

EAST AFRICOT.  
No. 45751

C.O.  
45751  
29 DEC 05

oal.

Governor. No.

Jackson 655.

(Subject.)

1905

8<sup>th</sup> Dec

Last previous Paper.

Com

45450

Railway Rate for Country Produce.

Transmits copy memo by Mr Currie showing beneficial results of reduction of rate of  $\frac{1}{2}$  an anna per ton per mile.

(Minutes.)

Mr. Antrobus -

I do not think that the  $\frac{1}{2}$  anna argument is quite sound, as the trucks may be full & at the same time the rate is much lower than the former one, that the profit on the larger consignment may still be less than the profit with the higher rate on the smaller consignment. It seems however, to be sufficiently clear from the present manager's memo that the lower rate is actually bringing or will shortly bring more profit to the railway than the higher original rate.

On another paper Lord Elgin has expressed the opinion that it is quite impracticable to ~~manage~~ <sup>manage</sup> a railway ~~profitably~~ <sup>profitably</sup> for a full depth in this country.

Copy bearing memo 5th Dec and 21st March 1895  
Copy 2/16  
Copy 10/17 of March

37772 E.A.P.

Next subsequent Paper.

Self bearing memo 10/17/05

D.P. [unclear] [unclear] [unclear]

20895

John  
2/1

It is of course out of the  
 question for the Treasury or  
 the Col. Office to manage a  
 railway in Africa, or any  
 other department of a Col.  
 Government. But their draft  
 to the Treasury goes further,  
 and objects to the control  
 since it is the duty of the  
 Treasury to exercise over the  
 administration of every Colony  
 a control in receipt of  
 the Colonial Grants, and which  
 is exercised by the  
 Treasury over all Crown  
 Colonies. Take, for an instance,  
 the case of the Gold Coast  
 Colony. When the local authorities  
 were desired to reduce the rates,  
 the Col. Office refused to allow  
 it, and Sir H. Drummond will  
 I am sure agree with me in thinking

By the Hon. Secy of the Treasury

30875

2/11

It is of course out of the question for the Treasury or the Col. Office to increase a railway in Africa, or any other department of a Col. Expenditure. But this draft is to decrease the railway. It goes further, and objects to the critical nature of the duty of the Treasury to increase, over the Colonies, the amount of money Collected in receipt of the various Grants, and which are generally exercised by the Colonies over, all Crown Colonies. Take, for instance, the case of the Gold Coast, where the local authorities have refused to reduce the sales, and the Col. Office refused to allow it, and the Hon. Secy of the Treasury will be very glad to see with me, as think

20  
3/18/05

It might even be said before hand that the reduction of sales will be unwarrantable in such a case.

ing that we were justified in being so. In their letter to 20 of 2 Sept. 1805, the Treasury laid it down that their previous authority must be obtained for a permanent reduction of sales but that the General Manager should have full discretion as to the temporary reduction of sales to meet special circumstances of traffic. This is in accordance with Col. Office principles and practice, and I would therefore submit the best 4 principles of this Draft.

Wt. Jan 23

The present case may well be the best upon which to raise the general question with the Treasury and, in deference to Mr. Anthonys views, I am ready to agree in the revisions of the last four para. That is to say

The Treasury has drifted into the habit of laying down rules as to details of railway management & public works in regard to which the members of the Department must certainly claim to be experts when it comes to the Treasury laying it down that the workings in pieces of a railway are to be limited to a certain number a year altogether irrespective of the traffic, that only a certain number of trains are to be run per day, that and as to similar details of management, the system of Control becomes ridiculous & I am not sure that we are not in a worse position than we were in the same way.

Therefore it does seem to me necessary to arrive at an understanding with the Treasury as to the nature & extent of the Control they think they are to exercise over railways in general and to have such and such

possibly limit our own intervention by the same rules. When the letter is gone off, the papers might be circulated with the same object.

WFO  
50/1

So printed.

WFO  
50/1

By all means stick to the principle. What I meant is that the franchise of a State R. in Africa must have at least as much independence as a franchise of a Ry. Co. in this country. That means that even though the general principle of rate is not fixed by the Director, but it has been that the franchise can not be interfered with, when the rate is fixed, the Director could not impose any more on the R. Co. If it is fixed a Director it is not his duty to do so. Of course in the case of a franchise independence means responsibility: and to have a franchise holder who must pay his bill

Mombasa,

48

December 8th 1905.

EAST AFRICA PROTECTORATE.

No. 655

(Incl. 1.)

Sir,

With reference to my telegram No. 512 of to-day  
 date and previous correspondence respecting the effect  
 of the reduced rate of half an anna per ton on country  
 produce sent down the Uganda Railway I have the honour to  
 transmit herewith a copy of a memorandum by Mr. Currie  
 showing that the rate in question is already producing  
 a beneficial effect on traffic and involves no loss as  
owing to its introduction waggons which formerly had to  
be sent down to the coast empty now carry a full load.

By Mr. Currie  
 December 4th

I have the honour to be,

Sir,

Your most obedient,

Respectable servant,



Principal Secretary of State

For the Colonies,

Downing Street,

London.

45751

29 DEC 05

49

Memorandum on Colonial Office telegram re: reduction  
in rates.

Item 115 on page 4 of the Analysis of Working of this Railway for the year ended 31st March 1905 states:-

Average cost of hauling a goods unit (viz. one ton) one mile . . . . . pies. 26.93

2.24 annas

This means that if during that year there had been only one all round rate for all material carried as goods it would have had to be 2.24 annas per ton per mile to make expenses and receipts balance. It does not mean that whatever is carried for less than 2.24 annas per ton per mile is necessarily carried at a loss.

Railway freights are fixed, not upon the cost of the service rendered, which all things being equal is the same for a ton of wood as for a ton of ivory, but upon what the articles will bear. This is only following what is done in every other business all over the world.

Cheap commodities carried in bulk which can not bear high rates are always carried at what may almost be said to be a loss because

(1). It is better to carry goods at low rates than not at all, especially when there are return empty wagons running in the direction in which the goods will go.

(2). Commodities which can pay high rates are charged it and the balance works out on the right side

in the end.

(3). Traffic begets traffic. It is always better to make £.1,000 on carrying 10,000 tons at one shilling a ton profit than 5,000 tons at two shillings per ton profit. There are sure to be indirect benefits from the greater traffic.

It is quite impossible for me to state what is the actual cost of hauling agricultural traffic as distinguished from any other traffic because provided the conditions are equal it costs just the same in actual haulage etc. to carry a ton of potatoes or corn as a ton of piece goods.

In my letter No. 155/100c. dated 12th August last I explained that the reduced rates for full wagon loads of maize, beans, peas, millet, lucerne and castor oil seeds were introduced because until then export had been impossible on account of the high rates to Mombasa. I considered it my duty, once I was satisfied that this was the case, to reduce the rates in order to make such traffic possible. We are running some 1,600 tons of goods up from Mombasa per mensem and only 800 tons down and I consider I should have been neglecting my duty as Manager had I declined to reduce rates so as to make it possible for these staples to be exported and thereby have lost a chance of getting some freight for our down empty wagons.

It is for the same reason that I advocated and still strongly advocate being authorised to reduce down freights on grains and seeds to 4d. per ton per mile. It is our duty to do everything we can to make the down traffic balance the up.

I regret that in my previous letter the figures given on page 3 are somewhat misleading. The proposed reductions will not mean in every case 50% loss in earnings as therein stated because ~~we already~~ quote rates less than 1d. per ton per mile for certain produce from Uganda and German East Africa and I stupidly omitted to take notice of this when writing the letter. The result arrived at viz that the proposed reduction will mean a loss at first of about £2,000 a year is however correct.

As a matter of fact I do not contemplate an immediate reduction on chillies because I think they can stand at present the existing freight but I should like to have power to do so should necessity arise. If chillies are excluded from the above figures the loss will be less.

I can therefore safely say that the proposed reduction will not involve loss on each ton carried.

I may add that the reduced rates for full wagon loads introduced from 1st September has had the following effect on two staples:

	Average monthly tonnage handled up to end of August.	Average monthly tonnage September and October.
Maize	40	115
Beans	30	60

the other staples have not varied much but the quantities handled are insignificant.

Sd/- H.A.F. Currie.

W.A.F.S.O. 1

December 1st 1905.



Downing Street,

5 Feb  
January 1906.

DRAFT.

Secretary

to the Treasury

MINUTE.

Mr. Bottomley 1/1

Mr. Read 2

+ Mr. Antrobus 28

Mr. Cox.

Mr. Lucas.

Mr. Graham.

Sir M. Ommanney 30  
for *Thames Valley* 30  
The Duke of Marlborough,  
Good Hope  
Mr. Eglington 17

*Handwritten note:*  
2/2/06

Sir,

I am directed by the Earl of Elgin  
*to whom the receipt of some letters  
(1883/05) of the R.A. of Oct last, and*  
to transmit to you, to be laid before the

Lords Commissioners of the Treasury, ~~reference to your letter (1883/05) of the 10th of October last, the accompanying copy of further correspondence relating to the reduction of the charges for the carriage of grain, seeds, and potatoes, on the Uganda Railway.~~

*Direct me,*  
2. Lord Elgin ~~would~~, in the first place

l. from C.O. to Ag. Commr 30 Nov. (56895)

l. from Ag. Commr to C.O. 8 December (43450)

Commr to C.O. No. 656 5 December

(45751)

*Handwritten note:*  
Copy from 17 of Mr. Lucas

Call attention to ~~a mistake which has been made in the last paragraph of your letter re- under which, and to point out that~~ The arrangement sanctioned by their Lordships in the case of the rate

for

for soda was not, as stated in that paragraph, but, as follows:-

For a period of three years from the date on which the branch line to be built to Lake Maradi by the syndicate is opened for traffic, the Government will grant the syndicate a rate of 1d per ton per mile for soda on the Government railway. For a further period of 18 years the Government undertake not to raise the rates above 1d per ton per mile for soda, provided that the Syndicate

undertake to export not less than 30,000 tons annually.

3. Turning now to the question of the new agricultural rate, it will be seen that it is already producing a beneficial effect on traffic and is likely to be more profitable

to the railway than the old rates, and Lord Elgin trusts that their Lordships will sanction its retention.

*The Government have anticipated the possibility of being asked to offer the Syndicate a lower rate than 1d per ton per mile for soda.*

*It will be explained that the letter from this Dept. of the 10th Oct. was not an announcement stating that the reduced rates for all grades of goods to be held by you brought into the market, because of the fact that they are not to be offered to anyone else, but the best Manager would be that they are to be offered to you of all kinds.*

*the sanction of the Government of the Sudan*

*would omit this and  
 proceed on 45751.  
 minute on Jan. 23.  
 Agree, see further  
 into  
 its out  
 20/1*

*(of this case, however,*

4. The present discussion has called Lord Elgin's attention to the general question of the control exercised by the ~~the~~ <sup>British</sup> ~~Government~~ <sup>Government</sup> in the fixing of rates on the Uganda Railway. He observes that in ~~his~~ <sup>your</sup> letter to the Foreign Office of the 2nd of September 1904 (No. 14763/04) ~~it was provided that~~ <sup>the British</sup> ~~their~~ <sup>Government</sup> provides authority will also be obtained in the case of a permanent reduction in the scale of rates for either passengers or staple commodities.

The Manager will, however, have full discretion as to the temporary reduction of rates to meet special circumstances of traffic. He will be responsible for seeing that such reductions do not lead to a net loss of public money and that no undue preference is shown to individual trades.

5. Lord Elgin is of opinion that it is not possible to deal usefully in this country with questions of rates on the Uganda

or any other Colonial railway. Comparisons with the rates existing on other lines, which are the only basis on which a judgment can be formed in England, are, in his opinion, worse than useless unless it is quite certain that the innumerable conditions affecting the cost of working are identical.

6. To attempt to control a complicated undertaking like a railway from this country is, in his Lordship's opinion, contrary to sound business principles, and he considers that all that can safely be done in these matters is to leave such details as the fixing of rates, which require technical knowledge and an intimate acquaintance with local conditions, in the hands of the local Government, and to allow the local Government to throw upon the General Manager as far as possible, the responsibility for the successful working of the railway. If it is found

*adopted*

that the policy ~~recommended~~ *as the result of the recommendation of the Finance Commission* by the local Government is not successful, the proper course would be to terminate the services of the General Manager and to obtain a more competent officer in his place.

In particular cases, such as that of the Lake Maradi scheme, where it seems advisable on general grounds of policy to grant special rates, it appears to Lord Elgin that the procedure should be to ascertain from the General Manager whether those rates would involve a loss or not, and then for His Majesty's Government to decide whether it would be justifiable to grant them. These, in Lord Elgin's opinion, are the only cases in which it should be necessary to consult the Lords Commissioners; and he would be glad to learn whether their Lords are of his view.