Wharfage charge, which after all is the most equitable and easy manner in which to raise the desired revenue. If this is accomplished I feel the majority of our prospective troubles will disappear.

Felling told me today that he has no idea when the Commission will sit and meantime, though he is supposed to be in charge of the Port, in reality he is still in the clouds. He further told me privately that he is harassed in the extreme with the congestion at Lake Ports, shortage of labour, the unreasonable attitude of the Uganda people, the disloyal and mutinous attitude of his Lake Marine staff, the shortage of engine drivers which he has been endeavouring

to get for over two years, and the shortage of competent staff generally, on top of all of which the red tape regulations of the Colonial Office are hampering him in every direction. Inter alia, he also said the new sheds and berths would not be finally completed before August 1926. You will readily realise, under all these circumstances, he is not bursting to take over Milindini.

Yours sincerely,

(Sgd) H.W.D. Frudd.

ottonley 30/6

J/ 28679

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roschey 30/6  
Shakburgh

see supplied attention, which may go beyond what is intended. My opinion is that we have reached a point where the matter must be settled here.

Grindle.  
H. Lambert 30/6  
Masterton-Smith

I have suggested three additions which will make matters clearer to Kenya. 1.7.25

Coded sent 1.7.25 G.P.

C.R.D.  
R 2 JUL  
D 2

Amery. Jm/17

Downing Street,

AFT. TELEGRAM

1 July June 1925

ROR  
AIROBI.

S/S

Urgent  
Priority

Your telegram

24405 of 27th June 287 following is upshot of discussion with Inchoape <sup>30/6</sup> 3rd June Kylesant agrees fully with his views. Begins. (1) He maintains that it is essential for purposes of expedition to keep handling of cargo at M'baraki in hands of <sup>the</sup> two shipping companies (2) He recognises that it follows that additional facilities must be provided by African Wharfage Company to secure prompt clearance of trucks. Company would be responsible for emptying and loading

loading trucks

(3) Demurrage on trucks to be charged after reasonable period to be fixed by agreement now and ~~revised~~ <sup>revised</sup> after one year in the light of additional facilities provided by the Company in the interval.

(4) He agrees that M'baraki shall not undercut Kilindini or vice versa and that the Company will make ~~some~~ <sup>same</sup> charge to

other steamer companies besides the two

principals, *and that he is willing to enter into definite agreements to give effect to these undertakings.*

(5) Lease to be for 99 years in order

to justify expenditure on additional

facilities. Under lease they would

be bound to carry on business effectively

but no provision for notice on either

side.

(6) <sup>He</sup> readily agrees to railway having

running powers over low level line.

(7) Any additional land required later

as business develops would, if still

available be subject to separate lease. *END*

Telegram your views as soon as

possible bearing in mind that I must

give

give Grogan definite answer by July

12th. I am confident that no better

terms can be made and that it is

increasingly undesirable to lose

opportunity of obtaining Grogan's land.

I recognise that question of

port control would be prejudiced so far

as M'Baraki is concerned.

On general question I await your despatch, but if in the <sup>end</sup> ~~event~~ railway

control is not decided on I consider that

it will be necessary for the railway to

accept such part of the debt charges

on present and possibly on future

Government construction as cannot be

covered by wharfage charges, say one

half. This suggestion of having

debt charges between port charges and Grogan's railway system as a whole was mentioned in discussions with M'Baraki who considered it reasonable. I fully appreciate Felling's

point of view, but I do not see that

any other course is possible.

AMERY.

Substantive:-

intention to agree to  
for £350,000 as  
interplate being

free  
way. Jm

and it was made clear to M'Baraki that this matter was still open

debt charges between port charges and Grogan's railway system as a whole was mentioned in discussions with M'Baraki who considered it reasonable.