

Kump

no 10054

Sub. File A.

SUBJECT

C0533/365

Eastern Telegraph Company

*Direct dealing with the Public
at Mombasa.*

Previous

Main File

Subsequent

15182/28

See 17159/27 Ea.

1. ----- Ag.Gov. Denham ----- 18th February, 1927.
Conf. 13

For reasons stated, is unable to agree to the modified offer made by the Company, and asks that it may be so informed.

This is rather unnecessary as the Co. no doubt fully aware that their negotiations with Mr. F. had no result.

I do not think we need explain to the Coy. exactly what was their offer as reported by Mr. F. (in No. 42 on X.F.4234).

Write to the Coy. refce on 3199/26 and say that the O.A.G. after receiving the report of Mr. F. on his negotiations with the Coy. during his leave regarding the Coy's proposal that they should be allowed to deal direct with the public at Mombasa and Nairobi, has reported that the Coy's offer would involve the Col. Govt. in an annual financial loss and that in the circo. he endorses the attitude of Mr. F. at his final interview with the Company. The O.A.G. has asked that the Coy. may be notified accordingly and may be informed of the regret of the Govt. that the negotiations did not result in an arrangement satisfactory to both parties.

? copy to A.O.G. l.f. (conf) refce. 2.

(Sgd.) G.F.Seel. 30.3.27.

(Sgd) H.T.Allen. 31.3.27.

(The file was in circo. at once with other ppt: hence the delay).

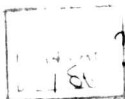
2. To Eastern Telegraph. Op. 4th April, 1927.

3. To Gov. Conf (2) (w/copy 14) 4th April, 1927.

~~DESTROYED UNDER STATUTE~~

----- Eastern Tel. Co. ----- 18th May, 1927.

Feel assured that further consideration accorded to the Co's proposals will not fail to disclose that their terms are reasonable and generous.



copy to OAG. LF with ref 3

80/100
12-5-27

H.C. Storer
12-5-27

5 to Gov Conf (2) (w/copy 4) 28 MAR 1927

6 ——— G.A. Board ——— 31 Aug, 1926

1. ~~copy of their letter~~ ^{letter} containing suggestions supporting their plea that the Eastern Ind. Co. should be permitted to establish a direct service with the public at Mombasa. See permission to send copies of the cases to the Chambers of Commerce and to the press.

6A Memo submitted by JEAB in July 1926 (taken from X. 10054/14)

6B Memo submitted by JEAB in July 1927 (taken from X. 10159/27 (A))

6C CO. Note on G.B. (taken from X. 10159/27 (A))

6D Minutes of the meeting with the JEAB on Feb 7, 27. (See para 2)

Acct of the Board's memo of July, 1926. (6A on the file) was sent out to the Gov. for his info (No 31 on X. 4234/26). Subsequently Mr Fitzgerald decided the question of direct dealing between the E.I. Corp & the public at Mombasa with the Gov. but the negotiations eventually reached a deadlock again, as shown by No

1. on this file. The C.O. Note (No 6(c) hereon) shows the brief history of the case.

At the meeting this year on 13 July it was agreed that the Board should submit a memo dealing with the broader issues that this should be forwarded to the Governor. It was understood (though not recorded in the minutes) that the Board would be free to express themselves as strongly as they liked. It was further agreed that the Board could publish the fact that they were submitting a further memorandum.

Page 25 of the annexed copy of the "E.A. Standard" (July 30) shows that the matter has been received locally. (The Secy JEAB tells me that this in the Press Report to which he refers in 6)

There seems no reason why the enclosure to No 6, & also the memo of June 27. (No 6B), which after all only represent the Board's views, should be distributed by the Board, as they suggest. The question of the dropping of the terminal rate is, however, an

entirely new matter, and I hardly think the Govt. of Kenya are likely to agree to this; and it would in any case, as the Board suggest, require a good deal of conson

I send copies of the enclosure to the same (29.6.27) & the same or say so; they are communicated ^{to him} in accordance with the undertaking given at a meeting with the J.C.A.B. on the 12th July, & that I have informed the J.C.A.B. that I does not object to their sending copies of the Chamber of Commerce in the Country in L.A. concerned in the matter also to the Board. [And observe that as the Board advised, the Govt. of Kenya have raised charges in the event of the C.T. Coy's proposals being adopted, is a new suggestion, one which requires careful examination, that

It is stated that the Govt. will not do it unless he is satisfied with the terms on which it is to be done, which is necessary

forward 5/5 with her view when it is due course]

I do not say that copies of the enclosure to B. & their letter memo of 29.6.27 are being communicated to the Govt. of Kenya for his info, and inform them as at A. above.

Mr. Ballerst has asked if the reply can be sent before Wednesday, when the Board has a meeting

G. Sell.
2.9.27

The doc is in the form of a letter instead of a memo but as proposed with his alterations suggested.

M. Allen
3/9/27
Mr. Oms of Gore has seen and approved
A. S. M. Allen
6/9/27
G. Atwell

To J. E. A. Bd. (no bands) - 6 SEP 1927
To Gov. Gen. (no bands) - 7 SEP 1927

X. 10054/27
9 — J.R.A. Board — 7 September, 1957
103 three additional copies of their
letter (enclosure to no 6)

These have a number to late

Put by (I have thanked
A. Bellamy
T. ...)

10 — J.R.A. Board — 18 October 1957

Suggests that the Co be informed that Kenya
Dept cannot improve on its offer i.e. Co to share
the loss equally with Kenya, but that that offer
is still open should the Co be disposed to
reconsider its attitude

The ... depends on itself with
... and ... while
... the
... A
... should
...
...
...
... attitude ...

...
... E.T. Coy promise would
... benefit to anyone, as
... already open ... at the
... all urgent business is
... and

2) that the delay involved in

6
the present method of delivery of telegrams from
the PO at Nairobi to the addressee is
not more than 5 minutes in any direction
and for local lines required for business
and delivery of 2 hours 15 minutes.

Mr Fitzgerald does not favour the
suggestion of the J.E.A.B. (para 78 memo
enclosed with No 9.) that the question of
discontinuing terminal charges should be
taken up. His reasons are given in § 718 of his memo.

The Governor agrees with Mr Fitzgerald
that the Post Office would not be justified in
forgetting the whole of the revenue it now
gets from Nairobi cable traffic, and he
remains ready to discuss with the E.T. Coy.
means and offer to share the loss. This, of
course, will not be regarded as very
satisfactory by the J.E.A.B., but it would
appear from the local press that the P.T.C.'s
attitude on the whole, supported
by the local community - see Fitzgerald's
in X. 10030/23. There seems no reason for
any further direct interference.

As regards immediate action.

(1) There is no obligation to write further
to the J.E.A.B. in view of the terms of No 7, but
the Govt. attitude will no doubt have to
be explained to them if they raise the

Faber though it will no doubt be I 7
inclose to adrai at "A"

? so proceed

St Allen

27/11/27

I agree but I think that you may
like to send some more reply to the
J.E.A.B. If so it could only be on the
lines of the answer given - the leg
Commit. This while dealing nominally only
with the office of the E.T.C., also
inferentially covers the suggestion about
terminal charges.

R. H. Wilson
23/11/27

Please see my memorandum attached. I
have prepared it for the purpose of clearing my own
mind.

If we are to reply to the J.E.A.B. it can
only be, I think, ^{that,} on the question of the E.T.C.
handling this traffic ^{at} from Mombasa, the Government
has made an offer to the Company which the Secretary
of State considers reasonable, and that unless the
Company is able to accept that offer, we are unable to
press the Colonial Government to take a different
attitude. And as to the terminal, say that in the
interests of the community generally, the Secretary
of State is unable to press for a sacrifice of
revenue which might involve an increase in the charges
of other postal and telegraphic work, or, alternative

in

in the general taxation of the Colony.

If we write to them on these lines, it will be desirable also to acknowledge the receipt of this despatch, enclose a copy of our letter to the Board, and say that as the matter is likely to be raised again, we should be glad to be informed more definitely as to ^{the} bearing of any working on the complaints of delay through the present system, and also ^{on} the probable effect of the proposal of direct dealing with the public at Mombasa, for which two different figures are given in the report of the July meeting published in the East African "Standard".

25/11/27.

To Mr. A. S. (S. and R. 2042nd) }
To Mr. Telegraph (S. and R. 2042nd) } 2
To Mr. G. (S. and R. 11912) } 3
3 DEC 1927

- Mr. Eastwood 29. xi
- Mr. Mond 9/11
- Mr. Keenan 29/12
- Mr. E. J. Hudson
- Sir C. Strachen
- Sir J. Shackleton
- Sir G. Grenville
- Sir C. Davis
- Sir S. Wilson
- Mr. Ormsby Gore
- Earl of Kimberlin
- Mr. Amery

Ans
10/15043/28
40m

13

2 DEC 1927

DRAFT.

Kery

Ser. 995
No.

Dep. no 685 of the 10th Oct 2nd 1927
relative to negotiations with the London Telegraph
Co. Ltd & Co. order for your info - copy 7

~~a letter should have been sent to the~~
Company and the
J. E. A. Board on the subject.

As the matter is likely
to be raised again I shall be
glad to be info more definitely of
the bearing of Sunday working on
the complaints of delay from
the present system & also as to
the probable cost to the Company of
direct trading with the public at
Manchester for which two different
figures are given in the report of

J.E.A.

To E. T. T. (Draft 10054/27)
2 DEC 1927
To J. E. A. Board representation
2 DEC 1927

the July meeting published in the

East African Standard

the meeting of the Mombasa Chamber
of Commerce on July 22nd as set

published a part of the East African
Standard (weekly edition) of Sat

July 30

CONFIDENTIAL - NOT FOR GORE

X 100524/29 Kagg 12⁹

Mr. [Cathmas 24/11]
Mr. [Mason 29/11]
Mr. Wiseman 24/11

- Mr. E. J. Harding.
- Sir C. Strachey
- Sir J. Shackburgh
- Sir G. Girardie
- Sir C. Davis
- Sir S. Wilson
- Mr. Orenby Gore
- Earl of Clarendon
- Mr. Amery

5

2 DEC 1927

Sir G. [Name]

Line 2400 [Name] D/266

DRAFT
The [Name] in Director
The Eastern Telegraph Co. Ltd

800-1000

566

to Sir

Henry

34/11

of the 5th May regarding the
establishment of direct dealings
the P. Tel Co Ltd
between you & the General public

at Mombasa, I am to

inf. you that a copy has
been received from
the Gov. of

Kenya, for the [Name] & a
copy has been received
in which he suggests that
the [Name] should be [Name] that the
[Name] is unable to

to [Name] long to improve on the
[Name] has made but that
the [Name] is still open

the [Name] is still open shall [Name]

disposed
Case to consider your position
in that case the Company
3. I shall find it is to do,

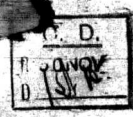
you will doubtless communicate with
the Colonial Govt directly through
the local representative

Law

(Signed R. A. WISEMAN.

X 1054/29 Kenya 1-1

- Mr. Eastwood 29/xi
- Mr. ... 29/11
- Mr. Wiseman 29/p
- Mr. E. J. Harding.
- Sir C. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir G. Dargie.
- Sir S. Wilson.
- Mr. Ormsby-Gord.
- Earl of Clarendon.
- Mr. Amery.



Ed 5

2 DEC 1927

Sir.
With ref to your letter 7.5.1/23.
The Dept. regarding the substance

A direct dealing between the
Eastern Telegraph Company & the
public at present. I am d to
inform you that the Colonial Govt
has made an offer to the Company
which the S.G. considers reasonable
but if the Company is unable
to accept the offer, the S.G. expects
that he is anxious to open the
Colonial Govt. to take a separate
arrangement.

DRAFT.

Kenya
for
to.

The Secretary,
Joint East African Board

copy to Co 995 = 3 DEC 1927
copy

3d/2

2. As regards the question
of ...

not yet occupied in preparing
for a sacrifice of reward
which might ~~involve~~ ^{entail} an increase

in the change of other postal &
telegraphic work or alternatively
in the general taxation ^{falling upon} for the
~~country~~ ^{generally} of the
country

(Signed) A. VISSEMAN.

11

Telegraphic Working at Mombasa.

At present a telegram sent from the United Kingdom to Kenya arrives at the E.F.C. Station at Kilindini, is telegraphed on to the Post Office at Mombasa, and is there delivered or telegraphed up-country as the case may be.

If the proposal, which is strongly backed by the Joint East Africa Board, to transfer the handling to the E.F.C. were adopted, they would set up a station in Mombasa, and deliver local telegrams by hand there. The Company have also asked for a land line to Nairobi over which they would themselves forward up-country telegrams. This last point is not dealt with in the Postmaster-General's statement.

The charge that the present method of working causes delay and consequent inconvenience to the commercial public seems to be satisfactorily reduced to insignificant dimensions by the Postmaster-General, except that he does not deal with the question of Sunday working. The Mombasa Office is open for only two hours on Sunday Morning.

It seems obvious that business houses will have received any London telegrams, at the latest, early on Sunday morning, and the real point seems to be whether their replies (or any telegrams which they have thought out during the weekend) can get to London in proper time, if they cannot be handed in until Monday morning. Mr. Fitzgerald says that there should be no difficulty in this allowing for the difference of time, but there is, of course, the possibility of a rush ~~of~~ such telegrams on Monday morning. His memorandum deals only with fully paid telegrams, but

the others, deferred rate telegrams and press messages, may be of importance from this point of view of congestion.

As to the ^{terms} of handing over, it is very difficult to understand the position, for which we are dependent on the Press Report of the day, and the answer in Legislative Council, and the Companies Bill despatch, is practically unintelligible, and certainly does not represent the position of the negotiations, which turn, not upon the cost of wireline, but on distribution of the revenue, and the terminal charge levied by the Government.

Turning to receipts from this terminal charge, the Government propose that the Government should give them 50% i.e. £1,070, and a 50% contribution to the cost of the post office, which is arrived at £110 as the difference between the cost of the present telegraph and the cost of the proposed wireless telegraph. Mr. Fitzgerald proposes that the Government's contribution of £1,070 should be reduced to £1,000, and the Company should receive the balance of £1,070, but the Government would receive as much as the Company, i.e. £1,070, instead of £1,000.

The question whether the Company are to be allowed to accept Mr. Fitzgerald's proposal is what it would cost the Company to take over the service, and Mr. Fitzgerald's statement in the July meeting is not clear on this point. First, he says "the cost to them

of setting up an installation would come to £2,100", and the context shows that he is dealing with annual amounts. Almost immediately afterwards, he says "£1,400 per annum, which sum was sufficient to set up an installation and keep it going". I can find no explanation of the difference.

Turning to the question of revenue and the justification for the terminal charge, it will be seen from the "Standard" leading article in the Press cuttings that Mr. Fitzgerald has the sympathy of the non-commercial sections of the community who do not habitually send cablegrams. To them the point of importance is that if the Government did not get this revenue, their own postal and telegraphic services would cost them more.

(The fact that recently the posts and telegraphs have shewn a net profit does not disturb me. Revenue has to be found from some source, and anything which tends to reduce the burden of taxation on the natives (who do not send telegrams or write letters) is to be welcomed.

Mr. Fitzgerald's final point in paragraph 9 has already been made to us on X.10054, on which I have minutes. It seems to me quite out of the question to expect the M.F.C. to give Kenya the benefit of a reduction on charges which they have been compelled to allow to South Africa and India on account of wireless competition, until similar competition forces a reduction on them in the case of East Africa. They are monopolists, and cannot be expected to be more liberal than other monopolists. The Kenya W.T. Road Carriage agreement has been completed, and we may hope for a reduction in charges.

W.S.D. 26/11/07

KENYA.

No. 685



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

RECEIVED
10 NOV 1927
COL. OFFICE

13
10
OCTOBER, 1927.

Sir,

I have the honour to refer to your Confidential despatches of the 18th May and the 7th September relative to negotiations with the Eastern Telegraph Company, Limited, to deal direct with the public at Mombasa and to transmit a copy of a question and answer in Legislative Council during the recent session. I also enclose a memorandum by the Postmaster General in comment upon that by the Joint East African Board enclosed in your second despatch under reference.

2. This question has, as you are aware, been the subject of correspondence and personal discussions between the Postmaster General, the Company and the General Post Office. As indicated in the answer given in Legislative Council this Government is prepared to permit dealing with the public at Mombasa provided a satisfactory arrangement can be arrived at in regard to the loss which would be involved and Government has offered to share this loss which amount

approximates/

THE RIGHT HONOURABLE,

LIEUTENANT COLONEL L.C.M.S. ALGERY, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET,

LONDON S.W.

Cloud 995 3 Dec 1927

approximates to £1,350 equally with the Company, but the latter has declined the proposal.

Even if it is admitted, for the sake of argument, that fully paid cable traffic to and from Mombasa Island would be somewhat accelerated under a system of direct dealing, this Government considers that the offer it has made is fair and reasonable and that any further sacrifice of revenue would not at present be justified in view of the relatively small volume of the fully paid traffic in question.

W.C.

I would suggest that the Company may be informed in reply to its letter of the 5th May that this Government is unable to see its way to improve on the offer it has made, but that that offer is still open should the Company be disposed to reconsider its attitude.

I have the honour to be,

Sir,

Your most obedient, humble servant,

Edward Gigg.

GOVERNOR.

**EASTERN TELEGRAPH COMPANY DIRECT DEALING WITH
PUBLIC.**

MAJOR THE HON. R. W. E. ROBERTSON EUSTACE to ask :-

- " In view of the representations made by the Chambers of Commerce on direct dealing with the Public by the Eastern Telegraph Company, will Government announce their decision on this matter?
-

THE HON. THE POSTMASTER GENERAL to reply :-

"The Association of East African Chambers of Commerce recently passed a resolution favouring direct relations between the Eastern Telegraph Company and the public at Mombasa. Government is prepared to permit direct dealings at Mombasa provided a satisfactory arrangement can be arrived at in regard to the loss which would be involved, this loss being the difference between what it would cost the Cable Company to set up its own collection and delivery services and what the Post Office would save through being relieved of the work.

Government has offered to share this loss with the Company, but the latter has declined the offer. Government is not prepared to improve upon the offer it has made.

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12th October,

7.

Hon. The Colonial Secretary,

N a i r o b i.

POST AND TELEGRAPHS - DIRECT DELIVERY OF CABLES BY
THE EASTERN TELEGRAPH COMPANY.

Ref. Your S/P.O.2/3/1/IV/63 of 1st October 1927.

Not merely is it a misuse of words but a gross misstatement to refer to the present position at Mombasa as "not merely an absurd anachronism but almost a scandal"

2. The Board has apparently seen fit to make this statement on the following grounds:---

- (1). Hours of business at Mombasa Post Office for cable work are so restricted as to be a hindrance to business.
- (2). Loss of time in transmitting messages between the Kilindini cable station and the Mombasa Post Office.

I have dealt with both these representations on previous occasions but for convenience I will restate the position

3. In regard to (1), the post office telegraph counter is open from 8.0 am. to 5.0 pm. daily and from 9.0 am. to 11 am. on Sundays. The Instrument Room is opened at 7.0 am. for working with the E.T.C. The overnight traffic held at Zanzibar is and can be dealt with between 7.0 am. and 8.0 am. and all overnight cables for Mombasa can be and are in the hands of the addressees by 8.30 am. or earlier in the case of

offices

offices that are open. If a reply is despatched by 9.0 am. or 9.30 am. it can be in London before offices are normally open: the difference in time being taken into account. In the evening the instrument room remains open till all cable traffic is cleared, i.e., normally until about 6.30 pm. and all messages received are sent for delivery the same evening. If direct dealing permitted the E.T.C., in the words of their local Superintendent, "would lengthen their office hours from 6.0 am. to be ready for the public at 7.0 am. and deliveries would be given up to 7.0 pm.". My considered opinion is that the extended hours, which the E.T.C. say they will work, will almost entirely be dead hours and will make no real difference to the community. Any one who knows the tropics realises that business is limited to hours between 8.0 am. and 5.0 pm. I have discussed an extension of the present post office hours with representatives of the Mombasa Chamber of Commerce but the case put forward did not satisfy me that any extension or the expense which would thereby be involved, was necessary. Some few years ago the Nairobi Chamber asked as for the telegraph counter at the Nairobi office to be specially kept open for the acceptance of cables from 5.0 pm. to 6.0 pm. This was conceded, but after a year's trial the Chamber agreed to the former hours being reverted to as practically no business was transacted between 5.0 pm. and 6.0 pm., and no request for an extension in hours has since been put forward. In Uganda the closing hour is also 5.0 pm. even during the intensive cotton season, when very big business indeed is transacted. If an extension of hours was really necessary at Mombasa this could be arranged by the Department at far less expenditure

expenditure than the sacrifice of revenue which the Colony is asked to make.

4. The position with regard to (2) is this. There is no question whatever that actual delivery work, i.e., from the instrument room at the Mombasa post office to the addressee, is being done as quickly as any private Company could do it. The only delay that can occur under the existing arrangement as compared with the E.T.C. having their own office at Mombasa and using modern instruments, is the delay at Kilindini cable station in retransmitting a message to the Mombasa post office. This delay should not exceed 5 minutes on any message. The number of fully paid cables in and out between Mombasa and England and Europe generally amounts approximately to 50 per working day. The average time of transmission is approximately 2 hours (1 hour and 55 minutes to be exact) and time of delivery is from 15 to 20 minutes.

5. The "anachronism and scandal" therefore is that an extension of hours which would be of no real benefit to anyone has not been conceded and that something involving the sacrifice of a relatively substantial sum in revenue has not been done which might result in speeding up the delivery of a few telegrams by 5 minutes at the most in a total time for transmission and delivery of say 2 hours and 15 minutes.

6. There are certain statements, relating to the question of direct dealings, in the memorandum of the 2nd July 1927 which could be traversed, but as they have little bearing on the main question I do not propose to comment on them except perhaps to mention in the matter of the revised uniform terminal rate of 40 centimes, that this revision instead of being a tax on the cabling

public resulted in a loss of revenue to the Colony of approximately £1,000 per annum.

7. The suggestion that terminal rates at Mombasa, so far as they represent net revenue to Government, should be abolished need not be seriously considered. I have more than once pointed out that such revenue goes towards balancing the losses in serving remote upcountry stations. The proposal is in effect one to divide this territory into telegraph zones --- Mombasa because of its favourable geographical situation in this matter to reap the benefit while the remoter districts would have to pay more. The local Postal and Telegraph administration must hang together as a single unit but the suggestion made does illustrate the narrow view of those concerning themselves in this matter.

8. The further suggestion that such a surrender of revenue from terminal charges would provide a platform for negotiating with the Company for a reduction in their transit charges should also be disregarded. Partisan as I frankly consider it to be on this particular subject, I doubt if the Board would put forward such a suggestion if it were aware of the fact that in 1922 the Company got an extension of its landing licence in this and other Colonies to 1944 against an undertaking, which affected this Colony, to examine the possibility of making such reductions in rates as the Postmaster General (of the United Kingdom) might consider reasonable. When the time came for the Company to implement their undertaking, this Colony caused representations to be made through the British Post Office, but the Company declined to make any reduction in rates or give any satisfactory reasons for their

their refusal. The following is an extract from the British Post Office final letter on the subject which speaks for itself:---

"The Postmaster General regards the final reply of the Eastern Telegraph Company (dated the 1st February last) as unsatisfactory; the Company makes no real attempt to justify their attitude or to adduce any valid arguments in support of their contention. At the same time, it is doubtful whether any useful purpose would be gained by pressing the Company further."

The Company having actually already repudiated a moral obligation to revise its rates, it would be sheer futility to think that they would grant any reduction in these rates because Government modified its terminal charges.

9. As the question of the Company's transit rates has been raised, the following particulars of the Company's charges to this Colony as compared with other places, in what may be considered the same zone, may be of interest:-

	<u>Company's transit charges.</u>
England to East Africa.	s.2/- per word.
East Africa to South Africa. ..	s.2/1d. " " .
England to South Africa	s.1/6d. " " .
England to India, Ceylon and Burma..	s.1/3d. " " .

10. If the use of such terms as the Board has used is to be the language in which relations between the Company and this Colony are to be discussed then I suggest that the Company's treatment of this Colony in the matter of transit rates, as compared with places above named, is infinitely more of an anachronism and a scandal than the existing position at Mombasa.

11. I trust Government will stand firm in the attitude it has adopted in this matter. In agreeing to sacrifice over £600 per annum in revenue it has gone a reasonable distance in meeting what is really largely a sentimental demand at Mombasa.

(Signed) I. I. I.

POSTMASTER GENERAL.

Dictd. to MS.

JOINT EAST AFRICAN BOARD.

9 27

Telephone
CENTRAL 5145
Telegrams
SHIPPING CENT LONDON

38 GRESHAM STREET.

LONDON, E.C.2

PGM/SS

Your ref. 10054/27

SEP 1927.
OFFICE

7th September, 1927.

The Under Secretary of State,
Colonial Office,
Downing Street,
S. W. 1.

Sir,

I thank you for your letter of the 6th instant and am pleased to learn that you have no objection to the publication of the Board's letter to you of the 31st ultimo and of their memorandum dated 19th June last.

My Executive Council are glad to learn that copies of their letter and memorandum are being communicated to the Governor of Kenya. It occurs to me that you may require additional copies of the letter and I therefore beg to send you herewith three copies thereof.

I am, Sir,

Your obedient Servant,

SECRETARY.

encl 3.

2

COPY

57 SEP 1927
23

JOINT EAST AFRICAN BOARD

38, Gresham Street,
London, E. C. 2.
31st August, 1927.

The Under Secretary of State for the Colonies,
Downing Street,
W. 1.

Sir,

EAST AFRICAN CABLE

Discussed at the Conference with the Colonial Office on the 13th July last, I submit the following considerations in support of their plea that the Eastern Telegraph Co. Ltd. should be permitted to re-establish a direct service with the public at Mombasa.

Reference is made to the Memorandum issued by the Board on 2nd July 1926, and to the second Memorandum issued by the Board on 29th June 1927, both of which are in possession of the Colonial Office.

As pointed out at the Conference with the Colonial Office on the 13th July, the present conditions and arrangements in regard to cable services at Mombasa - the only direct cable line with the world for Kenya and Uganda - appear to business men generally not merely an absurd anachronism but almost a scandal. The fact that cable traffic is only available for ten hours out of each 24 on weekdays and for two hours during the week-end speaks for itself, apart from the waste of time lost in passing messages to and from the cable station at Kilindini through the post office at Mombasa. The only argument so far submitted in excuse of the state of affairs, unparalleled, as we believe, elsewhere in the Empire, is one of potential loss of revenue to a department that exists primarily for service to the public. We cannot, however, bring ourselves to believe that the Kenya Government would really desire to continue to penalise the producers - native as well as European - all of whom depend upon a speedy and continuous cable system for the world markets, and to hinder also the development of import and export trade, for the sake of a few hundred pounds, even if it were established that the worst case, that there would be any real loss of revenue at all.

The view now expressed is fully based upon the practical experience of all the civil and military commercial interests represented on the Board, as strongly corroborated from Kenya Colony. The subject was fully discussed at a special meeting of the Mombasa Chamber of Commerce on July 22nd, attended by the Postmaster General of the Colony. At that meeting the Hon. Mr. W. A. M. Sim, M.L.C., stated that such improvement (in the cable facilities) "would affect up country producers equally with, if not even more than, the Mombasa trading community. Since (he said) practically all cables that left Mombasa or arrived at Mombasa were connected with the shipment of produce or imports for up country". The Mombasa Chamber unanimously resolved that "any reduction in the Revenue of the Telegraph Department incurred (by the proposals) will be amply repaid to the Colony generally in the improved cable facilities thus provided".

The Board therefore most strongly urge that the very reasonable proposals of the cable company be accepted and should be put to the present state of affairs. The Board could again point out that in most places in the Empire and in other countries similarly situated the cable companies deal direct with the public and receive the terminal charges in full.

The arrangement now offered seems therefore to the Board to be one which should be accepted without any hesitation as being distinctly advantageous to the Government as well as to the communities concerned.

The Board would, moreover, earnestly recommend that the Governor of the Colony should go further, and that he should take into serious consideration whether it would not forego entirely the system of obtaining revenue by the levying of a tax upon cable facilities through so-called terminal charges for which it will admittedly be rendering no services whatever if the proposal for direct dealings between the cable company and the public. The surrender of the terminal charges, so far as they accrue to the Colonial Treasury, would immediately result in a pro tanto reduction of cable rates, but such a concession by the Colonial Government, if arrived at, would only provide a platform on which to negotiate with the cable company for a further reduction in cable rates over and above the amount of the terminal charges. The Board are convinced that the substantial reduction of cable rates, to be aimed at and that ought to be attained by the Government, should be incorporated to the cable company by greatly increased rates of interest to the Colonial Treasury by the enhanced value of the property and other elements in the Colony.

During the further suggestion contained in the preceding paragraph the Board of course recognise that some time may be necessary for its full consideration. The Board therefore desire that the proposals set out in this letter be dealt separately, and that on no account should the very direct dealings dealt with in the earlier paragraphs of this letter (direct dealings between the cable company and the public) be delayed while the matters now proposed, of the abolishing the terminal charges etc are considered.

Yours faithfully,
 J. W. GIBSON

Secretary

Mr. Sept. 6. 9. 27
Mr. Allen 8/9
Mr.

8

- Mr. E. J. Harding.
- C. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Mr C. Davis.
- Mr. Wilson
- Mr. Ormsby-Gore.
- Lord Lovat.
- Mr. Amery.

[Handwritten scribble]

invol no. 10

2 X10054 (27) Kenya A.

7 Sept 1927

Sir

With reference to cover*

DRAFT.

Kenya
Confidential
Govt.

terminating with your
th. (now Sir Edward) Denham's
Confidential despatch

No 13. of the 18th of February,

1927, I have directed

transmit to you the

acc^o copies of a letter

and memorandums

received from the Joint

East African Board

From J.C.A.B. 31st August. ✓
enclosure to 6. [Classified green] ✓
Memorandum dated 29 June. (No 6A) ✓
Show copies at back of file. ✓

* Only the longer letter dated 29 June to Govt.

2 Mr

On the subject of cable traffic in
 Kenya. These papers are
 communicated to you in
 accordance with an undertaking
 given to the Board at a meeting
 held at the Colonial Office
 on the 13th of July

You will no doubt
 present me in due course
 with such observations upon the
 enclosed letter and memorandum
 as may be deemed necessary

I have informed the
 the Secretary to the
 Board has been informed that
 we are ready to ~~the~~ ^{the}

- Mr.
- Mr.
- Mr.
- Mr. E. J. Harding.
- Mr. C. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Mr. C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Lord Lovat.
- Mr. Amery.

DRAFT.

The letter and the memorandum
 being communicated to the
 Chambers of Commerce
 in their country and in
 East Africa interested
 in the matter, and also to
 the Press.

I have etc.
 (for the Secretary of State)
 (Signed) W. ORMSBY GORE.

On the subject of cable traffic in
Kenya course papers are
communicated to you in
accordance with an undertaking
given to the Board at a meeting
held at the Colonial Office
on the 13th of July

2 You will no doubt
take me in due course
with such observations upon the
letter and memorandum
as may be considered necessary

I have informed the
Board that it has been informed that
course is to be taken

The

Mr.

Mr.

Mr.

Mr. E. J. Harding.

Mr. C. Strachey.

Sir J. Shuckburgh.

Sir G. Grim.

Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Lord Lovat.

Mr. Amery.

DRAFT.

The letter and the memorandum
being communicated to the
Chambers of Commerce
in their country and in
East Africa interested
in the matter, and also to
the Press.

I have etc.

(for the Secretary of State)
(Signed) W. ORMSBY GORE.

27

Mr. Seel. 6.9.27

Mr. Allen

Mr.

E. J. Harding.

Strachey.

Sir J. Shuckburgh.

Sir G. Grindle.

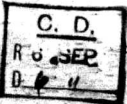
Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Lord Lovat.

Mr. Amerj.



~~10054/27~~
Yogo today

X 10054/27
A. Kaura

6 Sept. 1927

DRAFT.

The Secretary,
Joint East African Board.

2/16

Sir.

I am ^{directed} back. the
receipt of your letter of the
31st of August. and to
inform you that there
is no objection to your
communicating to the
Chambers of Commerce in
this country and in East

African ^{interested} ~~concerned~~ in the matter.

and also of the Press, copies

of the report dated the 8th August,
the letter marked /S.S./ and

the memorandum dated

1st June 1961, containing

the views of the Joint East African

Board on the subject of cable

buffer cable traffic in Kenya.

It is noted that

that letter and

memorandum are being

communicated to the Gov^t of

Kenya.

Yours etc

(Signed) H. T. ALLEN,

Secretary of State

Africa ^{interested} ~~concerned~~ in the matter.

and also 1 the Files, copies

of the memorandum dated the 31st of August,
of the letter marked /55/ and

the memorandum dated

the 14th June 1917, containing

the views of the Joint East African

Board on the subject of cable

buffer cable buffer in Kenya.

It is noted that

the letter and

memorandum are being

communicated to the Gov^t of

Kenya.

Yours etc

H. T. ALLEN,

Secretary of State

JOINT EAST AFRICAN BOARD.

Telephone:
CENTRAL 5145

Telegrams:
KEEPERSHIP, CENT. LONDON.

38, GRESHAM STREET,

LONDON, E.C.2.

FGM/SS

RECEIVED
1 SEP 1927
COL. OFFIC.

31st August, 1927.

The Under Secretary of State for the Colonies,
Downing Street,
S. W. 1.

Sir,

EAST AFRICAN CABLES

With reference to the enclosed letter dealing with the above subject, you will recollect that at the Conference held at the Colonial Office on the 13th July last the question of publication was discussed, and it was decided that a statement could be issued to the effect that the Board were submitting a further memorandum.

In view of the reports that have appeared in the press of the discussions that have been taking place in Kenya, I beg to ask you for permission to send copies of the enclosed letter, and also copies of the memorandum of 29th June last, to the Chambers of Commerce in this country and in East Africa concerned in the matter, and also to the press.

You will appreciate that if this course is to be adopted it is desirable to distribute copies without delay, and I shall therefore be much obliged if you will kindly inform me of your decision at your early convenience.

I am, Sir,
Your obedient Servant,

F. Miller
SECRETARY.

Encl.

*Ans. 127
d. 127
127
127*

JOINT EAST AFRICAN BOARD.

Telephone
CENTRAL 5145

38 GRISHAM STREET

Telegrams
MEMBERSHIP CENT LONDON

LONDON, E.C. 2

/SS

31st August, 1927.

The Under Secretary of State for the Colonies,
Downing Street,
S. W. 1.

Sir,

EAST AFRICAN CABLES

As promised at the Conference with the Colonial Office on the 13th July last my Board submit the following considerations in support of their plea that the Eastern Telegraph Co. Ltd. should be permitted to establish a direct service with the public at Mombasa.

Reference is made to the Memorandum issued by the Board on 2nd July 1926, and to the second Memorandum issued by the Board on 29th June 1927, both of which are in possession of the Colonial Office.

As pointed out at the Conference with the Colonial Office on the 13th July, the present conditions and arrangements in regard to cable services at Mombasa - the only direct cable link with the world for Kenya and Uganda - appear to business men generally not merely an absurd anachronism but almost a scandal. The fact that cable traffic is only available for ten hours out of each 24 on weekdays and for two hours during the week-end speaks for itself, apart from the waste of time lost in passing messages to and from the cable station at Kilindini through the post office at Mombasa. The only argument so far submitted in excuse of a state of affairs unparalleled, as we believe, elsewhere in the Empire, is one of potential loss of revenue to a Department that exists primarily for serving the public. We cannot, however, bring ourselves to believe that the Kenya Government would really desire to continue to penalise the producers - native as well as European - all of whom depend upon a speedy and continuous cable contact with the world markets, and to hinder also the development of import and export trade, for the sake of a few hundred pounds, even if it were established (which the Board doubt) that there would be any real loss of revenue at all.

7 SEP 1927

Copy to Gov. Genl.

79/11

/The

The Under Secretary of State for the Colonies

The view above expressed, which is based upon the practical experience of all the producing and commercial elements represented on the Board, is strongly corroborated from Kenya Colony. The subject was fully discussed at a special meeting of the Mombasa Chamber of Commerce on July 22nd, attended by the Postmaster General of the Colony. At that meeting the Hon. Mr. W. A. L. Sim, M.L.C., stated that such improvement (in the cable facilities) would affect up country producers equally with, if not even more than, the Mombasa trading community, since (he said) "practically all cables that left Mombasa or arrived at Mombasa were connected with the shipment of produce or imports for up country." The Mombasa Chamber unanimously resolved that "any reduction in the Revenue of the Telegraph Department incurred (by the proposals) will be amply repaid to the Colony generally "in the improved cable facilities thus provided".

The Board therefore most strongly urge that the very reasonable proposals of the cable company be accepted and an end be put to the present state of affairs. The Board would again point out that in most places in the Empire and in other countries similarly situated the cable companies deal direct with the public and receive the terminal charges in full.

The arrangement now offered seems therefore to the Board to be one which should be accepted without any hesitation as being distinctly advantageous to the Government as well as to the communities concerned.

The Board would, moreover, earnestly recommend that the Governor of the Colony should go further, and that he should take into serious consideration whether it should not forego entirely the system of obtaining revenue by levying of a tax upon cable facilities through so-called terminal charges for which it will admittedly be rendering no services whatever if the proposals are adopted for direct dealings between the cable company and the public. The surrender of the terminal charges, so far as they accrue to the Colonial Treasury, should immediately result in a pro tanto reduction of cable rates. But such a decision by the Colonial Government, if arrived at in principle, would at once provide a platform on which to negotiate with the cable company for a further reduction in cable rates over and above the amount of the terminal charges. The Board are convinced that the substantial reductions in cable rates, to be aimed at and that ought to be attained by such negotiations, would be compensated to the cable company by greatly increased cable traffic, and to the Colonial Treasury by the enhanced prosperity of the producing and commercial elements in the Colony.

The Under Secretary of State for the Colonies

In offering the further suggestion contained in the preceding paragraph, the Board of course recognise that some time may be necessary for its full consideration. They would, therefore, desire that the proposals set out in this letter be taken separately, and that on no account should the very urgent matters dealt with in the earlier paragraphs of this letter (direct dealing between the cable company and the public) be delayed, while the further and more general matters of abolishing the terminal charges etc. are being considered.

I have the honour to be,

Sir,

Your obedient Servant,



SECRETARY.

JOINT EAST AFRICAN BOARD

MEMORANDUM

on

EAST AFRICA. CABLES.

1. The Board had their attention called to the great delays at present existing in connection with cable communications with East Africa and have given the matter careful study.
2. At present the Eastern Telegraph Company is the only means of communication with East Africa, although the Government is contemplating establishing a wireless base as soon as the opportunity offers. The Eastern Company has its main cable station at Zanzibar with a submarine cable from there to Kilindini.
3. The cable office at Kilindini is unable to collect and deliver messages itself, all cables must be sent to and received from the Government Post Office at Mombasa town. The Post Office there is open on week-days from 9 a.m. to 5 p.m. and on Sundays from 9 a.m. to 11 a.m. so that although the Eastern Company's Kilindini Office is open day and night, all cables must lie there or in the Mombasa Post Office - except during the hours mentioned - not only cables from Mombasa Island but also for the whole of Kenya and Uganda.
4. It is obvious, that for a country whose trade depends so largely upon communication with the outer world, the serious delays involved by the present system are most prejudicial to the development of trade, while for commercial men having dealings with foreign countries where comparatively untrained natives operate in the Postal Telegraph Service, the constant mutilation of messages arising through inexperience and want of commercial training is also a very serious factor.
5. In considering the question with a view to reform, it appears to the Board that it should be considered, firstly in connection with the handling of cables to and from Mombasa, and secondly, the handling of cables with Kenya and Uganda outside Mombasa.
6. Of the total cables with Kenya and Uganda, about 60% are for the Island of Mombasa and of these, now that the Union Castle Company have transferred their Office to Kilindini, probably one third belong to Kilindini and two thirds to Mombasa Town. If we were only to deal with the present position at Kilindini, it would be comparatively simple to authorise the Eastern Company to deal direct with Kilindini people, cutting out transmission at Mombasa Post Office with its restricted hours &c. and its delivery from there by bicycle - but this would only meet a relatively small proportion of the trouble. The Eastern Company's proposal is to transfer their office from Kilindini to Mombasa Town and to deal direct with the whole Island, collecting and delivering by telephone or motor bicycle as may be most convenient. The advantage to the whole commercial community of this arrangement is obvious: delivery would take place immediately, cables could be despatched without delay and the danger of mutilation of messages reduced to a minimum.
7. With regard to the "hinterland" the Eastern Company are prepared to open an Office at Nairobi with a special wire from Mombasa and to deal direct with Nairobi messages in the same way as is proposed for Mombasa. They are also prepared to deal similarly with the whole of Kenya and Uganda, but we understand there are difficulties in the way of this.

JOINT EAST AFRICA BOARD

EAST AFRICA BOARD

1. The Board has their attention called to the great delays at present existing in telegraphic communication with East Africa, and have given the matter careful study.
2. At present the Eastern Telegraph Company is the only means of communication with East Africa, although the Government is contemplating establishing a wireless base as soon as the opportunity offers. The Eastern Company has its main cable at Zanzibar with a submarine cable from there to Kilindini.
3. The cable office at Kilindini is unable to collect and deliver messages itself and all cables must be sent to and received from the Government Post Office at Mombasa town. The Post Office there is open on week-days from 9 a.m. to 5 p.m. and on Sundays from 9 a.m. to 11 a.m. so that although the Eastern Company's Kilindini Office is open day and night, all cables must lie there or in the Mombasa Post Office during the hours mentioned - not only cables from Mombasa Island but also for the whole of Kenya and Uganda.
4. It is obvious, that for a country whose trade depends so largely upon communication with the outer world, the serious delays involved by the present system are most prejudicial to the development of trade, while for commercial men having dealings with foreign countries, where comparatively untrained natives operate in the Postal Telegraph services, the constant mutilation of messages arising through inexperience and want of commercial training is also a very serious factor.
5. In considering the question with a view to reform, it appears to the Board that it should be considered, firstly in connection with the handling of cables to and from Mombasa, and secondly, the handling of cables with Kenya and Uganda outside Mombasa.
6. Of the total cables with Kenya and Uganda about 60% are for the Island of Mombasa and of these, now that the Union Castle Company have transferred their Office to Kilindini, probably one third belong to Kilindini and two thirds to Mombasa Town. If we were only to deal with the present position at Kilindini, it would be comparatively simple to authorise the Eastern Company to deal direct with Kilindini people, cutting out transmission at Mombasa Post Office with its restricted hours &c. and its delivery from there by bicycle - but this would only meet a relatively small proportion of the trouble. The Eastern Company's proposal to transfer their office from Kilindini to Mombasa Town and to deal direct with the whole Island, collecting and delivering by telephon or motor bicycle as may be most convenient. The advantage to the whole commercial community of this arrangement is obvious: delivery would take place immediately, cables could be inspected without delay and the danger of mutilation of messages reduced to a minimum.
7. With regard to the "hinterland" the Eastern Company are prepared to open an Office at Nairobi with a special wire from Mombasa and to deal direct with Nairobi messages in the same way as is proposed for Mombasa. They are also prepared to deal similarly with the whole of Kenya and Uganda, but we understand there are difficulties in the way of this.

6. The Board are of the opinion that in the interests of commerce and development of the trade of the Colony and Protectorate, it is essential that the proposal as to Mombasa should be very strongly pressed and they think a strong case could be made out for Nairobi as well.

7. The main objection seems to be the possible loss of the terminal rate of thirty centimes but the Eastern Company proposes that this charge should still be made as the public would undoubtedly gladly continue such payment in exchange for the advantages offered. Of the thirty centimes, the Eastern Company ask that two thirds should be given to them to cover the cost of collection, delivery etc. and the one third should go to the Post Office who would at once be able to reduce the telegraph staff in Mombasa by at least 50% and probably by a considerable number at Nairobi, so that there should be no loss to the Government by this arrangement and in the long run it would probably bring in a profit.

8. The Board venture to recommend very strongly to the Colonial Office that this matter receive early attention and that, if possible, a reform on the lines indicated should be carried out.

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JOINT EAST AFRICAN BOARD.

29th June 1927

MEMORANDUM ON EAST AFRICAN CABLES.

1. On 2nd July, 1926, the Board issued a Memorandum calling attention to the unsatisfactory arrangements existing at Mombasa in regard to the collection and delivery of cable messages.

Under the existing system all cables must pass through the Mombasa Post Office and owing to the hours during which the Post Office is open 14 hours out of each 24 hours on weekdays is "dead" time for cable traffic as far as the public is concerned, while only two hours are available for the public at the week-end out of the 48 hours. This system which causes serious delays most prejudicial to the development of trade, is, in the opinion of the Board as well as of most commercial men, an extraordinary state of affairs for a country whose trade depends so largely upon telegraphic communications with the outer world.

3. In their memorandum of 2nd July last, the Board accordingly urged the immediate necessity for arrangements to be made whereby cables in and out should be delivered direct by the Cable Company as and when received and collected as and when desired, which is the almost universal practice in other parts of the Empire. It was understood that negotiations were in progress with that object in view, but so far nothing has been done.

4. The Board had an opportunity of conferring with the Postmaster General of Kenya, Mr. Fitzgerald, in December last, and with the Governor of Kenya, Sir Edward Grigg, last month. From these interviews and from correspondence the Board understands that the Governor looks upon the Post Office as a Public Service Department rather than as a revenue-earning Department, and that the Kenya Government has expressed its willingness to come to any suitable arrangement provided it will involve no loss of revenue. In all such questions it is no easy matter to ascertain whether there is any actual loss of revenue even though expenses be increased in order to supply the necessary facilities for trade. The increase of trade revenue resulting from such facilities cannot be earmarked to the Post Office Department, while any increase in expenditure or reduction in net receipts by the Post Office Department are noticeable at once.

5. While not therefore overlooking the benefit to the revenue of the Colony as a whole by trade development, it is only possible to consider in detail the actual receipts and expenditure of the Post Office in connection with handling cables.

6. Until a few months ago the terminal charges for cables, in addition to the cable tariff rates, were 30 centimes. Apparently without adequate reason they have been raised to 40 centimes within the last few months. At the present moment the whole amount of these charges goes to the credit of the Post Office accounts.

7. Last year the Eastern Telegraph Company offered to transfer their office to Mombasa and to receive and deliver all cables messages from and to Kilindini and Mombasa at their own expense in consideration of their receiving two-thirds of the 30 centimes terminal rate. This offer was not accepted. They have now offered to do this work for 30% of the 40 centimes terminal charge. The effect of this would be that the Post Office Department would save

a considerable sum in salaries, housing, medical attendance etc. maintenance of the land-line, as well as wages of messengers, provision of bicycles, uniform, stationery and incidentals. The Postmaster General estimates this saving at only £750 per annum; other estimates have placed it at a higher figure, but if the Postmaster General is correct either he does not propose to make such drastic reductions as others think possible, or the present system is run on extraordinarily economical lines.

8. Assuming for the moment that £750 represents the saving to the Post Office and that £6,900 represents the total income from the 40 centime terminal charge, the result would be as follows: Post Office Revenue (70% of £6,900) = £4,830 + £250 saved, namely £5,580 compared with the receipts prior to the increase of the terminal charge of £5,175 - an increase of £405 or if it is compared with the recently increased charges, a reduction of £1,320. As the entire sum is a direct tax on the users of the cables (except the amount of £750) for which they suffer a great inconvenience and restriction of facilities, and as the Eastern Telegraph Company's proposal would still leave some £400 increase in revenue on last year's figures, the Board cannot understand why there should be any delay in concluding this arrangement. Even if the present increased terminals which have only been in force a short time and have been an extra tax on the cabling public were taken into consideration it is submitted that the increased facilities are well worth that sum per annum.

9. In this Country and most places in the Empire the Eastern Telegraph Company deals with the public direct and receives the terminal charges in full. As will be seen, however, in the case of East Africa the Company is willing to undertake the work of collection and delivery of telegrams at Mombasa and Kilindini for 12 centimes per word leaving the Government with 28 centimes per word for doing nothing. At the same time this arrangement would eliminate Kilindini as a receiving station and enable Mombasa to work direct to the Company's main cable station at Zanzibar. From the increase in traffic which must result from greater facilities 70% of this extra amount in terminal charges would accrue to the Government while, if owing to wireless or other changes, there was a falling off, the Government would be better off than if matters are left as they are.

10. The Board understand that the final decision with regard to the matter rests with the Legislative Council of Kenya and they therefore propose to forward copies of this memorandum to the Association of East African Chambers of Commerce and the Mombasa Chamber of Commerce with the hope that immediate steps will be taken locally in the interests of East Africa and the trading community generally, to remove the present anachronism.

36
6c

JOINT EAST AFRICAN BOARD:

Cable Arrangements Mombasa.

The Office notes annexed set out the position.

It will probably be necessary to undertake to refer the Board's memorandum to the Kenya Government, but in the whole of this protracted correspondence there has been very little evidence of any local dissatisfaction. And unless a loss to the Colony can be avoided a settlement with the Company will be strongly criticised.

(Intd) W.C.B.

11.7.27.

Collection and delivery of cable messages -

Mombasa.

No.42.X.4234.26. This question was discussed with the Company by Mr. Fitzgerald, the Postmaster General, when he was in this country on leave at the end of last year. He then reported in the letter dated the 17th December, 1926, that he had informed the Company that while he had placed the offer (see below) before the Government he would be unable to recommend its acceptance. He also said that he had discussed the matter with the Council of the Joint East African Board, and added (somewhat optimistically!) that he did not think it too much to say that the Council was satisfied that the Colony's attitude was not unreasonable.

10054/27
Sub. File A.

In March last the Officer Administering the Government, in view of the financial loss involved endorsed the attitude adopted by Mr. Fitzgerald at his final interview with the Company.

The position can best be described in Mr. Fitzgerald's own words as in the following extract from his letter which confirms the calculations in paragraph 8 of this memorandum.

"The general position of the Company is that they are not prepared to make any financial sacrifice in order to open public offices at Mombasa or Nairobi. The cases of Mombasa and Nairobi were discussed separately. As regards the former, the Company's final offer was that they were prepared to open an office if they were
allowed

allowed to retain 30% of the terminal rates. They estimate that their additional expenditure would amount to £2,100 per annum. 30% of the present terminals at Mombasa would yield £2,070. No loss would, therefore, fall on the Company under their proposal. They were not prepared to make any allowance in respect of natural increase in traffic in the future. They felt that this should be regarded as a reserve against possible wireless competition.

As against the £2,070 above referred to which the Colonial Government would lose, savings in staff and messengers etc. would not amount to more than £750. (A sum of £900 as savings was previously stated, but this has had to be reduced as the Company were unwilling to adopt certain working arrangements). A net loss of revenue of £1,320 per annum would thus fall on Government. Although I consider the Company's estimate of £2,100 in additional working expenditure very high, I suggested negotiating on the basis of showing the loss of £1,320, but the Company declined to consider this. In the circumstances, I had no alternative but to inform them that, while I would place their offer before Government, I would be unable to recommend its acceptance.

XXXX XXXX XXXX

I regret, particularly in the case of Mombasa, that the negotiations have proved barren. Sir John Pender, the Chairman of the Company, Admiral Grant, the Managing Director, and the

Senior

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Senior Officers of the Company whom I met were most courteous, and the discussions were conducted in the friendliest spirit. But both sides now, perhaps, understand each other's position a little better.

I may, perhaps, here refer to the Joint East African Board's Memorandum on East African cables, a copy of which was forwarded to me under your letter No.X.F.4234/26 of the 7th October. I attended, by invitation, a recent meeting of the Council of the Board for the purpose of discussing this Memorandum. I dealt with the various points raised therein, and gave an outline of the negotiations with the Cable Company on their proposal to open at Mombasa and Nairobi, and now these negotiations had proved fruitless. I think it is not too much to say that the Council was satisfied that the Colony's attitude was not unreasonable."

The Board's present Memorandum does not relate to Nairobi, but in case it comes up in the discussion, the following further extract from Mr. Fitzgerald's letter referred to above will show the position.

"In regard to Nairobi, the Company's final offer was that they should be allowed 50% of the Nairobi terminals, Government to provide them with a private wire from the Coast to Nairobi free of charge. The financial effect of this proposal on Government revenue would be as follows:-

Loss

Loss

50% of £6,300 (being present value of Nairobi terminals)	3150
Cost of providing private wire (Capital, maintenance, etc.)	<u>1300</u>
<u>Gross loss</u>	4450
Less savings (staff etc.)	<u>800</u>
<u>Net loss</u>	£3,650

The Colonial Government will not, I feel certain, consider facing a loss of this magnitude in respect of Nairobi".

The only other special point in the Memorandum with which it seems necessary to deal is the statement in paragraph 6 that apparently without adequate reason the terminal charges for cables have been raised from 30 cents. to 40 cents. within the last few months. I append a separate Note on this point.

41

NOTE.

Increase of terminal charges on cable messages, Kenya

18954/25

The question of increasing the rates came up in 1925 in consequence of loss to the revenue owing to changes in the system of accounting and to variations in the local currency, as explained in the following extract from a letter from the local Postmaster General to the Acting Colonial Secretary dated the 6th March, 1925:-

"When I first arrived in the Colony in July 1920 public cable charges and the credits given to, and received, from, the Cable Company were still on a 1/4d. rupee basis, although the rupee had been stabilised at 2/- since the 1st of April previous, and it was not until the 1st of January 1921, that the Company agreed to account with the Administration on the basis of a 2/ rupee or flor as it had then become.

In order to understand exactly what was happening locally between the 1st of April, 1920, and the 31st of December, 1920, in regard to relations with the Company, I would explain that in International working all rates and charges are expressed in terms of the gold franc. The cable charges collected from the public and the amounts passed to the Company, and received from it, during 1920 and for some time prior to that year were those arrived at by conversion of the francal rates above referred to into rupees and cents of a rupee when the rupee stood at 1/4d. When, therefore, the exchange value of the rupee began to rise in 1919, and particularly after the rupee

had

had been stabilised at 2/- in April 1920, the public of the Colony were paying rates much in excess of what they really should and this excess was distributed roughly, in the final result, as to $\frac{1}{3}$ to the Cable Company and $\frac{2}{3}$ to the Colony. During this period, therefore, the revenue received by the Colony from terminals on cable traffic was, when converted into sterling, materially increased and the additional revenue so accruing was at the rate of about £3,500 per annum.

When the Company agreed to account on a francal basis in January, 1921, this forthwith meant that the value of the credits received from the Company on incoming messages would be reduced by 33 $\frac{1}{3}$ per cent and ordinarily should also have meant a similar reduction in the Colony's share of the public charges on outgoing messages. The question therefore arose as to whether Government could afford to forego the loss in revenue thus involved, viz:- the amount above mentioned".

Apparently, no increase was imposed at the time as the question got mixed up with other matters of dispute with the Company, but, in December 1925, the Post Office sent to the Colonial Office a letter from the International Bureau of Berne making enquiries as to these terminal charges. That letter was referred to the Colonial Government, and, in July 1926, the Governor reported that the whole question of the Colony's terminal rates had been reviewed, and that acting upon the advice of his Executive Council, he

56851/25

had approved a uniform terminal rate of 40 cents per word for inward and outward telegraphic traffic, with a special terminal rate of 25 cents per word in respect of traffic with Zanzibar, adding that the rates now to be adopted are in conformity with international regulations on the subject. The increase was applied as from the 1st of November, 1926.

JOINT EAST AFRICAN BOARD

Notes of Conference between representatives of the Colonial Office and Joint East African Board held at the Colonial Office at 11.30 a.m. on Wednesday 13th July, 1927.

PRESENT: The Rt. Hon. W. Ormsby-Gore, M.P. Under Secretary of State for the Colonies, in the Chair.

Sir Charles Strachey, K.C.M.G., C.B.
W. C. Bottomley Esq. C.B., C.M.G., O.B.E.
J. P. Green, Esq.
G. F. ... Esq.

Sir Sydney Henn, K.B.E., M.P.
J. Sandeman Allen Esq. J.P., M.P.
Major W. Crowdy.
Campbell B. Hausburg, Esq.
Sir Humphrey Leggett, D.S.O.
C. Ponsonby Esq.
A. Wigglesworth, Esq.
Sir Trevredyn Wynne, K.C.S.I., K.C.I.E.
F. G. Mellersh, Secretary.

Sir Donald Cameron, K.C.M.G., K.B.E.

I. EAST AFRICAN COFFEE INDUSTRY

Sir Sydney Henn, after commenting upon his memorandum dated 6th July 1927, which had been approved by the Board and representatives of planters in Kenya, Tanganyika and Uganda who had attended meetings of the Coffee Committee of the Board, said that there appeared to be some misunderstanding as to the position in Tanganyika. During his recent tour he had discussed with the various planters associations the Board's letter of 12th August 1926 which set out the main conclusions that had been reached at the conference at the Colonial Office on 20th July 1926 and he found that in some respects the discussion at the conference had been based on incorrect facts. He agreed that except for 55 acres the two ex German plantations at Arusha had been abandoned but several small plantations, some of which were in close proximity to European plantations, still existed, indeed Arabica coffee was being cultivated by natives in numerous places. It was true that where natives had grown coffee under European supervision a very good price had on occasions been obtained but this was partly attributable to the fact that the trees were young; he did not suggest that such plantations should be abandoned but considered that sporadic planting should be stopped, as danger of disease spreading would become very great when the trees became older. There was no doubt that a certain amount of uncontrolled planting had been encouraged by some of the District Officers; if the cultivation by natives were only to be discouraged the matter would rest with the individual District Officers and he therefore urged that the natives be definitely prohibited from growing Arabica coffee. With regard to thieving he admitted it was difficult to obtain evidence but it was nevertheless a fact that planters lost considerable sums by reason of theft; it was found to occur where Indians were willing and able to buy the stolen coffee. In conclusion he pleaded that the Government should institute a definite policy with regard to coffee-growing.

Sir Donald Cameron said he would be willing to accept Resolutions 2, 3 and 4 as set out in the Memorandum but in resolution No. 1 he would require the insertion of the words "as far as possible" after "shall be confined", and the substitution of "discouraged" for "prohibited" so that it would read:-

"No. 1 Growing of Arabica Coffee by Natives

That the growing by natives of Arabica Coffee in East Africa shall be confined as far as possible to the areas where it is already being grown and that any extensions be discouraged excepting in areas where no European coffee estates exist."

He said that no law existed by which he could prohibit the natives from growing coffee and any such legislation would be objectionable as it would be class legislation. It was agreed that cultivation by natives was to be discouraged

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and it was his duty to ensure that this policy was faithfully observed; but where the natives grew coffee, for example at Moshi, it was unquestionably the duty of the Government to assist them to grow it in the best manner. If the natives at Moshi were prohibited from growing coffee there would be a movement to boycott native labour on White estates. It was not possible to establish a sanitary belt between the native and European plantations. The natives must be allowed to grow robusta where that was the only exportable crop they could grow, e.g. at Songea. Some time ago he had submitted to the planters associations draft regulations for the control of the industry, but as he had received no replies he would now proceed without them. He would take energetic steps to stop, as provided in those regulations illicit trading and would call upon the Native Administrations to assist him.

Mr. Ormsby-Gore said that it appeared to him that Resolution No. 1 ruled out several areas in southern Tanganyika and in Uganda where natives could probably grow coffee satisfactorily. Natives could not be prohibited from growing coffee and even in Kenya there was no legal right to prohibit cultivation of coffee. When the Agricultural Departments knew what was required there would be no further difficulty. He undertook that a summary of the discussion should be sent to the Government of Tanganyika, and also to the Government of Uganda with a view to its being considered whether a similar policy could be applied in that Protectorate, and also to consider the question of sending a copy of the correspondence to the Government of Kenya for their guidance. He would write a letter to the Board which could be forwarded to the planters associations and which it might also be possible to issue to the press.

2. EAST AFRICAN CABLES.

Mr. Sandeman Allen having referred to some of the points in the Board's memorandum of 29th June 1927.

Mr. Bottomley dealt with the financial aspect of the Eastern Telegraph Company's proposals and explained why the terminal charge had recently been raised. He said that he could see no objection to the Board's memorandum being forwarded to Kenya.

Sir Humphrey Leggett pointed out that the commercial community would derive large benefits if the cable office was open day and night.

Mr. Wigglesworth stated the difficulties he experienced under the present system and suggested that the matter should be looked at from the broad point of view.

Sir Sydney Henn said that although it was right that the estimated figures of resulting loss should have been put forward by the Department concerned for the information of the Kenya Government, he considered that the question should be looked at by that Government from the broad general point of view of the undoubted service that would be rendered to the country as a whole, and the commercial community in particular, by the introduction of direct cable service into Mombasa, and he pointed out that he could not remember a case, even in a Central American republic, where foreign cable companies had been excluded in order to protect a land line state telegraph service. A potential loss of £1,500 should not be allowed to weigh in the balance against the obvious advantages, especially as the present revenue from the local post and telegraph service showed a large surplus over expenditure.

Mr. Ormsby-Gore said that he understood that the Telegraph Company's proposals with regard to Nairobi could not be considered for the present. He appreciated that the service in Mombasa was not satisfactory and requested the Board to submit a memorandum, which he would forward to the Governor of Kenya, dealing with the broader issues.

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With regard to publication, he said that the Board could issue a statement to the effect that they were submitting a further memorandum.

3. ROAD TRANSPORT

Sir Trevredyn Wynne referred to the Board's letter of the 4th May last in which it was suggested that the various bodies who are at present working independently on questions relating to mechanical transport should be merged into one committee. He was pleased to note that the Colonial Office Conference had considered the matter. He understood that the whole question had been handed over to the Empire Marketing Board who were to appoint a small committee. He said that the Board would be glad to know the present position and whether the matter was being proceeded with.

Mr. Ormsby-Gore in reply stated that the Committee had been appointed by the Empire Marketing Board, the Chairman to be nominated by the Secretary of State. The Committee would include representatives of India and Australia and possibly of South Africa and the Sudan, the Colonial Office the Crown Agents, the Department of Overseas Trade, the Department of Scientific and Industrial Research, the War Office and the Empire Cotton Growing Corporation and Mr. R. H. Brackenbury and Mr. G. A. Baillie; the Committee could co-opt additional members.

The terms of reference were:-

- (1) To consider the recommendations of the Colonial Office Conference 1927 on the subject of the development of new forms of mechanical transport in oversea parts of the Empire.
- (2) To draw up a plan of attack upon the problem and make an estimate of the probable cost involved in preliminary investigation and trials.
- (3) To explore the possibility of obtaining contributions from overseas Governments and other sources.
- (4) To make early recommendations as to the preliminary action required in the near future.

The Committee was meeting to-morrow and the investigations would start immediately, but it would take a long time before they were completed. In his opinion there would be no difficulty about funds. The Board could appear before the Committee if they so desired and he suggested that the Board should get into touch with the Secretary, Mechanical Transport Committee Empire Marketing Board, 26 Queen Anne's Place.

4. SETTLEMENT OF NATIVES ON PRIVATE ESTATES IN NYASALAND.

Sir Sydney Henn recalled that this question had been brought up about two years ago and agreement had been reached, he understood between the landowners and the local government. For some reason this agreement had not been confirmed by the Colonial Office and it appeared that the matter was still unsettled.

Mr. Ormsby-Gore replied that complete agreement had now been reached and the whole matter would be settled so soon as the necessary agreed Bill could be passed through the Legislature.

5. NYASALAND GAME ORDINANCE.

Mr. Fensby referred to the Board's letter of 4th June on the subject of the Game Ordinance 1926 which he stated had been drawn up as a result of consultation with a committee of the Society for the Preservation of the Fauna of the Empire.

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Mr. Green replied that in January the Governor had been asked for a Report which had not yet been completed. No progress could be made in the matter until this had been received.

Mr. Ormsby-Gore said that a copy of the Board's letter could be sent confidentially to the Nyasaland Chamber of Agriculture and Commerce.

6. AMANI INSTITUTE.

Mr. Wigglesworth referred to the Board's memorandum of the 12th March 1927, and to the good work that was being done by the Empire Marketing Board in research matters.

Mr. Ormsby-Gore stated that detailed progress could not be made at Amani until Mr. Nowell had made a further report which it was expected would be received in September. A Central Agricultural Research Council would be set up in London as the Governing Body for a chain of agricultural stations. Three new bodies were to be set up: a Central Agricultural Research Council and similar bodies for Veterinary and Medical Research. Veterinary and medical research would not be conducted at Amani.

7. GUARANTEED LOAN

In reply to questions raised by Sir Sydney Henn.

Mr. Ormsby-Gore informed the Board that the proofs of General Hammond's Report on the Zambesi Bridge proposals were now being corrected and would shortly be issued to the public. No decision had been reached regarding the recommendations made in the Report.

With regard to the Dodoma-Fife line, three survey parties were now on the spot but no reports had yet been received. The Treasury were still maintaining that interest on the loan would have to be provided from the commencement and the question could not be effectively re-opened at the present time.

8. PETROLEUM IN UGANDA.

Mr. Sandeman Allen stated that the Board were extremely anxious to know what arrangements were being made in connection with the production of oil in Uganda as it was a matter of prime importance to all the Territories. In the opinion of the Board it was most important that special care should be taken to see that the interests of the consumers in East Africa had due consideration and it was felt that the suggestion that they should have the benefit of a 10% reduction in the price ruling in Mombasa was not adequate. Furthermore, care should be taken to avoid exploitation by private interests of such important natural wealth.

Mr. Ormsby-Gore replied that the observations of the Petroleum Department of the Board of Trade on the negotiations regarding a lease to the Anglo-Persian Oil Co. Ltd. had recently been forwarded to the Governor of Uganda, and the Board could be assured that every endeavour would be made to secure the interests of local consumers. In his opinion it was essential that the development of the areas must be taken in hand by one of the large oil companies and as it was impossible for the Government to deal with more than one company he felt that the right course was being taken in making an attempt to reach final arrangement with the Anglo-Persian Oil Company. The Conference terminated shortly after one o'clock.

• X. Note: It is now understood that it has been decided to defer the publication of this Report.

10 2/48

Mr. Whitehouse 1/4/27
Mr. Seel 1.4 p.

X10054
Kenya

- Mr. E. J. Harding.
- Sir C. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

4 APR 1927

~~March, 1927.~~

15

C. D
R 2 AMK
U 2

SW
4 APR 1927

With ref. to your

DRAFT.

letter (D/266) of the 1st. of

X3199, April, 1926, and the reply

The Managing Director,
Eastern Telegraph Coy. Ltd.

from this Dept. of the 17th.

copy to Gov. Secy

of April, relative to the
working of the telegraph

system of Kenya, I am etc

to inform you that the

acting Governor of Kenya,

after receiving ^{the report B} Mr. G. T.

^{Sturgeson, General (Colonel)} Fitzgerald's report on his

negotiations with the

Eastern Telegraph Coy. during

214

his

10 2/8

Mr. Whitcombe 1/4/27
Mr. Seel 1.4 P.

X10054
- 12 Kenya

- Mr. E. J. Harding.
- Sir C. Strachey.
- Sir J. Shuckburgh.
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- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

4 APR 1927

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15

C. D.
P. 2000
20

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Hillegeralde ^{Parliament. General (the Group)} report on his
negotiations with the

Eastern Telegraph Coy. during
his

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his views in regard to the
Boys' Commission that they should

be organized under the public
trust and not privately;

and that the Boys' Commission

should be under the

control of the State and that, in

addition, he endorses the

views of Mr. Fitzgerald

in his interview with

the ~~Commission~~ ^{the} Boys' Commission.

The Hon. Secy. has asked
that the Commission may be ^{notified} ~~reformed~~

and informed of the regret

of the Gov. that the negotiations
did not result in an arrangement
satisfactory to both parties.

(Signed) H. T. ALLEN,
for Under Secretary of State.

JOINT EAST AFRICAN BOARD:

Table Arrangement Numbers.

notes

The Office annexed set out the position.

It will probably be necessary to undertake to refer the Board's memorandum to the Kenya Government, but in the whole of this protracted correspondence there has been very little evidence of any local dissatisfaction. And unless a loss to the Colony can be avoided a settlement with the Company will be strongly criticised.

(Intd) W.G.B.

11.7.27.

Collection and delivery of cable messages -

Mombasa.

This question was discussed with the Company by Mr. Fitzgerald, the Postmaster General when he was in this country on leave at the end of last year. He then reported in the letter dated the 17th December, 1926, that he had informed the Company that while he had placed the offer (see below) before the Government, he would be unable to recommend its acceptance. He also said that he had discussed the matter with the Council of the Joint East African Board, and added (somewhat optimistically!) that he did not think it too much to say that the Council was satisfied that the Colony's attitude was not unreasonable.

Ref: 4234.26.

10054/27
Sub. File A.

In March last the Officer Administering the Government, in view of the financial loss involved, endorsed the attitude adopted by Mr. Fitzgerald at his final interview with the Company.

The position can best be described in Mr. Fitzgerald's own words as in the following extract from his letter which confirms the calculations in paragraph 6 of this memorandum.

"The general position of the Company is that they are not prepared to make any financial sacrifice in order to open public offices at Mombasa or Nairobi. The cases of Mombasa and Nairobi were discussed separately. As regards the former, the Company's final offer was that they were prepared to open an office if they were allowed

allowed to retain 30% of the terminal rates. They estimate that their additional expenditure would amount to £2,100 per annum. 30% of the present terminals at Mombasa would yield £2,070. No less would, therefore, fall on the Company under their proposal. They were not prepared to make any allowance in respect of natural increase in traffic in the future. They felt that this should be regarded as a reserve against possible wireless competition.

As against the £2,070 above referred to which the Colonial Government would lose, savings in staff and messengers etc. would not amount to more than £750. (A sum of £900 as savings was previously stated, but this has had to be reduced as the Company were unwilling to adopt certain working arrangements). A net loss of revenue of £1,320 per annum would thus fall on Government. Although I consider the Company's estimate of £2,100 in additional working expenditure very high, I suggested negotiating on the basis of showing the loss of £1,320, but the Company declined to consider this. In the circumstances, I had no alternative but to inform them that, while I would place their offer before Government, I would be unable to recommend its acceptance.

XXXX XXXX XXXX

I regret, particularly in the case of Mombasa, that the negotiations have proved barren. Sir John Pender, the Chairman of the Company, Admiral Grant, the Managing Director, and the

Senior

Senior Officers of the Company whom I met were most courteous, and the discussions were conducted in the friendliest spirit. But both sides now, perhaps, understand each other's position a little better.

I may, perhaps, here refer to the Joint East African Board's Memorandum on East African cables, a copy of which was forwarded to me under your letter No.A.F.4234/26 of the 7th October. I attended, by invitation, a recent meeting of the Council of the Board for the purpose of discussing this memorandum. I dealt with the various points raised therein, and gave an outline of the negotiations with the Cable Company on their proposal to open at Mombasa and Nairobi, and how these negotiations had proved fruitless. I think it is not too much to say that the Council was satisfied that the Colony's attitude was not unreasonable."

The Board's present memorandum does not relate to Nairobi, but in case it comes up in the discussion, the following further extract from Mr. Fitzgerald's letter referred to above will show the position.

"In regard to Nairobi, the Company's final offer was that they should be allowed 50% of the Nairobi terminals, Government to provide them with a private wire from the Coast to Nairobi free of charge. The financial effect of this proposal on Government revenue would be as follows:-

Loss

50% of £6,300 (being present value of Nairobi terminals) 3150

Cost of providing private wire (Capital, maintenance, etc.) 1300

Grass loss 4450

Less savings (staff etc.) 800

Net loss £3,650

The Colonial Government will not, I feel certain, consider facing a loss of this magnitude in respect of Nairobi.

The only other special point in the Memorandum with which it seems necessary to deal is the statement in paragraph 6 that apparently without adequate reason the terminal charges for cables have been raised from 30 cents. to 40 cents. within the last few months. I append a separate Note on this point.



Increase of terminal charges on cable messages, Kenya

10054/25

The question of increasing the rates came up in 1925 in consequence of loss to the revenue owing to changes in the system of accounting and to variations in the local currency, as explained in the following extract from a letter from the local Postmaster General to the Acting Colonial Secretary dated the 6th March, 1925:-

"When I first arrived in the Colony in July 1920 public cable charges and the credits given to, and received, from, the Cable Company were still on a 1/4d. rupee basis, although the rupee had been stabilised at 2/- since the 1st of April previous, and it was not until the 1st of January 1921, that the Company agreed to account with this Administration on the basis of a 2/ rupee or florin as it had then become.

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had been established at 2/- in April 1920, the public of the Colony were paying rates much in excess of what they really should and this excess was distributed roughly, in the final result, as to $\frac{1}{2}$ to the Cable Company and $\frac{1}{2}$ to the Colony. During this period, therefore, the revenue received by the Colony from terminal cable traffic was, when converted into sterling, materially increased and the additional revenue so accruing was at the rate of about £8,500 per annum.

When the Company agreed to account on a fractional basis in January, 1921, this forthwith meant that the value of the credits received from the Company on incoming messages would be reduced by 25 $\frac{1}{3}$ per cent and ordinarily should also have meant a similar reduction in the Colony's share of the public charges on outgoing messages. The question therefore arose as to whether Government could afford to forgo the loss in revenue thus involved, viz: "the amount above mentioned".

Apparently, no increase was imposed at the time as the question got mixed up with other matters of dispute with the Company, but, in December 1923, the Post Office sent to the Colonial Office a letter from the International Bureau of Berne making enquiries as to these terminal charges. That letter was referred to the Colonial Government, and, in July 1924, the Governor reported that the whole question of the Colony's terminal rates had been reviewed, and that acting upon the advice of his Executive Council, he had

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16881/25

had approved a uniform terminal rate of 40 cents per word for inward and outward telegraphic traffic, with a special terminal rate of 25 cents per word in respect of traffic with Hamar, adding that the rates to be adopted are in conformity with international regulations on the subject. The increase was applied as from the 1st of November, 1926.

1. ----- Gov's Dep. Denham ----- 24th December,
1926.

1058.

Encloses two copies of the licence which has been issued to the Company. Adds as to amendments made to meet the requirements of the Petroleum Dept.

2 ----- Ag. Secy Dept. Denham ----- 2 March, 1927

151

Two sets copies of a further licence for coal which has been granted to the Co.

Mr. Allen.

No. 1 Oil Licence.

An addition has been made to Clause 8 (b) of the original draft licence to meet the requirements suggested in the last paragraph of the letter from the Petroleum Department of the Board of Trade on 6668/26 and clause 5 (a) has been amended so as to require the licensees to fill in excavations and restore the surface of the land to its previous condition.

?It will be sufficient to send the duplicate of the Governor's despatch and enclosures to the Petroleum Department, Board of Trade, information L.F. ref.No.6 on 6668/26.

No. 2 Coal Licence

A further licence to prospect for coal has been granted to the Company in respect of areas which are approximately the same as areas A.B. and D on the map on 2731/22. This licence is to remain in force for 2 years from the 20th January 1927. The area comprised in the licence (subject to the exclusion of certain areas) is approximately 15,200 square miles.

In No.1 on 6668/26 the Governor reported that a licence to prospect for coal had been granted to the Company in respect of areas C and E. The licence in respect of these 2 areas is to remain in force for 5 years from the 2nd June 1926 - Area approximately 8,400 (subject to the exclusion of certain areas). As the present licence is concerned with coal prospecting only, no action seems necessary?

? Put by 2.

CAC

M. G. Haggerty

(6)

No 1 Oil Licence

Agree with previous minutes

No 2

Coal Licence

The effect of this licence is to extend for a period of 2 years only the Company's coal prospecting rights over the whole of the area of the original concession on 20/7/20. The extension to A.B.C. for the ~~five~~ years seems reasonable in view of the letter of 2.9.26.

There is no provision for any related expenditure by the Company. Clause 6 of the 5 year ^{coal} licence of "C" & "E" (passed on 18/6/26) is apparently regarded as a sufficient burden on the Co. Para 5 of the Gov's despatch of 6/8/1926 (No. 1 on 186668/26) expressed this view in reference to the Oil Licence.

18/4/27
14/4/27

No. 3 To B of T. (w/ copy not) 18 APR 1927 B.L. 3

KENYA.

No. 151



RECEIVED GOVERNMENT HOUSE,
25 MAR 1927 NAIROBI.
COL. OFFICE KENYA.

2nd March, 1927.

Sir,

*No. 4
on
X.F. 6662*

I have the honour to refer to your despatch No. 964 of the 12th October, 1926, on the subject of a licence for coal issued to the Coastal Mining and Exploration Company and to transmit two copies of a further licence for coal which has been granted to the Company in view of the expenditure incurred in the past and the work at present being carried out.

2. The licence is in respect of areas which approximate to the areas A, B and D on the Company's original licence and are shown bordered blue on the map attached to the licence. I enclose a copy of the Company's application dated the 9th September 1926, in this connection for your information.

I have the honour to be,

Sir,

Your most obedient, humble servant,

J. C. Partridge
ACTING GOVERNOR'S DEPUTY.

THE RIGHT HONOURABLE
LIEUTENANT COLONEL L.C.M.S. AMERY, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.

9th September 1926.

The Hon: Commissioner of Mines.

N A I R O B I.

Sir,

Coastal Concession.

We have the honour to inform you that we have started drilling with out big MacNamara drill at at mile 44 near Samburu, north of the railway, and have already bored to a depth of 450 feet.

We are erecting another drilling plant in the Cha Shimba valley near Kwale and hope to be boring there in the course of a few days.

The formation bored through at Samburu is very promising and we have every hope of striking the coal measures at an early date.

The indications point that we may have to prospect further West. To do so we shall have to cross the boundaries of our concession.

We feel reluctant to go to any expensive prospecting outside our concession without some sort of protection, as in the event of our discovering coal or good indications we would be faced with the danger of having the country pegged round us before we have had time to investigate any discoveries we may make.

We feel sure you will appreciate that as we are doing the pioneering work at great expense it would be singularly unfortunate for us to have the land pegged before we have had time to investigate the extent of any discoveries.

We would, therefore, respectfully request that you safeguard us by way of granting us a sole prospecting licence over the two areas originally held by us namely, block A & B on the map of our first licence with slightly altered boundaries as per sketch attached.

We would request a sole prospecting licence for two years for preliminary prospecting with the option of renewal, should we decide to carry on more extensive work.

Trusting you will give this matter your favourable consideration.

We have the honour, to be,

Sir,

Yours faithfully,

COASTAL MINING & EXPLORATION CO.

J.W. Milligan & Co.
Secretaries.

6

Mining Ordinance 1925.

I hereby GRANT to JOHN WILLIAMSON MILLIGAN Merchant EDWARD DUKE MOORE Merchant ALAN JORDAN MOURSE Merchant CHARLES MACGREGOR TAYLOR Planter GERARD WILLIAM HODKINSON Planter HARRY BARNETT DUNMAN Settler all of Nairobi in the Colony of Kenya HERMAN FREDERICK ECKSTEIN of the Cavalry Club, 127 Piccadilly, London, England and FRANK WINGFIELD DOUGLASS of Uasin Gishu in the said Colony Settler carrying on business under the style or firm of the COASTAL MINING AND EXPLORATION COMPANY (hereinafter referred to as "The Company") sole license and authority to search and mine the lands being all that area of land set forth and bordered blue on the map annexed hereto and delineated in the First Schedule hereto and comprising about Fifteen Thousand Two Hundred square miles less the areas as hereinafter provided for coal subject to the provisions of the said Ordinance and Regulations thereunder the term "coal" being deemed to be only as defined in the Second Schedule attached hereto.

1. This license does not apply to any private land within the said area. To such private land the provisions of the said Ordinance apply.
2. This license does not apply to the gathering ground of any public water supply that may at any time be installed within the boundaries of the aforesaid Fifteen thousand two hundred square miles nor shall residence of any of the staff of the Company be allowed within such areas.
4. This license is to remain in force for the term of two years from the *twentieth* day of *January 1927* unless forfeited or determined in the meantime, and is subject to the provisions of the Mining Ordinance, 1925 and to the Rules and Regulations for the time being in force thereunder.
5. The Company shall have liberty :-
 - (a) To make borings sink pits and shafts and do all necessary things for the same purpose.
 - (b) To use any water from any stream spring lake or river for domestic purposes, and also such water as may be absolutely necessary for the efficient working of any mining operations in use by the Company, provided that lower riparian owners are in no way injuriously affected.

(c) To use any timber as fuel for domestic purposes and machinery provided that no fuel may be taken from a forest reserve without the consent of the Conservator of Forests and subject to any royalties that may be imposed, and provided that no fuel may be taken from any private land without the consent of the owner and upon payment of compensation to the owner if demanded. For the purpose of this Clause Native Reserves shall be deemed to be private land and the Provincial Commissioner concerned shall be deemed to be the owner.

(d) To enter closed Districts provided that this liberty may be withdrawn by the Governor at any time, and provided that natives who own land communally within any closed district shall be entitled to compensation under Section 65 of the Mining Ordinance 1935, as if they were living within a Native Reserve.

(e) To remove machinery buildings mining apparatus and accessories thereto from any sphere of operations and to erect the same in any other sphere as desired.

(f) To utilize any coal won to further prospecting operations within the limits of this concession.

6. Substantial cessation of operative or prospecting operations by the Company without reasonable cause being shown shall be deemed an abandonment of this licence. For the purpose of this clause the Company shall submit a full report of all work done and investigations made to the Commissioner of Mines at least every six months during which this or any subsequent licence remains in force.

7. At all times the Commissioner of Mines or his representative shall have full access to the books and records of the Company in so far as prospecting and mining operations are concerned.

8. The Governor has the right to require from the Company a full report upon the surface and sub-surface conditions disclosed by their operations and to possess the right of publishing such reports whether they refer to areas upon which operations are taking place at that time or not.

9. When the Company desire to sink a shaft they shall be at liberty to notify the Governor and if they so request the Governor may at his sole discretion exclude an area of the five square miles taking the bore hole as the centre from the operations of the said Ordinance under Clause 4(h) of the Mining Ordinance 1885 reserving and reserving the rights of the Company to prospect for coal in the area so excluded provided that this exclusion by the Governor shall be withdrawn upon abandonment of any such area and the Company shall notify the Commissioner of Mines on such abandonment. In the event of the Company exercising this right they shall forward to the Commissioner of Mines a sketch and full particulars of the area which it is desired to protect.

10. The Governor shall have the right at any time during the continuance of the term hereby granted to purchase the entire interests of the licensee or its assignees under this license or such other license as may be issued in substitution thereof or to acquire a controlling interest therein the purchase price as payable shall be determined by arbitration.

11. In the event of any disagreement between the Governor and the Company on any matter arising out of the special conditions of this license the question in dispute shall be submitted to arbitrators one of whom shall be appointed by the Governor and one by the Company and in the event of the arbitrators being unable to come to an agreement an umpire shall be appointed by the arbitrators. The decision of the arbitrators if in agreement or of the umpire in case of disagreement shall be final and binding on both parties.

12. No royalty for coal so distinct from export duty will be charged by the Governor.

13. This license may be determined at any time by the Company and is liable to be cancelled by the Governor upon breach of any of the conditions herein expressed or implied by giving one month's notice in writing.

14. This license or any interest thereunder may not be assigned by the Licensee Company without the consent in writing of the Governor.

WITNESSE the *Twentieth* day of *January* 1887.

(*Sd*) Edward Gigg.

9. When the Company desire to sink a shaft they shall be at liberty to notify the Governor and if they so request the Governor may at his sole discretion exclude an area of the five square miles taking the bore-hole as the centre from the operations of the said Ordinances under Clause 4(h) of the Mining Ordinance 1925 excepting and reserving the rights of the Company to prospect for coal in the area so excluded provided that this exclusion by the Governor shall be withdrawn upon abandonment of any such area and the Company shall notify the Commissioner of Mines on such abandonment. In the event of the Company exercising this right they shall forward to the Commissioner of Mines a sketch and full particulars of the area which it is desired to protect.

10. The Governor shall have the right at any time during the continuance of the term hereby granted to purchase the entire interests of the Licensee or its assignees under this license or such other license as may be issued in substitution therefor or to acquire a controlling interest therein the purchase price as payable shall be determined by Arbitration.

11. In the event of any disagreement between the Governor and the Company on any matter arising out of the special conditions of this license the question in dispute shall be submitted to arbitrators one of whom shall be appointed by the Governor and one by the Company and in the event of the arbitrators being unable to come to an agreement an Umpire shall be appointed by the arbitrators. The decision of the arbitrators if in agreement or of the Umpire in case of disagreement shall be final and binding on both parties.

12. No royalty for coal as distinct from export duty will be charged by the Governor.

13. This license may be determined at any time by the Company and is liable to be cancelled by the Governor upon breach of any of the covenants herein expressed or implied by giving one month's notice in writing.

14. This license or any interest thereunder may not be assigned by the Licensee Company without the consent in writing of the Governor.

DATED the *fourteenth* day of *January* 1927.

(Sd) E. W. Greig

- 4 -

FIRST SCHEDULE.

An area comprising approximately Fifteen Thousand Two Hundred square miles and bounded as follows :-

Commencing on right bank of the Tana River at the centre of the village Kumbi and thence following straight lines south-westerly through the following points :-

- (a) A point on the south-western boundary of Tanganyika Province (as described in the Official Gazette 1st January 1911, page 9) forty-three miles from the south of ^{the} Mt Kilifi (or Fomalhaut)
- (b) A point one and a quarter miles due west from the Trigonometrical Beacon (Latitude $3^{\circ} 57' 28.3''$ South, Longitude $35^{\circ} 56' 43.7''$ East) on the summit of Kilibani Hill.
- (c) The intersection of Longitude $35^{\circ} 44'$ East with the Kenya Tanganyika Boundary, about forty miles along that boundary, westerly from a point on the same due south-west of Vanga

Thence by the Kenya Tanganyika Boundary north-westerly to a point approximately two miles beyond the north-east shore of Lake Ghala, thence by straight lines passing through the points of intersection of Latitude $3^{\circ} 00' 00''$ South and Longitude $35^{\circ} 00' 00''$ East; and Latitude $3^{\circ} 00' 00''$ South and Longitude $39^{\circ} 00' 00''$; thence by a straight line to its intersection with the right bank of the Tana River, which line produced intersects with Latitude $1^{\circ} 00' 00''$ South and Longitude $40^{\circ} 00' 00''$ East; thence by the west bank of the Tana River downstream to the point of commencement - all of which is more particularly delineated on the plan attached hereto and thereon coloured blue excepting and excluding the following areas :-

- (a) Areas already granted under sole prospecting licences.
- (b) Claims already registered or hereafter registered for gold, precious stones, and minerals.
- (c) Areas over which beneficial mineral rights are held by lease or otherwise, provided that such rights are recognised by the Government.
- (d) Areas not yet adjudicated upon by the Land Registration Court.
- (e) Government protection areas under the Mining Ordinance 1911.
- (f) Lands dedicated or set apart for any public purpose.

- (g) Land situate within any township or Municipal area except with the consent of the owner of the land and also of the Governor or Municipal Authority.
- (h) Land reserved for the purpose of any Railway or situate within a hundred yards of any Railway except with the consent of the Railway Administration.
- (i) Land the site of or within three hundred yards of any building or the site of or within five hundred yards of any artificial dam or reservoir the property of the Crown or of the Government except with the sanction of the Governor.
- (j) Land lawfully and bona fide used as a yard, garden, cultivated field or as the site of any building or artificial dam or reservoir or land within three hundred yards of any building or within five hundred yards of any artificial dam or reservoir and the property of or leased by the owner of such building artificial dam or reservoir except with the consent of the owner and owner of the land provided however such exemption shall cease upon payment of compensation to the land owner for the loss resulting from the consent of such exemption such compensation if not otherwise agreed upon to be determined by arbitration.

The person desiring the consent of such exemption and the land owner shall be deemed parties to such arbitration.

- (k) Any street, road, road reserve or highway without the consent of the Governor in writing or of the Municipal Corporation or other public body having the control thereof.

PROVIDED ALWAYS that if the rights held under Clauses (a) (b) (c) are withdrawn by the owner or lapse in any way during the term of this concession such land shall be deemed to come within the scope of this concession and the Company shall have the rights of prospecting and searching over such land.

AND PROVIDED ALSO that under Clause (d) if the Recorder of Titles shall declare any land to be Crown Land during the term of this concession the Company shall have the rights of prospecting and searching over such land.

SECOND SCHEDULE.

"COAL" includes all descriptions of coal lignite and carbonaceous shale.

- (g) Land situate within any township or Municipal area except with the consent of the owner of the land and also of the Governor or Municipal Authority.
- (h) Land reserved for the purpose of any Railway or situate within a hundred yards of any Railway except with the consent of the Railway Administration.
- (i) Land the site of or within three hundred yards of any building or the site of or within five hundred yards of any artificial dam or reservoir the property of the Crown or of the Government except with the sanction of the Governor.
- (j) Land lawfully and bona fide used as a yard, garden, cultivated field or as the site of any building or artificial dam or reservoir or land within three hundred yards of any building or within five hundred yards of any artificial dam or reservoir and the property of or leased by the owner of such building artificial dam or reservoir except with the consent of the owner and occupier of the land provided however such exemption shall cease upon payment of compensation to the land owner for the loss resulting from the exercise of such exemption such compensation if not otherwise agreed upon to be determined by arbitration.

The person desiring the exercise of such exemption and the land owner shall be deemed parties to such arbitration.

- (h) Any street, road, road reserve or highway without the consent of the Governor in writing or of the Municipal Corporation or other public body having the control thereof.

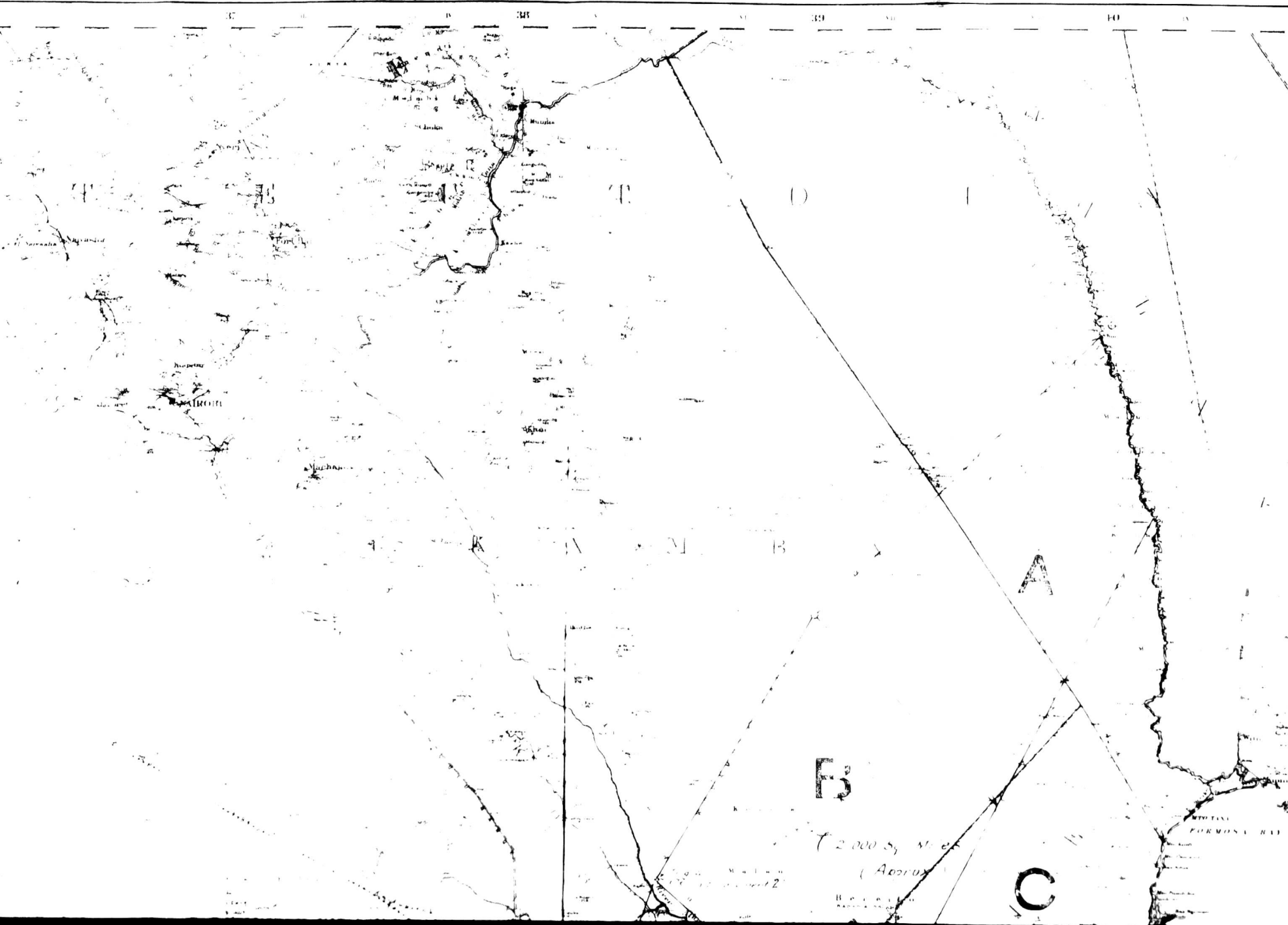
PROVIDED ALWAYS that if the rights held under Clauses (a) (b) (c) are withdrawn by the owner or lapse in any way during the term of this concession such land shall be deemed to come within the scope of this concession and the Company shall have the rights of prospecting and searching over such land.

AND PROVIDED ALSO that under Clause (d) if the Recorder of Titles shall declare any land to be Crown Land during the term of this concession the Company shall have the rights of prospecting and searching over such land.

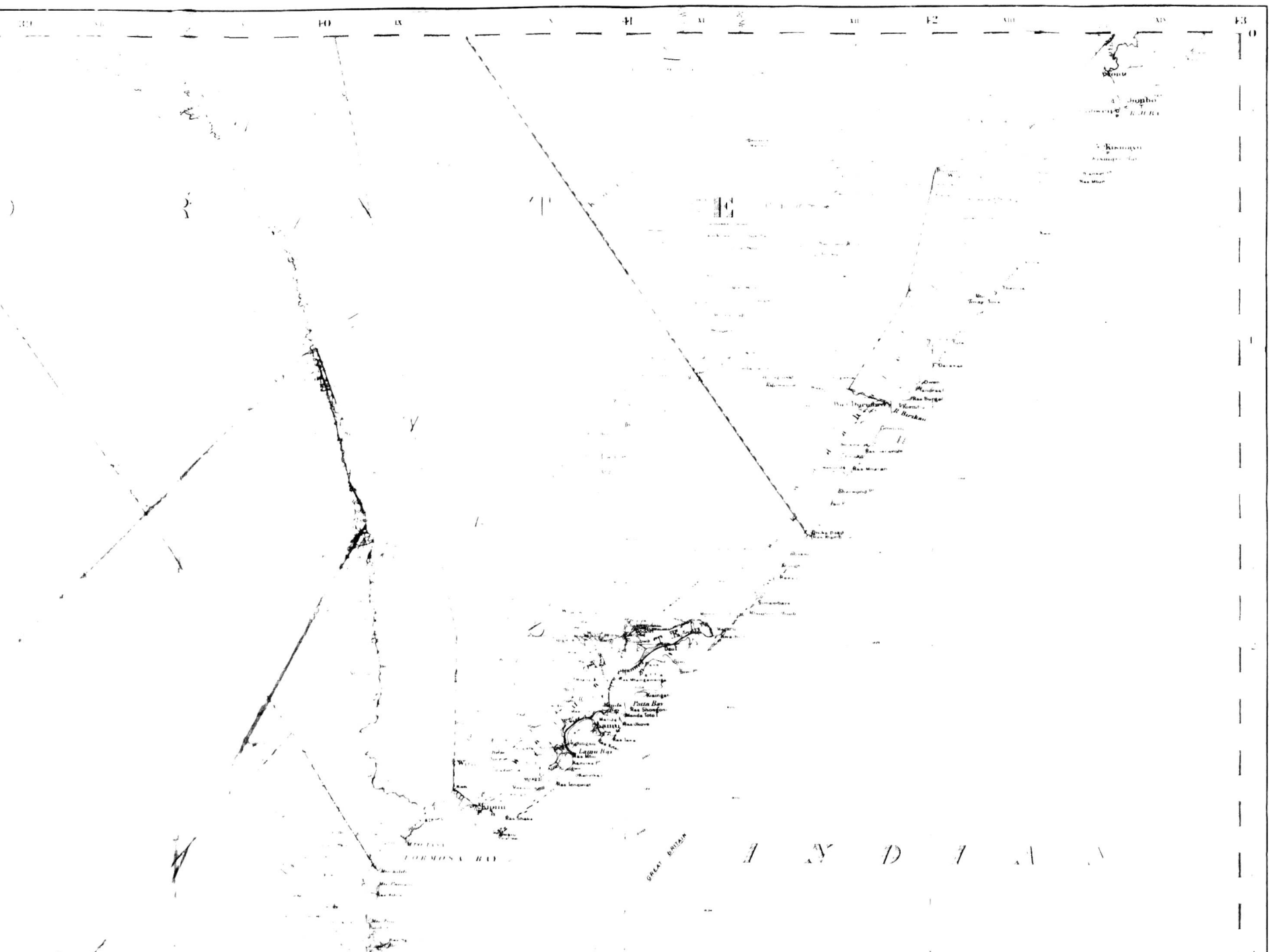
SECOND SCHEDULE

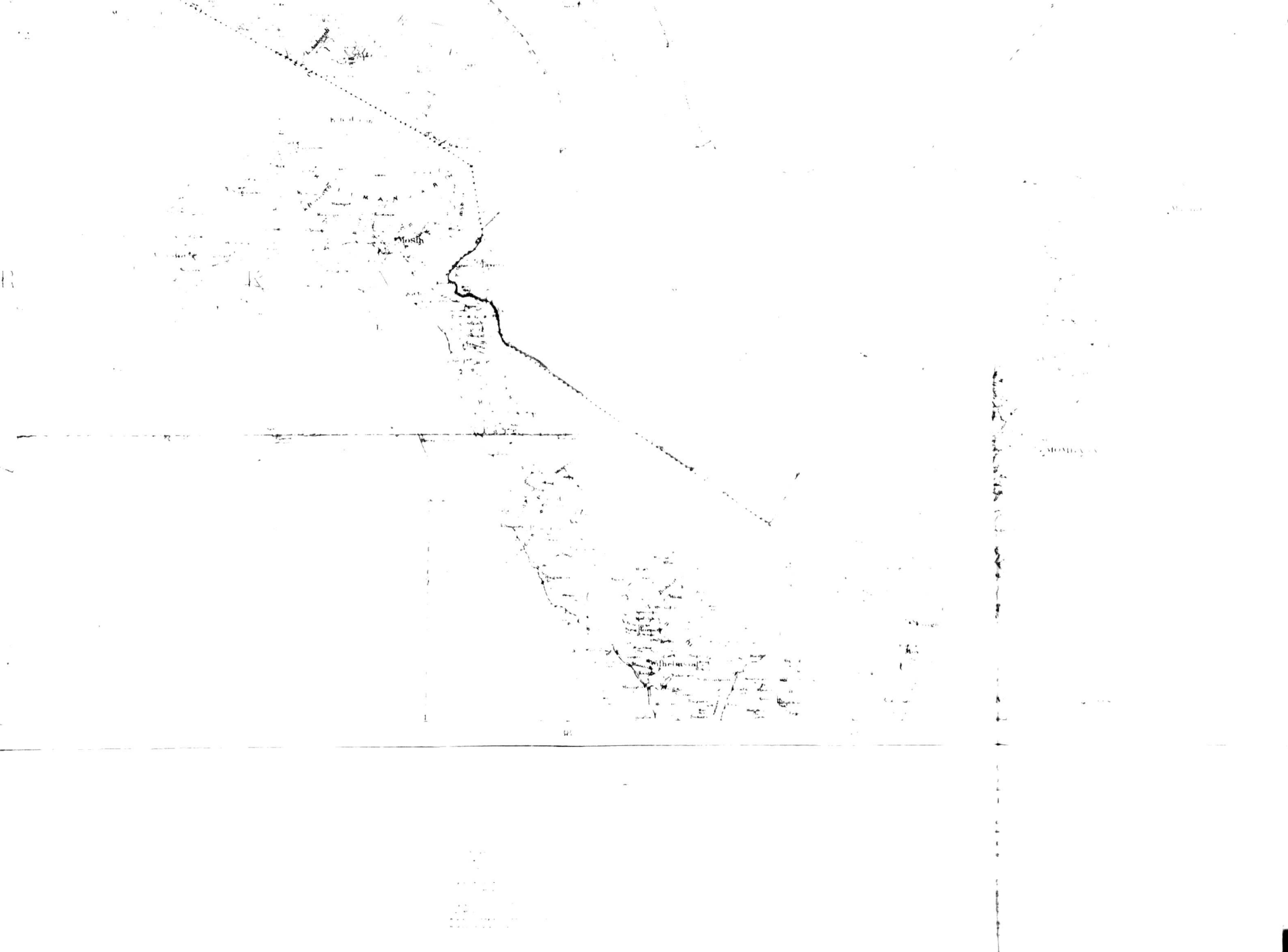
"COAL" includes all descriptions of coal lignite and carbonaceous shale.

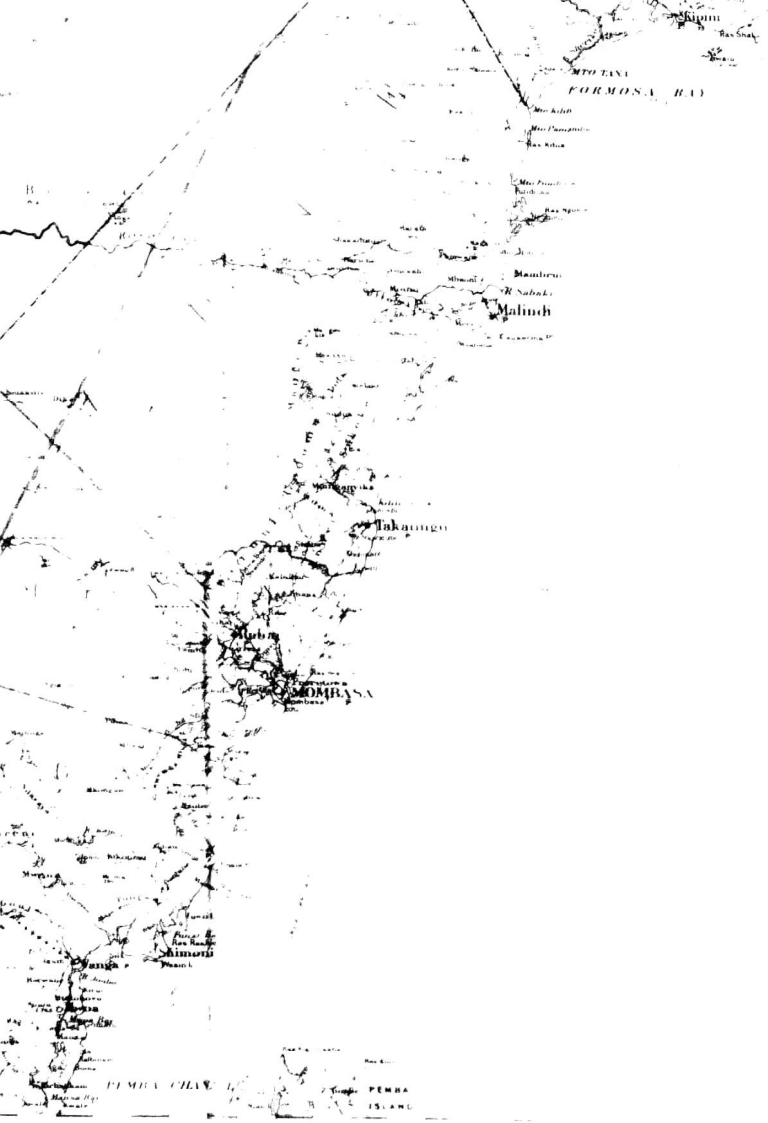
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THE RIGHT HONOURABLE
LIEUTENANT GOVERNOR L. C. M. S. AMERY, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.

G O V E R N M E N T

Your most obedient, humble servant,

Sir,

I have the honour to be,

Yours faithfully,

When the occasion arises for the issue of such

license transmitted by you will be taken into considera-

The Model Prospecting License and Mining

approval.

provisions in accordance with the form of license

has been amended to provide for the filling in

with your despatch under reference and that clause

of the letter from the petroleum department enclosed
cover the requirements suggested in the last paragraph

made to clause 5(c) of the original draft license to

You will observe that an addition has been

made to the company.

and the terms of the license which have been

license to explore for oil and gas the honor to

the prospecting and exploration (part) of a

of the terms of the license, and the terms to

With reference to the prospecting license

Sir,

1952





SECRET

20 December, 1926.

Sir,

With reference to your despatch No. 964 of the 12th October last, relating to the issue to the Coastal Mining and Exploration Company of a licence to explore for oil, I have the honour to enclose two copies of the licence which has been issued to the Company.

2. You will observe that an addition has been made to Clause 9(b) of the original draft licence to cover the requirements suggested in the last paragraph of the letter from the Petroleum Department enclosed with your despatch under reference, and that Clause 13(a) has been amended to provide for the filling in of excavations in accordance with the form of licence approved.

3. The Model Prospecting licence and Mining lease transmitted by you will be taken into consideration when the occasion arises for the issue of such licences.

I have the honour to be,

Sir,

Your most obedient, humble servant,

G O V E R N O R .

THE RIGHT HONOURABLE
LIEUTENANT COLONEL E. M. S. AMERY, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.

OIL PRODUCTION ORDINANCE 1924.

I HEREBY GRANT to John Williamson Milligan Merchant Edward Duke Moore Merchant Alan Gordon Maurice Merchant Charles Macgregor Taylor Planter Gerard William Hodgkinson Planter Harry Barnett Duman Settler all of Nairobi in the Colony of Kenya Herman Frederick Eckstein of the Cavalry Club 127 Piccadilly London England and Frank Wingfield Douglass of Uasin Gishu in the said Colony settler carrying on business under the style or firm of the COASTAL MINING AND EXPLORATION COMPANY (hereinafter referred to as "The Company") sole license and authority to search and mine the lands being all that area of land set forth and bordered red and marked "A" and "B" on the map annexed hereto and delineated in the First Schedule hereto and comprising about eight thousand four hundred square miles less the areas as hereinafter provided for oil subject to the provisions of the said Ordinance and Regulations thereunder the term "oil" being deemed to be only as defined in the second schedule attached hereto.

2. This license does not apply to any private land within the said area. To such private land the provisions of the said Ordinance apply.

3. This License does not apply to the gathering ground which feeds the intake of the Embasa Water Supply nor to the gathering ground of any other public water supply that may at any time be installed within the boundaries of the aforesaid eight thousand four hundred square miles, nor shall residence of any of the staff of the Company be allowed within such areas.

4. This License is to remain in force for the term of one year from the *1st day of January 1925* unless forfeited or determined in the meantime and is subject to the provisions of the Oil Production Ordinance 1924 and to the rules and regulations for the time being in force thereunder.

5. The Company shall have liberty subject to the provisions of the Oil Production Regulations 1925

(a) To make borings sink pits and shafts and do all

necessary things for the same purpose. All excavations which may have been made on the said land during the time of this license shall be filled up and so far as possible the surface of the land shall be restored to its previous condition and the Licensees hereby indemnify the Governor against all claims and payments which may have been made by any other party for damage shown to result from the exercise of the powers hereby conferred and against all costs and expenses relating thereto.

To use any water from any stream spring lake or river for domestic purposes, and also such water as may be absolutely necessary for the efficient working of any mining apparatus in use by the Company, provided that lever riparian owners are in no way injuriously affected.

(c) To use any timber as fuel for domestic purposes and machinery provided that no fuel may be taken from a forest reserve without the consent of the Conservator of Forests and subject to any royalties that may be imposed, and provided that no fuel may be taken from any private land without the consent of the owner and upon payment of compensation to the owner if demanded. For the purposes of this clause Native Reserves shall be deemed to be private land and the Provincial Commissioner concerned shall be deemed to be the owner.

(d) To enter closed Districts provided that this liberty may be withdrawn by the Governor at any time, and provided that natives who own land communally within any closed district shall be entitled to compensation as if they were living within a Native Reserve.

(e) To remove machinery buildings mining apparatus and accessories thereto from any sphere of operations and to erect the same in any other sphere as desired.

(f) To utilise any oil won to further prospecting operations within the limits of this concession.

6. Substantial cessation of executive or prospecting operations by the Company without reasonable cause being shown shall be deemed as

abandonment of this licence. For the purpose of this clause the Company shall submit a full report of all work done and investigations made to the Commissioner of Mines at least every six months during which this or any subsequent licence remains in force.

7. At all times the Commissioner of mines or his representative shall have full access to the books and records of the Company in so far as prospecting and mining operations are concerned.

8. (a) The Governor has the right to require from the Company a full report upon the surface and sub-surface conditions disclosed by their operations and to possess the right of publishing such reports whether they refer to areas upon which operations are taking place at that time or not.

(b) The Licensees shall furnish to the Commissioner of Mines copies of all confidential reports as and when made in relation to the work done together with copies of any maps made and also full information as to any specimens or samples removed.

9. When the Company desire to sink a shaft they shall be at liberty to notify the Governor and if they so request the Governor may at his sole discretion exclude an area of the five square miles taking the borehole as the centre from the operations of the said Ordinances under clause 4(h) of the Mining Ordinance 1925 excepting and reserving the rights of the Company to prospect for coal in the area so excluded provided that this exclusion by the Governor shall be withdrawn upon abandonment of any such area and the Company shall notify the Commissioner of Mines on such abandonment. In the event of the Company exercising this right they shall forward to the Commissioner of Mines a sketch and full particulars of the area which it is desired to protect.

10. The Governor shall have the right at any time during the continuance of the term hereby granted to purchase the entire interests of the Company or its assignees under this licence or such other licence as may be issued in substitution therefor or to acquire a controlling interest therein and the purchase price so payable shall be determined by Arbitration.

11. In the event of any disagreement between the Governor and the Company on any matter arising out of the special conditions of this license the question in dispute shall be submitted to arbitrators one of whom shall be appointed by the Governor and one by the Company and in the event of the arbitrators being unable to come to an agreement an Umpire shall be appointed by the arbitrators. The decision of the arbitrators if in agreement or of the Umpire in case of disagreement shall be final and binding on both parties.

12. This license may be determined at any time by the Company and is liable to be cancelled by the Governor upon breach of any of the covenants herein expressed or implied by giving one month's notice in writing.

13. The Company shall not assign this license or any interest thereunder without the written consent of the Commissioner of Mines for which consent a fee of Shillings Ten shall be paid by the Company.

DATED the 13th day of December 1926.

(Sd) H. J. Martin

COMMISSIONER OF MINES.

Fee Shs. 10/-
Regn. Fee Shs.

FIRST SCHEDULE.

An area comprising approximately eight thousand four hundred square miles and bounded as follows :-

Commencing at the centre of the village Kambi following the West bank of Tana River down stream to the Coast; thence by high water mark along the Coast to the boundary between the Colony of Kenya and Tanganyika Territory; thence by that boundary for a distance of approximately 40 miles; thence by the middle line (see schedule III hereto) to the point of commencement, which is more particularly delineated on the plan attached hereto and thereon bordered red; excepting and excluding the following areas :-

- (a) Areas already granted under sole prospecting licenses.
- (b) Claims already registered or hereafter registered for gold, precious stones and minerals.
- (c) Areas over which beneficial mineral rights are held by lease or otherwise, provided that such rights are recognized by the Government.
- (d) Areas not yet adjudicated upon by the Land Registration Court.
- (e) Government protection areas under the Mining Ordinance 1913.
- (f) Lands dedicated or set apart for any public purpose.
- (g) Land situate within any township or Municipal area except with the consent of the owner of the land and also of the Governor or Municipal Authority.
- (h) Land reserved for the purpose of any Railway or situate within a hundred yards of any railway except with the consent of the railway administration.
- (i) Land the site of or within three hundred yards of any building or the site of or within five hundred of any artificial dam or reservoir the property of the Crown or of the Government except with the sanction of the Governor.
- (j) Land lawfully and bona fide used as a yard, garden, cultivated field or as the site of any building or artificial dam or reservoir or land within three hundred yards of any building or within five hundred yards of any artificial dam or reservoir and the property of or leased by the owner of such building artificial dam or reservoir except with the consent of the owner and occupier of the land provided however such exemption shall cease upon payment of compensation to the land owner for the loss resulting from the assessor of such exemption, such compensation if not otherwise agreed upon to be determined by arbitration.

The person desiring the assessor of such exemption and the land owner shall be deemed parties to such arbitration.

- (k) Any street, road, road reserve or highway without the consent of the Governor in writing or of the Municipal Corporation or other public body having the control thereof.

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EN

PROVIDED ALWAYS that if the rights held under clauses (a) (b) (c) are withdrawn by the owner or lapses in any way during the term of this concession such land shall be deemed to come within the scope of this concession and the Company shall have the rights of prospecting and searching over such land.

AND PROVIDED ALSO that under clause (d) if the Recorder of Title shall declare any land to be Crown land during the term of this concession the Company shall have the rights of prospecting and searching over such land.

SECOND SCHEDULE.

"MINERAL OIL" includes bitumen, asphalt, and other bituminous substances with the exception of coal.

" OIL " includes all description of mineral oil and natural gas.

THIRD SCHEDULE.

The middle line commences on the Western Bank of the Tana River at the centre of the village Numbi and thence follows straight lines south - westerly through the following points :-

- (a) A point on the south-western boundary of Lamaland Province (as described in the Official Gazette 1st January 1911, page 9) forty-three miles from the mouth of the Mto Kilifi (or Fumalant) (b) a point one and a quarter miles due west to the Trigonometrical Station (Latitude $3^{\circ} 57' 29.3''$ South Longitude $35^{\circ} 56' 43.7''$ East) on the summit of Kilibasi Hill (c) the intersection of Longitude $35^{\circ} 44'$ East with the Kenya Tanganyika Boundary, about forty miles north-westerly along that boundary from a point on the same due south-west of Vanga.

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END

PROVIDED ALWAYS that if the rights held under clauses (a) (b) (c) are withdrawn by the owner or lessee in any way during the term of this concession such land shall be deemed to come within the scope of this concession and the Company shall have the rights of prospecting and searching over such land.

AND PROVIDED ALSO that under clause (d) if the Recorder of Titles shall declare any land to be Crown Land during the term of this concession the Company shall have the rights of prospecting and searching over such land.

SECOND SCHEDULE.

"MINERAL OIL" includes bitumen, asphalt, and other bituminous substances with the exception of coal.

" OIL " includes all description of mineral oil and natural gas.

THIRD SCHEDULE.

The middle line commences on the Western Bank of the Tana River at the centre of the village Kumbi and thence follows straight lines south - westerly through the following points :-

- (a) A point on the south-western boundary of Lamaland Province (as described in the Official Gazette 1st January 1911, page 9) forty-three miles from the mouth of the Mto Kilifi (or Fumalant) (b) a point one and a quarter miles due west to the Trigonometrical Station (latitude $3^{\circ} 57' 20.3''$ South Longitude $28^{\circ} 26' 43.7''$ East) on the summit of Kilibasi Hill (c) the intersection of Longitude $28^{\circ} 44'$ East with the Kenya Tanganyika Boundary, about forty miles north-westerly along that boundary from a point on the same due south-west of Vanga.