

1924

KENYA

193

55177

DATE

RE  
RE 25 NOV 24

MARRIOTT, H.F.

24th November 1924.

REGULATION

MAGADI SODA CO. RECONSTRUCTION.  
GOVT. REPRESENTATIVE

Act of 1924

U.S. of S.

U.S. of S.

U.S. of S.

Secretary of State

Previous Paper

4193

Sec

1924  
3 DEC

3 DEC 1924

x So. Brunner more  
x So. Off Receiver - cons  
x So. Further Amm...  
copy, copy x copy dec 26  
So. Kenya 1931

Mr. Marriott now appointed representative of the Government of Kenya on the Board of the reconstructed new Company. The interests of the Lake and the Railway of the new Company (54227/24) are ready for communication to Messrs. Brunner, Mond and Company, and copies have already been sent to the Governor by this week's mail for his information. In addition, a telegram has been sent, indicating the principal further modifications which have been made. The Lease of the Company's port at Kilindini, which has also to be executed, is still under preparation by the Kenya Government. The Deed providing for the surrender of the interests of the old Magadi Company has also been prepared (54427/24).

I understand from the solicitors that the date of the next meeting of the Court, dealing with the reconstruction of the Company, is not yet

Subsequent Paper

Trade  
57002

Section of Memorandum of Agreement.

Reference in Draft Leases.

B. (9)	Rly. Lease Clause 13
B. (10)	do. " 18
B. (12)	do. " 21

? now (a) Write to Messrs. Brunner Mond, reference Colonial Office letter <sup>on</sup> 50902/24 enclosing copies of the latest revised Draft Lake and Railway Leases, explaining that they have been prepared so as to embody as closely as possible the conditions of the memorandum of agreement which was enclosed in Colonial Office letter 23752/24 of the 30th May, but that if they have any observations to offer upon the terms of the Leases, the Secretary of State will be glad to consider their views. Say that the observations of the Governor of Kenya on the Draft Leases have not yet been received, and the Secretary of State must, therefore, reserve the right to modify the Leases, if necessary, in the light of the Governor's views.

Explain particularly (i) that the Leases have been drafted so as to come into force with effect from the 1st November, 1924, the reason for this being that the General Manager has recommended the adoption of the date 31st October as the end of the yearly <sup>periods</sup> ~~payments~~ for the payment of freight and royalties, and that it was <sup>thought</sup> ~~thought~~ desirable, for the sake of convenience, to adopt the 1st November, 1924, as the date of commencement of the first yearly <sup>period</sup> ~~payment~~. Ask if they concur. (ii) That the Draft

Port Lease has not yet been received from the Governor of Kenya, by whom it is being prepared, and that it is hoped that it will be available shortly. Add that Mr. H. F. Marriott of 1, Broad Street, Street Place, London, E.C.2., has been nominated by the Government of Kenya as representative of that <sup>Govt</sup>

Company

yet fixed, but the meeting will, no doubt, not be long delayed.

It appears that the next step is to obtain authority for communicating the Draft Lake and Railway Leases ~~and the Draft Deed of Surrender~~ to Messrs. Brunner Mond and Company. The memorandum on 52366/24 gives the history of the case up to the time when the selection of the Government Director was under consideration. The last paragraph of the memorandum stated that the Governor's views on the Draft Leases were being awaited before the Drafts were communicated to Messrs. Brunner Mond, but I understood you to say, since then, that it might be as well to send the Drafts to Messrs. Brunner Mond without waiting for the Governor's comments, so as to retain the opportunity of making further modifications if this should appear necessary. The following table will show how effect has been given to the principal conditions of the memorandum of agreement (on 23752/24).

*Not attached  
to party letter  
John B. ...*

<u>Section of Memorandum of Agreement.</u>	<u>Ref. in Draft Leases.</u>
--	------------------------------

A. (2)	Lake Lease Clause 2	" 4
A. (4)	do.	" 5 (iv)
A. (7)	do.	" 5 (v) (A)
	do.	" 5 (v) (B)
	do.	" 5 (v) (C)
	do.	" 5 (xxiv)
A. (10)	Rly. Lease	" 2 & 3
B. (2)	do.	" 6 (ii)
B. (4)	do.	" 4 (ii) (B)
B. (6)	do.	" 12
B. (7) (a)	do.	" 11 (B) (C) (i)
B. (7) (b) (c) (d)	do.	" 11 (C) (iv)
B. (7) (e)	do.	" 21
B. (7) (f)	do.	" 21

Company on the Board of Directors of the new Company, and has consented to serve in this capacity.

- (b) Write to the Official Receiver enclosing for any observations which he may have to offer, copy of the Draft Deed of Surrender (54427/24), and also send him, for his information, copies of the Draft Railway and Lake Leases. (Perhaps we should also ask in connection with the Deed of Surrender<sup>4</sup> whether it would be possible for him to obtain the Order of the Court under (6) of the Preamble when the reconstruction scheme comes before the Court - see minute on 54427/24) *4/5*
- (c) Acknowledge Mr. Marriott's letter, and note that he is prepared to join the Board of Directors as representative of the Government of Kenya, and promise a further communication in the event of the Secretary of State desiring to consult him on any point.
- (d) Send to the Governor, for information, reference on 54793, copy of the letters proposed above to Messrs. Brunner Mond, and to the Official Receiver, with a copy of the Deed of Surrender and also, with reference to his telegram on 53226, copies of the letter of 21st November to Mr. Marriott and of Mr. Marriott's reply.
- (e) Send to Messrs. Sutton Ommanney and Oliver, copies of the letters to Messrs. Brunner Mond and to the Official Receiver.

SP.  
21/1/24

As to A. I think that as we are now ready to communicate with Messrs. Brunner Mond, who have shown signs of impatience, we should do so at once.

As to B. This may give trouble. It makes for convenience both in drafting and in operation, and the Company need not object to the loss of two

or three months in a term of 99 years. But two or three months out of the first period of five years, and out of the period of two years during which no output is stipulated, are more important. We must see what they say.

Apart from the above I have nothing to add to Mr. Seel's minute.

*to C.S. 28/11/24*  
*C.S. 2/12/24*  
*to Mr. Marriott*  
*Mr. Marriott would prefer*  
*(a) He is going to Greece &*  
*give him copies of the Deed &*  
*to read up.*  
*(b) He does not recommend that any*  
*of the London staff of the old Co.*  
*be kept on. Col. G. would be an*  
*excellent fellow but too much like*  
*"bull at a gate".*  
*(c) He asked as to remuneration &*  
*said - by fees paid by the Co. like*  
*any other Director. If he found this*  
*inadequate he had no need to*  
*suffer in silence but should not*  
*promise any sort of remuneration*  
*(d) As he has already told me many*  
*of his objections to the Co. to him*  
*Brunner Mond would be of great*

Company on the Board of Directors of the new Company, and has consented to serve in this capacity.

(b) Write to the Official Receiver enclosing for any observations which he may have to offer, copy of the Draft Deed of Surrender (54427/24), and also send him, for his information, copies of the Draft Railway and Lake Leases. (Perhaps we should also ask in connection with the Deed of Surrender whether it would be possible for him to obtain the Order of the Court under (6) of the Preamble when the reconstruction scheme comes before the Court - see minute on 54427/24)

(c) Acknowledge Mr. Marriott's letter, and note that he is prepared to join the Board of Directors as representative of the Government of Kenya, and promise a further communication in the event of the Secretary of State desiring to consult him on any point.

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STP  
21.11.44

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As to B. This may give trouble. It makes for convenience both in drafting and in operation, and the Company need not object to the loss of two

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Apart from the above I have nothing to add to Mr. Seel's minute.

W.C.S.

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Mr. Marriott's letter

a) He is going to Grace

- gave him copies of the deed and to read up.

(b) He does not recommend that any of the London staff of the old Co. be kept on. Col. G. says it is excellent fellow but too much like "bull at a gate"

(c) He asked us to remunerate him - by fees paid by the Co. like any other Director. If he found this inadequate he had as need to suffer in silence but should not promise any further remuneration

(d) As he has already told me many things about the lease to be granted Brunner Mond should go off at once

W.C.S. 3.12.44

Re admt to P/52369/10/1917

1917

RECONSTRUCTION OF THE MAGADI SODA COMPANY.

Lake Magadi, with its deposits of <sup>Carbonate</sup> ~~permanenate~~ of soda, was leased in 1911 to the Company, which had been formed by Messrs. Sir Marcus Samuel & Sons under an agreement for the lease made with that firm in 1909. There was also an agreement that the Company should construct a Branch Railway from the Uganda Railway to the Lake, of which a lease would be given by the Government to the Company for the period of the Lake Lease, and a further agreement, not so definite that land would be provided at Kilindini Harbour at which the Company would make a Port for their business.

The Railway has been constructed and the Port exists, but the Company made poor progress with its work. There was some bad management locally, and their methods of extracting the soda were experimental and not very successful. In addition, the War hindered their progress for many years, especially as for some time the Lake was in an area of active operations, while, on the other hand, the intense competition which they had to face, especially in Eastern markets, with Messrs. Brunner, Mond & Company, led to some improvident contracts, which brought little benefit to the Company. The Company got into difficulties and an attempt to arrange voluntary reconstruction broke down, owing to the attitude of certain creditors, <sup>and of the Court.</sup> ~~of the Court.~~ An Order for compulsory liquidation was granted, and it fell to the Official

Receiver

Receiver, and the Colonial Office, on behalf of the Government of Kenya (by whom formal notice of re-entry on the property had been given), to decide on a scheme for a new Company.

There were two alternatives:-

- 1) An independent Company, which would depend for its existence on successful competition with Brunner Mond, and would, therefore, have every incentive to turn out a maximum of soda from the Lake.
- 2) The proposal by Messrs. Brunner, Mond & Company for a company under their control with a Government Director.

It appeared that neither scheme could be sure of gaining, in competition with the other, the necessary two-thirds majority of the shareholders and creditors of the old Company. To the Colonial Office the independent scheme seemed preferable, provided that the competition with Brunner Mond would be successful. If it failed, we should obviously be in a worse position for bargaining with that Company. From such figures as were available it seemed that, in certain respects, the competition would probably be successful, and in particular, that Brunner Mond's control of the manufacture of soda crystals (washing soda) in this country, and the high profits which it appeared to bring to them, would give the independent Magadi Company a chance of fighting Brunner Mond successfully on their own ground.

On the other hand, the Brunner Mond scheme

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On the other hand, the Brunner Mond  
scheme

scheme gave the advantage of expert management, and, provided that it could be ensured they would not simply lock up Magadi, it seemed the more prudent course.

Eventually, the necessity for the choice did not arise, as the promoters of the independent scheme withdrew after arriving at terms with Brunner Mond. Their action was largely determined by the fact, referred to above, that they could not be sure of carrying their own scheme with the interests involved.

23752/24  
 A Memorandum of terms of agreement was completed here, in consultation with Messrs. Brunner Mond, and it ensures a certain output from the Lake <sup>by providing</sup> ~~provided~~ that the charges of the Government in respect of ~~short~~ freight on the railway, and royalty, would be <sup>paid</sup> the same whether the <sup>minimum</sup> ~~maximum~~ output is produced or not.

At the same time, a Memorandum of ~~the~~ Terms of Reconstruction was prepared by the Official Receiver, and agreed with the Colonial Office and Brunner Mond.

The present position is that the creditors and shareholders have agreed to the terms of reconstruction, with certain alterations proposed by the Official Receiver, and that our Solicitors have prepared drafts of the new Leases of the Lake and the Branch Railway which ~~was~~ <sup>are</sup> being revised after examination here, and on which we are waiting for the Governor's view, before putting them to Brunner Mond. We are waiting <sup>also</sup> for the receipt from Kenya

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of the draft lease of the land at the Port.  
The appointment of the Government Director  
now requires attention.

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now requires attention.

RECORD

SUTTON, OSMANNEY & OLIVER.

F. C. OLIVER,  
H. M. OSMANNEY

TELEGRAPHIC ADDRESS: "OSMANNEY, LONDON."

TELEPHONE NO. 1259 } LONDON W.C.1.  
NO. 9310 }

RECEIVED

3 & 4, GREAT WINCHESTER STREET,

LONDON, E.C.2.

4th December, 1924.

55177/24

Sir,

Magadi Soda Company.

We beg to acknowledge receipt of your letter of 3rd instant with the accompanying copies of letters to Messrs. Brunner Mond & Company Limited and the Official Receiver, the contents of which we note.

We have the honour to be

Sir,

Your obedient servants,

*Sutton, Osmanney & Oliver*

*5.12.24*  
*5.12.24*  
*5.12.24*

The Under Secretary of State,

Colonial Office,

Downing Street,

S.W.1.

*Hugh F. Marriott*, M. INST. M. E. (PART PART) M. INST. C. E. A. R. S. M. A. R. C. E. & C.  
Consulting Mechanical Engineer

30  
200

TELEPHONE CENTRAL 530,  
TELEGRAMS OTHARI LONDON.

1, BROAD STREET PLACE,  
LONDON, E.C. 2.

55177  
25 NOV 24

24th November 1924.

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

Sir,

Your reference <sup>Kenya</sup> ~~52866/23~~ <sup>207 24</sup>

I have duly received your letter of 21st November 1924 in which you inform me that the Government invites me to join the Board of Directors of the new Magadi Soda Company as the representative of the Government of Kenya. I am deeply sensible of the honour conferred upon me by the Colonial Office and the Government of Kenya in making this nomination, and I accept the nomination with great pleasure.

I will be happy to place myself at your disposal at any time convenient to you for any discussion which will be upon the subject, and at the present time prefer to the confirmation of the new company, for any informal advice or assistance that I may be able to give you in connection with the work you have or may come to do with the business.

I am, Sir,

Yours obedient servant,

*Hugh F. Marriott*

M. I. 55177 / Kenia

3 December 1924

DRAFT.

Kenya  
No. 1231  
Gen. Kenia

1<sup>st</sup> Div. Gen.

With reference to my  
desp. No 1196, of the 25<sup>th</sup>

MINUTE.

Mr. Seel <sup>21/12/24</sup>

Mr. Bolton <sup>21/12/24</sup>

Mr.

Sir J. Shuckburgh.

Sir C. Davis.

Sir G. Grindle.

Sir J. Masterton Smith.

Lord Arnold.

Mr. Thomas.

of November, I have  
etc. to transmit to you,  
for your information,  
the accompanying  
copies of correspondence,  
as noted in the margin  
margin, on the subject  
of the reconstruction of  
the Magadi Soda Company  
limited.

2. Copies with of

Mr. Pond Co. 3/11/24  
of Receiver 54727/24  
of Surrender  
Mr. Parrish 21 Nov. 52966/24  
Mr. Parrish 55177/24 24 Nov.

M. I. 55177 / Mr. Keema

3. December 1924

DRAFT.

1st Cir.

Keema

No.

1231

S. V. Keema

With reference to my

desp. No 1196, of the 25<sup>th</sup>

MINUTE.

Mr. Seel

Mr. Boston

Mr.

Sir J. Shuckburgh.

Sir O. Davis.

Sir G. Grindle.

Sir J. Masterton Smith

Lord Arnold.

Mr. Thomas.

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for your information,  
the accompanying  
copies of correspondence,  
as noted in the margin  
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of the reconstruction of  
the Kasadi Soda Company  
limited.

2. Copies both of

Mr. Bond Co. 3/11/24  
The Receiver  
of Surrender

Mr. Nairn 21 Nov. 52366/24  
Mr. Nairn 55177/24 21 Nov.

Correspondence with Mr. H.F. Marriott are also enclosed, from which you will observe that the gentleman has accepted the position of representative of the Govt of Kenya on the Board of Directors of the reconstructed

Company, which was offered to him in accordance with the recommendation <sup>made</sup> in your despatch ~~let No 324~~ of the 7<sup>th</sup> of November.

despatch No 1286 of the 24<sup>th</sup> of September.

(Signed) L. S. AMERY

52366/24

4916/24

O. B. J.  
3 DEC  
3

17.55.77/24. Kenya

7 not

3 December 1924

DRAFT.

Left in

Mr. Marriott, Esq.

MINUTE.

- Mr. Seel ~~24/24~~
- Mr. Boston ~~14/12~~
- Mr.
- Sir J. Shuckburgh.
- Sir C. Davis.
- Sir G. Grindle.
- Sir J. Masterton Smith.
- Lord Arnold.
- Mr. Thomas.

I am directed to acknowledge the receipt of your letter of the 24<sup>th</sup> of November, and to inform you that he advises that you are prepared to join the Board of Directors of the Masadi Soda Company as representative of the Government of Kenya. The Government of Kenya will be informed accordingly.

2. A further communication will be sent to you in the event

5.1/15

If it being desired to consult  
you on any point in connection  
with the Company's affairs,  
Company is formed.

(Sd) W. C. Bottomley

(H. 5517) / 24, Kewena.

DRAFT.

Final  
Amend  
5/10/22

53 DEC 1924

3 December 1924.

Magadi Soda Company, Ltd.

With reference to your

letter of the 7<sup>th</sup> of November, 1924,

on the subject of the reconstruction  
of the Magadi Soda Company,

I am able to transmit  
to you the accompanying

draft of a deed of  
conveyance which has been

prepared, in accordance with the  
intention of the interests of  
the old  
Magadi Soda Company

MINUTE.

to be signed by the  
Director  
1231

3 DEC 1924

with S.R.C.A.

under the Railway Contract  
and the Lease of Lake Nasadi  
and of the ~~Nasadi Railway~~ 5/101  
which were ~~made~~ <sup>made</sup> between  
that Coy. and the Crown Agent for  
the Colonies, ~~and also to the Railway~~  
~~Co.~~

2. Mr. Clemery would be  
glad to be furnished with any  
drawings which you may have  
to offer on the terms of the  
Deed; and he would be glad  
to learn, with reference to Section  
6 of the preamble <sup>herein</sup> ~~therein~~, whether  
it will be possible to obtain the  
further order of the Court <sup>(mentioned)</sup> when  
the scheme for the reconstruction  
of the Coy. is next presented  
to the Court.





laid down in the Memorandum of Agreement, a copy of which was enclosed with the letter from the Dept. No 23752/1924, of the 30<sup>th</sup> Oct last. Mr Amery will, however, be glad to consider any points which you may have to offer on the terms of the draft.

3. The views of the Governor of Kenya upon the draft leases have not yet been received, ~~and~~ <sup>and</sup> ~~the~~ <sup>Ministry</sup> must therefore reserve the right to modify the draft, if necessary, in the light of the Governor's views when received.

<sup>It will be observed</sup>  
4. I am ~~pleased~~ <sup>glad</sup> to explain that the leases have been so drafted as to provide for their entry into force on the 1<sup>st</sup> of November 1924. This course has been taken in view of the fact that the

DRAFT.

MINUTE.

Mr.  
Mr.  
Mr.  
Sir J. Shackburgh.  
Sir C. Davis.  
Sir G. Grindle.  
Sir J. Masterton Smith.  
Lord Arnold.  
Mr. Thomas.

General Manager of the Uganda Railway has recommended the adoption of the date October 31<sup>st</sup> as the end of the yearly periods for the <sup>annual</sup> ~~royalty~~ <sup>royalty conditions</sup> of freight and ~~royalties~~. In the view it appears to be more convenient to <sup>regard</sup> ~~admit~~ the 1<sup>st</sup> of November, 1924, as the date of the commencement of the first yearly period, and Mr. Amery would be glad to learn whether you concur in this view.

5. I am also to ~~advise~~ <sup>advise</sup> that the draft of the lease of the Company's port at Kilindini has not yet been received from the Governor of Kenya, by whom it is being prepared. Mr. Amery hopes, however, to be in a position <sup>shortly</sup> to furnish you

with a copy of the draft of this  
lease.

6. I am to take this opportunity  
to inform you that Mr. H. P. Blackwell, of  
1, Broad Street Place, London, E.C. 2,  
has been appointed by the Government  
of Kenya to be the  
Commissioner of the

1924

*Keep aside.*

EA

E. AFRICA

203

55E43

REC  
REC 27 NOV 24

Date

25th November 1924.

MONTGOMERY, E.

CIRCULATION: -

POST OF VETERINARY ADVISER.  
DEFINITION OF DUTIES AND AUTHORITY.

*Green*  
St. G.S. of S.  
*W. S. ...*

States as to friction and absence of uniformity of policy which necessarily result from present policy and puts forward suggestions for securing co-ordination in Veterinary matters. Requests decision before he leaves for E.A. on 25th December.

U.S. of S.  
U.S. of S.  
Secretary of State.

Previous Paper

MINUTES

*See Treas*  
*44834*  
*2180*

Mr. Montgomery is a very distinguished veterinarian and pathologist who was in charge of the <sup>Belgian</sup> ~~veterinary~~ and pathology work <sup>at home</sup> before the war. He then got a better appointment at Pretoria, but was enticed back to Uganda in <sup>1920</sup> 1917. Since then there has been an attempt to place him in charge of the Veterinary Services of Uganda, Kenya and Tanganyika, but owing to the opposition of local interests, anything in the nature of a Central Directorate was turned down, and he is now in a position of Veterinary Adviser in the three Dependencies without executive functions.

Even so, there has been criticism of him in Kenya, due largely, I think, to a wrong association of him with the feud between the Director of Agriculture and the Chief Veterinary Officer before the War. <sup>Both have retired.</sup> The former is in Kenya, and has broken down in health of body and, I

8 Dec 1924

*Hand*

Subsequent Paper

*OAC 9391 (Post)*  
*copy 12/24/25*