

EAST AFR. PROT.

No. 332-32

DISPATCH

33252

REC'D SEP 35

(Subject.)

Uganda Railway,

Freights on Agricultural Produce

Transmits copy letter from Genl. ... asking that sanction may be given for a proposed reduction of down freights on certain articles strongly recommended, and asks for telegraphic reply.

(Minute.)

Mr. Antrobus

I believe the reduction of the freight of all grain & seeds by potatoes ~~from 1/2 to 1/3~~ in full wagon loads is thoroughly sound as regards long distance traffic.

I have endeavored to show in my minute on Mr. Gray's proposal that 1/2 a ton mile would pay way well for timber traffic, & for the same reason it will pay well for grain as much traffic pays more than timber, though the other kind it is more easily carried.

No. 456  
1905  
No. 456  
No. 456

Copy to ...

I should favour the adoption of a uniform rate of  $\frac{1}{2}$  d per ton mile irrespective of the distance.

Such a uniform rate is disapproved by all but the most antiquated railway managers in favour of a rate which is gradually rising with the distance.

Thus for example in France the rate for coal will be 5 c. per ton per kilometre for the first 100 kilometres, 4 c. per ton for each 100 kilometres between 100 & 200 kilometres, & 3 c. per ton for every kilometre beyond the 300th.

Our railways follow the same principle though less systematically. Thus the rate for fish will only be 1 s. per ton for Hull & London for fish will only be 1 s. per ton, half as much again as the rate for Hull - instead of 3 times as much, as it would be if uniform rates were adopted.

Freight Traffic in seeds & grain from Margueras (20 m. from Moulins) might be charged a rate equivalent to a penny a ton per mile.

261  
while on the other hand the traffic from places beyond Margueras very likely cannot bear a higher rate than Margueras traffic, & it is a question whether a zone should not be established, <sup>comprising</sup> ~~including~~ the country from Margueras to the Lake in which the rate to the east should be uniform, the same, irrespective of distance, but probably it would be better to allow it to increase very slowly with the distance.

It seems to me <sup>however</sup> that the grant of the  $\frac{1}{2}$  d a ton <sup>per mile</sup> rate for grain, or of a graduated rate which will give on Margueras traffic approximately the same result as the  $\frac{1}{2}$  d a ton mile rate will give great occasion to the Margueras Lake people to complain.

They are to guarantee full return loads, they offer no back traffic (well) to a certain proportion of the down tonnage.

they load & unload there on staff  
 & we offer them  $\frac{1}{2}$  d rate for  
 exports only & then a  $\frac{3}{4}$  d;  
 the grain importers only guarantee  
 major loads, they guarantee  
 no back traffic, they acquire  
 (apparently) the Railway to load  
 or unload, and we are to offer  
 them a  $\frac{1}{2}$  d rate generally.  
 My own view is that a  $\frac{1}{2}$  d  
 rate is rather a rate yielding  
 for Nairobi traffic approximately  
 the same return as a  $\frac{1}{2}$  d  
 rate is for traffic in both  
 ways.

The Comms. asks for a telegraphic  
 reply & no doubt the staff  
 is waiting for report. I  
 suggest we should write a  
 letter marked immediate  
 to Treasury suggesting  
 that the concession of a  $\frac{1}{2}$  d  
 rate should be made

Not quite. We say  
 we will not raise  
 above 2 1/2 hours  
 next 18 years  
 will keep it  
 even lower  
 4/10

4-3 take it that  
 we put the rate  
 upon it do not  
 take the 1/2 d  
 except the 1/2 d  
 people in better  
 at 1/2 18 years  
 we can change  
 the 1/2 d  
 changed 1/2 d

See Treasury  
 letter of 2/9/07

as a purely temporary measure,  
 & that we should then discuss  
 with them the general question of  
 rates. MHC 2/9

Since writing the above I have received  
 the gazette of the 1st of Sept. for 1907  
 of which it appears that Mr. Curzon  
 has brought in to force the  
 lowered rates - without any indication  
 that they are temporary. However he  
 himself has intimated his former  
 The principle of a distinction in the  
 rates referred to above appears to  
 have been carried out to some small  
 extent on the short distance  
 but for the long distance might say  
 thing from Kisumu (2200m) onwards  
 the rate runs the same whether under  
 $\frac{1}{2}$  d a mile. Note that Kisumu  
 is the place where the Murgadi  
 road is for which we are proposing  
 a rate of  $\frac{1}{2}$  d a mile as a temporary  
 concession in a ~~letter~~  
 telegraph to the Secretary of State  
 referring to your letter  
 of 2/9/07

No 456 - <sup>since order</sup> has not been notified  
<sup>in Gazette of 1st September</sup>  
actually been brought  
in to force

Sent 11.45 a.m.

Wm

2/10

Checked in SRI

MW 26/9

RMA left so  
it will

C. O.  
33232

266

REC'D  
SEP 15 1905  
COMMISSIONER'S OFFICE

EAST AFRICA PROTECTORATE.

No. 466

MOHARRA.

August 15th 1905.

Sir,

*50 in alt*  
*562 cat*  
*1/2*

With reference to Foreign Office despatch No. 588 of September 24th 1904. I have the honour to transmit herewith a copy of a despatch which I have received from the Manager of the Uganda Railway, asking that sanction may be given him to reduce the down freights on certain articles of agricultural produce.

2. It is proposed, as an outcome of an interview between myself, Mr. Currie, and a deputation of the Colonists' Association, that the down freights on all seeds should be reduced from approximately one penny to a half-penny per ton per mile on full wagon loads, and on packages, which may at present be said to be the staple product of the country

Principal Secretary of State

for the Colonies,

Downing Street,

London, S.W.

country in the same proportion as that in which the shipping companies can be induced to reduce their freights between Mombasa and South African ports. I understand that the shipping companies have already granted a very considerable reduction.

7. In view of the impetus that will almost certainly be given to trade and agriculture by this measure, which will enable our producers to compete with prospects of success in the South African markets, and of the fact that Mr. Currie anticipates that the initial loss to the Railway will be converted into a profit in the first twelve months, I have the honour to strongly recommend that these reductions may be sanctioned and that a reply may be sent by cable.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

J. Stewart

No.  $\frac{155}{1000}$

Manager's Office,

NAIROBI, 72 AUGUST 1906.

C O  
33232  
REC'D  
16 SEP 06

268

SIR,

As you are already aware the outcome of the deputation of the Colonists Association which recently waited upon you is that the Railway has undertaken to reduce the down freights upon Indian corn, beans, peas and millet by 50% to 50% i.e. to make it approximately 4/- per ton per mile over the whole line for consignments in full wagon loads.

As regards potatoes the railway has agreed to reduce down freights in the same proportion as the Association can induce the Shipping Companies to reduce their freights between Mombasa and South African ports and it is probable that the Railway freight will come down to that quoted above i.e. from Rs.12/- to Rs.10/- per ton from Nairobi to Mombasa or 50% reduction for full wagon loads.

The deputation conclusively proved that as regards maize, beans and peas the present freights prohibited export business being done and although this could

M. M.'s COMMISSIONER,

East Africa Protectorate,

NAIROBI.

(A)

could not be altogether said for potatoes there can be no doubt but that a reduction in freights will give a great stimulus to the business, in that it will remove the present risk of loss in exporting to the growers none of whom are at present in a position to incur such risk.

I estimate that the financial results of these reductions will be as follows:-

	Present average monthly earnings from down traffic.	Probable average monthly earnings after reduction of freight.
Indian corn	Rs. 400	Rs. 300
Beans	" 160	" 50
Potatoes	" 1,500	" 500
Total	Rs.1,860	Rs.1,000

i.e. we shall at first lose about Rs.860/- per annum say Rs500/- per annum, but the stimulus thereby given to trade should recoup us for this loss within 18 months.

When sending in my annual report for the year 1904-05 I remarked that our down freights are reasonable but that I considered some of our up freights should be reduced. The Colonists Association however, although they maintain that the up freights are very high, consider that, if a general all round reduction can not be made, it would be better to reduce down freights in order that they may secure a ready export for their produce.

I therefore beg to recommend that a general reduction be made on all grains and seeds and that a uniform rate of 1/2d. per ton per mile for full wagon loads be introduced as against our present rate of about 1d. per ton per mile.



The effect of such a reduction would be to place money in the hands of traders and settlers who are badly in want of it, and to give a great stimulus to trade generally throughout East Africa and Uganda.

The immediate financial results of such a reduction would be somewhat as follows:-

	Present average monthly earnings at 1d. per ton per mile.	Probable average monthly earnings on reduction to 3d. per ton per mile.
Chillies	Rs. 1,500	Rs. 750
Ribe	" 400	" 200
Other grains	" 500	" 250
Ground nuts	" 1,500	" 750
Sin sin	" 500	" 250
Miscellaneous seeds	" 500	" 250
	<hr/> Rs. 5,000	<hr/> Rs. 2,500

i.e. we should incur a loss at the rate of Rs. 2500 x 12 = Rs. 30,000 - Rs. 22,000 for the first year and including the previous reductions at the rate of a total of Rs. 650 per annum.

Our current year's estimates are based on a deficit in working of £10,000. Our earnings for the first 17 weeks show an excess over estimated receipts of about £2,000 and our expenditure is by various economies being reduced below the estimates by some £1,500 per month. If these conditions continue and there is every indication that they will, the year will result in a profit in working of £17,000 made up as follows:-

Excess of earnings over estimate	£ 2,000
Savings in expenditure over estimate	£ 1,500
Deduct estimated loss	£ 10,000
<b>Total profit</b>	<b>£ 17,000</b>

4.

Assuming that we have to pay £4,000 on account of the cargo jettisoned from the "Nybil", the responsibility for which is now under consideration by the Crown Advocate, we shall still have ample funds to provide for the reductions suggested.

*Handwritten notes:*  
S. C. K. P. W.  
14/9/04  
2156

Under condition III. of Treasury despatch No. 14765/04 dated the 2nd September 1904 which formed an enclosure to Foreign Office despatch No. 500 dated the 24th September 1904, I understand that I have no power to introduce the reductions. If they meet with your approval I have the honor to request that you will refer the matter to the Colonial Office with the suggestion that in the event of the reductions being sanctioned a reply be sent you by cable so that I can introduce them with effect from 1st October next.

It is difficult to estimate how long it will take for the increase in traffic to balance the immediate loss in Revenue but I will hazard a guess that it will do so within 18 months. At any rate it is bound to increase our down traffic and as our present up traffic exceeds our down by some 600 to 700 tons per month any stimulus we can give to the down traffic is a direct gain towards economical working.

Although after the introduction of these reductions we should still have funds available to provide for reductions in some up freights I can not recommend that any be made at present. The Flanders' Association has expressed the wish of the country to be that the first reduction should be in down freights and having assented to that wish it will be only politic