

DOMESTIC

EAST AFR. PROT.

22499

No. 22400

20 JUN 1895

(Subject)

Proposed Railway L. Uganda - Uganda Ry

States it is proposed that it sh<sup>d</sup> be similar to Uganda Ry in construction except that 60lb rails would be laid. Remarks as to taking over of line by Govt. looks in view of the large sum involved whether they could be given the right of the renewal of the lease by a further 5<sup>th</sup> year.

(Minutes)

Mr. Reed

Typed minutes

Mr 1/4

H.R.

47

in minutes within.

Rev. July 10

of Syna  
905  
rent  
Paper.  
2483

22499

88

The East Africa Syndicate of which the Directors are Lord Verulam, Mr. Edmund Davis, Lord Deedes, Mr. Ernest Hodge, Mr. E.W. Johnston, Mr. E.A. Fort-Phillips, and Major G.H. Villiers, has a capital of £200,000, and have recently obtained power to issue a further sum of £100,000.

Among other concessions granted to this body by the Foreign Office is a lease for 21 years, renewable for a further 21 years of 80 square miles of land round Lake Magardi, which is some 60 miles South-West of Nairobi, for the purpose mainly of working the soda deposits there, on payment of a Royalty of 5 per cent of the profits.

A body - of the name of which I have no information - entitled the ~~Magadi~~ Syndicate has obtained an option to purchase the lease from the Syndicate by payment of 30 per cent of the profits (when earned) of the soda.

Considerable expenditure will be necessary to enable the working of the soda commercially feasible, and, in particular a railway must be constructed from Lake Magardi to Kiu the nearest point on the Uganda Railway, and, according to the East Africa Syndicate, specially low rates must be given on the Uganda Railway.

The soda industry is at present, they say, practically a monopoly of Brunner Mond and Company, and they must be able to go to a low price in order to meet the effort that Company will make to undersell them as

soon

seen as their competition becomes effective. Major Villiers suggested that his Company would be willing to agree to higher rates when the industry was established on a profitable basis.

The questions for which the Company are pressing for an answer in order to enable the "Advisory Committee" to come before the public are

1. With regard to the new line from Nagardj to Kisumu will the Government work it, and on what terms? If Messrs. Pauling are the Contractors and Sir Douglas is the Consulting Engineer, will the latter's certificate be accepted as evidence that the line is properly made so as to be safe for use by the Uganda Railway rolling stock? (They don't say this but I gather this is what they mean by the 1st paragraph of 2207). Do the Government wish to have the right to take over the line, and if so when and on what terms?

With regard to these questions I have come to the conclusion that the line and its working had better be all Government or all Company, otherwise I foresee endless disputes.

The General Manager has suggested that "it be worked" by the Government "at so much per mile per annum" (say per train mile) the rate to be fixed on basis of cost of working the main line plus such extra cost as the nature of the branch requires.

The working out of the accounts necessary for this calculation will afford endless material for dispute.

I am inclined to tell them that we would much prefer that they should accept the entire responsibility for the line and its working, but as this would obviously be very uneconomical for them, involving, as it would, the maintenance of a separate rolling stock, railway staff and repairing shops, the Government will be willing to take over the line from them on completion and to grant them the same rates as we give on the main line. Point out that this is no hardship to them as their rates are such as will do no more, so far as we are concerned, if they do as much as cover the cost of maintenance and running expenses. Add that the plans must be approved and the railway accepted by our own engineers *only*.

*P. D. F. M.*

II. With regard to the rate to be offered for the carriage of soda and coal the Manager considers that with his present stock he can carry 40,000 tons of coal up and 120,000 tons of soda down per annum, provided the present trucks are regarded as suitable, and that we cannot charge less than 10. per ton per mile for the soda and 1d. per ton per mile for the coal. To carry 300,000 tons of soda (100,000 tons of coal) would require an expenditure of £300,000 on engines, rolling stock, *refueling* stations, &c. These engines would enable the traffic to be worked at a somewhat cheaper rate which would probably cover the interest on the capital outlay.

To carry more than 300,000 tons would require doubling the line or at least *re-laying* it with heavier rails.

I am not quite satisfied that the General Manager has not underestimated the carrying capacity of

the line, which might it seems to me be increased by using two engines drawing longer trains. But on his calculations I think we may offer rates of 11. for coal and 12. for soda leaving the question of how we are to carry the larger amounts talked about till they come in sight.

III. The Syndicate ask for alternate blocks of a square mile on each side of the line, but I don't think they mean to press this and I think it may be negatived.

IV. They also call attention to the fact that land will be required for shipping facilities at Kilindini. All that need be said as to this is I think that the acquisition of the land necessary for their operations will be facilitated so far as may be possible but that the Government cannot undertake to expend money on the matter.

V. I think if the conditions as to the Railway are accepted there will be no harm in prolonging the lease for 99 years. *revised on 22/9/99*

W.D.E.

*20/6.*  
This is a very speculative concern & I doubt whether the Govt. could be justified in taking any financial risk in the matter. If Govt. Assurance & bond are cheaper than proceeds sufficiently to underwrite the Syndicate, the whole concern comes to the ground. In the case the proposed railway differs considerably from the S. Coast railway which is the closest analogy in our typical operations for the full railway, but there was never any doubt that all the full produced by the S. Coast would be fully disposed of & the railway is

A great value for general administrative purposes  
of the railway to take regard is of little or no  
use for administrative purposes & it may be  
of no use even for other purposes.  
I think therefore that the business should be  
conducted to the Syndicate as if of a very limited  
nature, except in emergency & that the  
administration should be in the hands of the  
Syndicate & the City what they are generally  
let them manage think of the details in  
embodiment them in a agreement

The construction of  
the Broad line

regarding the policy to be adopted in dealing with  
applications for private individuals & companies for  
concessions to construct railways in W. Africa,  
understand only two possibilities (a) that the  
first contract with the line (b) that the  
line will be constructed & worked by private  
enterprises. The Syndicate require a mixed system,  
and do they still construct the line & the  
best arrangement & arrangement is possible  
The Syndicate will probably press us to give  
them favourable treatment in the matter of  
transport duties & construction materials & then coming  
on the main line, but the matter can wait  
until they raise it.

I think therefore that we may decide that  
the Broad line must be constructed by the  
Syndicate at their own expense, that it  
should be managed & worked for the railway  
with a view to safeguarding the personnel &  
material to be employed on the line after its  
construction, the <sup>arrangement</sup> should be made by a  
Board for the line, & the line itself or completely  
managed by a committee

A great value for general administrative purposes  
of the railway to take regard is of little or no  
use for administrative purposes & it may be  
of an use even for the report purposes.  
I think therefore that the business should be  
conferred to the Syndicate as of a very limited  
nature, except the management of the line at  
the present time & the future, & it is  
a that the best plan will be to let the  
Syndicate & the Co. what they are generally  
let the business think at the details on  
anybody else in agreement.

The construction of  
the Branch line in resp. of the 5th of Decemr.  
regarding the policy to be adopted - dealing with  
applications from private individuals & companies for  
access to or through railway in W. Africa,  
anticipated only two possibilities (a) that the  
first sh<sup>d</sup> contract with the line (b) that the  
line sh<sup>d</sup> be constructed & worked by private  
enterprise. The Syndicate require a mixed system,  
might do they sh<sup>d</sup> construct the line & the  
- sh<sup>d</sup> it. The in the sh<sup>d</sup> seems to be the  
best arrangement & a satisfactory realization of the  
The Syndicate will probably press us to give  
them favourable treatment in the matter of  
infant matter & construction materials & then carrying  
in the main line, but the matter can wait  
until they raise it.

I think therefore that we may decide that  
the Branch line must be constructed by the  
Syndicate at their own expense, that the  
arrangement required for the rolling stock  
with a view to safeguarding <sup>the</sup> personnel &  
material to be employed on the line after its  
construction, the arrangements for the completion of  
the line, or the line itself, or completion must  
be based by a Committee.

Engineers selected by the Govt, & that, as  
 circumstances may alter & it may be desirable  
 to include the branch line in the Govt  
 general system, there must be provision for  
 re-proportion by the Govt on reasonable  
 terms. - The Syndicate only to be responsible  
 if the Govt thinks it desirable to do so.  
The working of the branch line by the Govt  
 The well mean in measure of (a) personnel, &  
 quantity of (b) material.

With regard to (a), I presume that we shall  
 have to fit Treasury sanction. If the Syndicate  
 come to grief, we shall have some  
 superannuation on our hands. There would be  
 gradually absorbed, & as this number will  
 probably not be large, we might, I think  
 take the risk; but this point might be  
 made use of in our negotiations with  
 the Syndicate.

With regard to (b), the Govt can carry with  
 this general rolling-stock - about 150,000 to  
 180,000 tons of rods a year.  
 To carry 300,000 tons a year, therefore  
 about £ 300,000 would have to be spent  
 in the purchase of additional engines &c.  
 To carry 500,000 tons a year would involve  
 doubling the line to Rice &c.

I think that we should tell the Syndicate  
 that we can only undertake to carry about 150,000  
 tons of rods a year under existing arrangements  
 & that they will be required to find the  
 necessary money which will have to be  
 spent if the larger quantities mentioned  
 above were carried. & ~~thereby~~



The method to be adopted in working the  
 branch will require careful attention. As regards  
 the point of the General Managers' suggestion  
 that the line be worked at so much per  
 mile per annum as is open to objection.  
 At the same time I do not like the  
 proposal to fix certain rates per mile  
 for all circumstances. It may alter  
 the cost of working various. Some arrangements  
 by which a rates which would just cover  
 working expenses should be fixed for the  
 branch line for a comparatively short period  
 & should be subject to revision at the  
 end of that time. The Ch. & the Country  
 Engineer would presumably be able to help  
 here.

The rates to be charged on the main line  
 should not go below the basic remunerative  
 rates of  $\frac{1}{2}$  for coal &  $\frac{1}{2}$  for coal, &  
 would only front them for one or two years.  
 If we go on the principle of granting such  
 rates we will allow them to undersell  
 their business head we shall be loaded  
 all sorts of difficulties. We can fix the  
 low rates granted above for a limited  
 period on the ground that we are fostering  
 a new industry at its start or  
 as regards III & IV of the 1862 year seem  
 to me to be quite long enough.  
 In view of the significance of the General Manager  
 a plan to be proposed to proceed & see  
 that they say that, if they accept us properly,  
 the Ch. will be instructed to discuss  
 details with a view to the preparation of an agreement  
 1862

To Mr. Parnham  
 We had an interview with  
 Mr. Parnham on the 14th inst.  
 on the subject of the proposed  
 plan and some other matters  
 which were discussed in detail  
 as well as the proposed  
 alterations with regard  
 to the line. The result of the  
 meeting has now been brought  
 to a stage when it can be  
 submitted to the Directors  
 of the  
 Company. It is a very  
 important matter and one  
 which will have a great  
 effect on the future of the  
 line. I have no objection  
 to the proposed alterations  
 and I am sure that the  
 Directors will be satisfied  
 with the result. I am,  
 Sir, very respectfully,  
 Yours,  
 J. Parnham

perhaps the syndicate can  
 control all business and  
 to avoid it is not by any  
 means certain that they  
 will be able to do so.  
 The syndicate say that  
 the whole scheme depends upon  
 cheap railway rates and they  
 ask that the Government may  
 carry them out up and  
 down the line. I am not  
 sure that the Government  
 will do this. I think  
 that we are placed in a  
 position where we must  
 carry coal and soda  
 at less than the cost of  
 carriage. But that we

might, for the purpose of level-  
 ing the rate, allow them  
 to be carried for (say) two  
 or three cents which would  
 yield no profit, that is to  
 say at the rates (I go  
 for 1 cent and 1/2 for soda) sug-  
 gested by the Gen. Managers  
 of the Railway.  
 As to the branch line,  
 we think that the syndicate  
 should work it, as well as  
 construct it, themselves.  
 They do not expect to  
 get the alternate blocks of  
 land for which they ask in  
 1884. But we should tell  
 them that they cannot have  
 more.  
 As to land at Henderson  
 we can reply as proposed by  
 Mr. Hill.  
 The Govt should have the  
 option of taking over the branch  
 line on terms which should be  
 settled now, but I would not  
 extend the time as suggested.

in this letter - 22487

The terms on which traffic will be interchanged between the branch and main line, and on what the Gov. may take over the branch line - will have to be embodied in a formal agreement.

Wt. July 4

Topic. - Regarding this branch line a thing merely a part of the Company's plant for developing the Soda Industry and that enterprise is so highly speculative that the least the Protective Government is involved in it the better. Moreover, apart from the constant friction which would certainly arise if the Company were in difficulties and we were working the branch line, the fact that Messrs. Parbury are to be the contractors would make it necessary to have a very definite contract governing the construction of the branch if we were to work it. As to the

agreement for running power in between the branch and the main line will require very careful drafting.

Lord Denbigh called on us on Friday and was most anxious that we should get all these matters settled in the course of the next week, so that they could go to the market for their capital before the holidays. I said that it seemed to me most improbable that a settlement of the many complicated questions involved could be arrived at in time for this, but that no avoidable delay would occur here. He then suggested that if we would answer the specific questions he had put to us in the typed memo. A, they would be able to proceed and the details could be put into legal shape.

in this letter - 22497

The terms on which traffic will be interchanged between the branch and main lines, and on which the Govt may take over the branch line, will have to be embodied in a formal agreement.

Mt. July 4.

Topic. - Regarding this branch line a being merely a part of the Company's plant for developing the Soda Industry and that enterprise is so tightly open to him that the less the Protector's government is involved in it the better. Moreover, apart from the constant friction which would certainly arise if the Company were in difficulties and we were working the branch railway, the fact that Messrs Pauling are to be the contractors would make it necessary to have a very definite contract governing the construction of the branch if we were to work it. As it is, the

agreement for running power as between the branch and the main line will require very careful drafting.

Lord Dunsford called in on Friday and was most anxious that we should get all these matters settled in the course of the next week, so that they could go to the Board for their Capital before the holidays. I said that it seemed to me most improbable that a settlement of the many complicated questions involved could be arrived at in time for this, but that no avoidable delay would occur here. He then suggested that if we would answer the specific questions he had put to us in the typed memo. A, they would be able to proceed and the details could be put into legal shape.

The London Joint Stock Bank Limited,  
Princes Street,  
Ed.

44 Piccadilly

June 27/85

M. Montague

Dear Sir,

I have the pleasure to acknowledge the receipt of your letter of the 24th inst.

in relation to the above mentioned account.

I am sorry to hear that you are unable to pay the same.

I have the honor to be, Sir, your obedient servant,

J. F. Mansel, Esq.

By Order of the Directors,  
J. F. Mansel, Esq.

I am, Sir, very respectfully,

Your obedient servant,  
J. F. Mansel, Esq.

The London Joint Stock Bank Limited,  
 Princes Street,  
 E.C.

14 recently  
 June 2 1898

Dear Sir

I have the pleasure to inform you

that

the sum of £1000 has been received

from the sale of the property

and is now at your disposal

at the

rate of 24% per

annum and the balance

of £760 is now at your disposal

and is now at your disposal

Yours faithfully,  
 The London Joint Stock Bank Limited

because having  
 be possible to  
 a little information  
 which I have  
 I have  
 in regard to this matter  
 have better to be

I was with  
 very disappointed  
 the matter here  
 an advance since  
 however, that you  
 my price indicated  
 I have  
 the other  
 the amount  
 amount required to be  
 for making the branch  
 handling of all necessary  
 handling & shipping  
 is \$500,000 not an  
 I find in there  
 I write for the

Uganda railways  
be possible from  
with inform  
lines you intend  
with 11,000  
of rates the  
for making & working  
the branch line to  
Magnesi. This mo  
have better who Dr

an interview with her  
were very disappointed  
the matter have  
way advances since  
interest that you  
looking for a detailed  
trading post.  
the matter she also  
before the Government  
amount required to be  
for making the branch  
& putting up all necessary  
for handling & shipping  
today is £500,000. not an  
them to find in these  
I write for the



purpose of pointing out  
after the middle of July  
it comes extremely difficult  
to a big piece of paper  
then I remember the point  
have all contributions before  
a week <sup>perhaps</sup> it may be held  
to postpone the issue  
the autumn...  
months... valuable time  
I hope you won't mind  
your earnest attention  
for everything is ready  
on getting the contributions  
which will be the  
office. There is some  
big quantity. Please contact  
Gordon Smead

Copy 354  
Private

24 June 1900

Dear Denbigh  
With reference to our  
petition last night and  
letter of yesterday, we  
wishes to afford you the  
assistance with you every  
possible facility. That, as  
point out, the industry

purpose of pointing out  
after the middle of July  
he comes extremely difficult  
to a big piece of paper  
This is under the paper  
has all the conditions set  
in week, it may be held  
to postpone the issue  
the conclusion, I hope  
months of valuable time  
I hope you won't mind  
but I can't attend  
for everything is ready  
on getting the conditions  
written. Little to the  
office. There is some  
this industry. There are  
George Duncanson.

Coffey

Private

29 June 1905

Dear Denbigh

With reference to our  
action last night and  
letter of yesterday, we  
wishes to afford you  
associated with you every  
possible facility. But, as  
point out, the industry

to be developed may be  
 to be substantially important  
 you are asking for such  
 privileges and facilities  
 subsuming over a wide  
 and a considerable part of the  
 time. The very acquisition of  
 the concession makes it  
 necessary that the State  
 of State should act in

action & that the agreement  
 which the relations between  
 Company & the Protectorate  
 are to be defined should  
 clearly sanctioned by the  
 Government. As soon as the  
 subject is proposed to discuss  
 the I will get Mr. [Name]  
 instructions as to the conditions  
 can be offered you and  
 you accept them. The Government

to be developed may be  
 to be extremely important  
 you are asking for such  
 privileges and facilities  
 extending over a wide  
 and a considerable period  
 time. The very magnitude  
 the concession makes  
 necessary that the  
 of State should act in

relation to that the agreement  
 which the relations between  
 Company & the Protectorate  
 are to be defined should  
 clearly sanctioned by both  
 parties. As soon as the  
 matter is settled we expect to receive  
 the I will get Mr. Johnston's  
 instructions as to the writing  
 which can be offered you and  
 you accept them. His Crown

rights will be at our disposal  
to have the arrangement  
which we have arranged  
into legal shape. It is  
his stage that, judging  
a long experience, I  
delay due to the  
which a Company's  
always seems to take  
board to take to any  
which protects the

is not possible  
at see a possibility of  
agreement being signed  
has a number of  
present time which  
probably means that  
issue of your prospectus  
is deferred until the  
end half of October. I  
sorry not to be able to

rights will be at our  
 to have his consent  
 which we have arrived  
 into legal shape. It is  
 his stage but, judging  
 a long experience, I  
 delay due to the  
 which a Company's  
 always seems to tend  
 bound to take to any  
 which protects the

the most favorable  
 we see a probability of  
 agreement being signed  
 we have a number from  
 present time which  
 probably means that your  
 issue of your prospectus  
 not be deferred until the  
 end half of October. I  
 sorry not to be able to

has not to you the  
Expectation of a prompt  
settlement as you know  
we have had <sup>too</sup> many  
instances of his delay  
but being into ill. cond  
of improvident contracts  
deliberately to run that  
kind of risk  
I am glad to

There has been no  
little delay here and I  
that some will  
future

Yes, sincerely  
L. Y. O.

looks out to you the  
 expectation of so prompt  
 settlement as you have  
 we have had <sup>100</sup> a number  
 instances of his danger  
 but being into ill. can  
 & important contracts  
 deliberately to run that  
 kind of risk

I am glad to

there has been no  
 delay here and I  
 but some will occur  
 - future

Yes, nothing  
 L TO





Points pressing for settlement:-

(1) We having undertaken to build the line as good as the Uganda Railway, only with 50 lbs. rails instead of 70 lbs., will Government take over line or not at any time after completion at cost price?

(2) Do the Government wish to work our line for us, and run through traffic between Lake Rudolf and Mombasa?

(3) The ~~existing~~ Uganda Railway rate having been fixed, what dividend will Colonial Office themselves grant, and in the event of the Uganda Railway working our branch, what percentage of profits in respect of this branch shall we get?

It should be noted, that no further ~~conditions~~ <sup>are</sup> special privileges are being asked for, and all questions relating to the concession of the lease and land ~~points~~ can be left for negotiation later on. The Shareholders of the R.A.

have already spent large sums of money in this particular business, and in view of the holidays approaching, any serious delay might jeopardize the whole matter, as the construction of the line involves the provision of very large sums of money.

*W. H. ...*

*Heald*

*June 20/02*

Points deserving for settlement:-

- (1) We having undertaken to build the line as good as the Uganda Railway, only with 60 lbs. rails instead of 70 lbs., will Government take over line or not at any time after completion at cost price?
- (2) Is the Government going to work our line for us, and run through traffic between Lake Nyanza and Mombasa?
- (3) The existing Uganda Railway route having been closed, what advantages will Colonial Office themselves derive, and in the event of the Uganda Railway working our branch, what percentage of profits in respect of that branch will be guaranteed?

It should be noted, that no further concessions or special privileges are being asked for, and all questions respecting the extension of the loans and land grants are to left for negotiation later on. The Shareholders of the E.A. Syndicate have already spent large sums of money in this particular business, and in view of the holidays approaching, any serious delay might jeopardise the whole matter, as the construction of the line involves the provision of very large sums of money.

*W. H. ...*

*Reid*

*June 1908*

19, ST. SWITHINS LANE,  
LONDON E.C.

22/11/1904



Sir,

I am directed to inform you that the intention is that the proposed Railway Line from the Uganda East Lake should be similar to the Uganda Railway in construction, except that heavier rails of 60 lbs. would be laid. In the event of the Government seeing its way to come to an arrangement with the Syndicate on the points raised in my letter of the 27th May last, a new Company will be formed to provide cash for construction of the line and the Working Capital to maintain the same. Active negotiations with Messrs. B. & C. Limited for the construction of the line are now in progress, and it is proposed that Sir Douglas Fox should act as Consulting Engineer. It would be quite agreeable to those interested that the Government should be entitled to take over the line at any time after completion on terms to be arranged, and I am directed to ask what your views are upon this point.

I am desirous to ask, in the event of the contemplated Company being formed, the large sum of cash subscribed, and the line built, whether the Government would not agree to extend the right of renewal of the Lease by a further 57 years, thus making the Lease, in the event of all the rights of renewal being exercised, a usual one of 99 years.

19, ST. SWITHIN'S LANE,  
LONDON, E.C.

22nd Feb, 1906.



Sir,

I am directed to inform you that the intention is that the proposed Railway Line from the Uganda Soda Works should be similar to the Uganda Railway in construction, except that heavier rails of 60 lbs. would be laid. In the event of the Government seeing its way to come to an arrangement with the Syndicate on the points raised in my letter of the 29th May last, a new Company will be formed to provide cash for construction of the line and the Working Capital to exploit the Soda. Active negotiations with Pauling & Co. Limited for the construction of the Line are now in progress, and it is proposed that Sir Douglas Fox should act as Consulting Engineer. It would be quite agreeable to those interested that the Government should be entitled to take over the Line at any time after completion on terms to be arranged, and I am directed to ask what your views are upon this point.

I am desired to ask, in the event of the contemplated Company being formed, the large sum of cash subscribed, and the Line built, whether the Government would not agree to extend the right of renewal of the Soda Lease by a further 57 years, thus making the Lease, in the event of all the rights of renewal being exercised, a usual one of 99 years.

I am also to ask you whether the Government will insist upon the right to take over the Line on its completion at any time thereafter during the currency of the Lease, and if so upon what terms. Of course, if the term of the Lease is altered to 99 years, the Line at its expiration would revert to the Government free of cost.

I have the honour to be, Sir,  
Your obedient Servant;



Secretary.

The Rt. Hon. Alfred Lyttelton, K.C., M.P.,  
One of His Majesty's Principal Secretaries of State,  
Colonial Office,  
S.W.

2