

1925

39

KENYA

133

C.O.
18954

27 APR 25

DATE

28th March 1925.

A.G.'S DEP NORTHCOVE.
CONF 38

CIRCULATION —

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CHARGES FOR TELEGRAMS TRANSMITTED OVER
EASTERN TEL CO'S ROUTES.

Trs memo by Postmaster General explain-
ing the alleged discrepancy between the locally
published rates and the charges collected from the
public.

Previous Paper

MINUTES

M.O. 16386
A.M.O.

I had already prepared drafts
as directed on 16386/x when this came
to notice.

The substance of this memorandum
in so far as I understand it, that
when in Jan. 1921 accounts with the
Cable Coy were put up on a firm basis,
this meant that the Govt got 33 1/2% less
from the Coy. on incoming tele, and also
should have meant a reduction of 33 1/2%
in the share of the
in the sum collected from senders
of telegrams. The Treasury could
not forgo this revenue, & the terminal
rate on outgoings messages was therefore

Subsequent Paper

M.O. 23519

Copy to
Ward Coy. & Staffs. M.O. 16386/25

reduced
is increased in nominal value. This is how
the rates actually charged come to be greater
than they would be according to International
regulations.

Mr Fitzgerald admits that this
is not quite regular, and if his claims
against the Telegraph Coy. are not settled by
the end of the year, he is going to do something
about it. (paras). He thinks, however, that
it depends on the higher rates at
present he has ~~an~~ additional
means of bargaining with the Coy. On this
point the G. P. O. say on page 5 of their
letter of 8 April (16386/25) that "the attitude
of the P. T. A. of the Colony is unfortunate wherever
possible. The Telegraph revenue at the expense
of local cable users somewhat weakens
his position in endeavouring to bring
pressure to bear on the Coy. to reduce their
Cable rates."

I think there can be no doubt that
the G. P. O. view is sound; and as for the
argument in para 8 of Mr. Fitzgerald's
minute on this paper, that the Coy. should
be in turn worked to explain its departure
from regulations in 1920, I do not think
that there is any useful purpose to be

served in embarking on a long "linguistic"
disputation.

I have therefore added paras. to the
drafts prepared on 16386/25, which will
perhaps deal with this difficulty.

S.S.

5.5.25

J.M.

J.S.M.

KENYA

No. 33.

CONFIDENTIAL.
 C. O.
 18954
 27 APR 25

 GOVERNMENT HOUSE,
 NAIROBI,
 KENYA.

26th March, 1925.

Sir,

With reference to Colonial Office

M.O. 60898
24

Confidential despatch of the 19th January, relative to the charges in local currency for telegrams to Europe, India, et cetera, transmitted by the Eastern Telegraph Company's routes, I have the honour to transmit a memorandum by the Postmaster General ^{dealing with} ~~traversing~~ the correspondence enclosed to your despatch and explaining the alleged discrepancy between the locally published rates and the charges collected from the public.

I have the honour to be,

Sir,

Your most obedient, humble servant,

ACTING GOVERNOR.

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.

dated No. 1960/19

Office of the Postmaster General,
P. O. Box No. 511,
Nairobi, 6th March, 1963.

The Honourable
The Ag. Colonial Secretary,
Nairobi.

RE: BASELIN AND SOUTH AFRICAN TELEGRAPH COMPANY'S
LANDING LICENCE.

Ref. your No. B.105/11/64 of the 18-2-1963.

Copy of my letter of the 14th of November 1962, referred to in the Colonial Office despatch is attached for your information.

2. There is, in fact, no discrepancy between our locally published rates and the charges collected from the public, but these rates do not coincide with what they would be if calculated strictly in accordance with International Regulations. This is the point which the Company is making. Calculated on the latter basis the rate from the Colony to Europe, for instance, should be ^{s.d.} 2/3 per word, which is the rate in the reverse direction. The local rate, however, is ^{s.d.} 2/6 per word, and the reason for this is as follows.

3. When I first arrived in the Colony in July 1960 public cable charges and the credits given to, and received from, the Cable Company were still on a ^{s.d.} 1/4 rupee basis, although the rupee had been stabilized 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 ^{sh.} 2/- rupee or florin as it had then become.

4. 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 ^{S.d.} 1/4. When, therefore, the exchange value of the rupee began to rise in 1919, and particularly after the rupee had been stabilized at ^{sh.} 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 terminals on cable traffic was, when converted into sterling, materially increased and the additional revenue so accruing was at the rate of about £5,500 per annum.

5. 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 25 $\frac{1}{2}$ 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: amount the above mentioned. ^{1/3} A discussion on the subject took place at which the following were present:-

Ag. Colonial Secretary (Col. Hottley)

Ag. Treasurer (Mr. Rushton)

Postmaster General (Mr. Gosling)

and myself.

The Ag. Treasurer stated quite definitely that he could not forego this amount of revenue and in order to balance the decreased revenue which would be received from the Cable Company on incoming messages, it was decided that the terminal rate on outgoing traffic should be correspondingly increased. I was personally against this procedure as not being strictly regular, but was overruled. The proper course would have been to have formally adjusted our inward and outward terminal rates so as to bring in the same revenue as was at the time being received from that particular source. The arrangement decided upon, however, had this to be said for it, that it affected this service only and being capable of speedy application it enabled the advantage which was gained in getting the Company to account on a proper basis to be passed on to the public without delay: this amounted to a reduction in rates to England, for instance, from $\frac{3}{1}$ per word to $\frac{2}{1}$ per word.

4. As you are aware, negotiations have been taking place on various matters with the Cable Company since that time. The matter of dealing with this particular question has been deferred in the hope that it could be dealt with in association with some comprehensive settlement

Dispatch
 193 of 15th
 December, 1924.

with the Cable Company. The discussions with the Company have, however, now reached a stage when a decision cannot long be delayed, but should a general settlement not be arrived at before the end of the year I propose to recommend to Government that the question of the Colony's terminal rates be dealt with as a separate matter.

V. The Company having raised a question of irregular rates, I cannot permit it to be disposed of without some comments on the Company's own action in certain respects. During the period from July 1919 to March 1920, when the exchange value of the rupee was steadily rising, it is estimated that the Company gained in exchange alone, through receiving credits on ^{S. A.} a $1/4$ rupee basis, to the extent of over £20,000. It is admitted that during this period the value of the rupee was fluctuating and owing to the state of uncertainty there may be some justification for the Company not granting concessions which would balance, to some reasonable extent, the exchange profit which it was making. The case, however, is very different in respect of the period from the 1st of April 1920 to the 31st of December 1920, over which period the rupee was definitely stabilised locally at Shgs. 2/-. There is no justification whatever that I can see for the Company taking, during these 9 months, an estimated sum of £9,500 in excess of what it would have received had it accounted, as it should have done, from the 1st of April 1920 on the same basis as it agreed to account as from the 1st of January 1921. Although its notified transit rate for traffic between this country and Europe, for example, was in effect ^{sh.} 2/- per

5.
 per word, it claimed and received a transit payment
 on traffic originating here at the rate of ^{2.5} 2/8⁰.
 Attention was drawn to this action on the part of the
 Company in the latter part of paragraph 5 of despatch
 No. 963 of the 12th of July 1921 to the Secretary of
 State.

6. The Company has, in effect, asked this
 Government to explain its departure from certain
 regulations. The reply, in the main, is that this
 departure has been due to financial considerations.
 It is a departure which has not affected the Company
 or any other Administration. I suggest the Company
 should now in turn be asked to explain its own departure
 from the same regulations during the period April to
 December 1920, and if it is unable satisfactorily to
 explain its action, it should be asked to refund to
 this Government the sum of £9,500 referred to in the
 preceding paragraph. It may be argued, and it is
 agreed that it would not be possible, at this date,
 to refund this amount to the individual members of the
 public concerned, but I do suggest that the Government
 of this Colony, who would spend the money on the general
 services of the country from which it was drawn, has a
 better claim to it than the Company. This claim was
 not being lost sight of and it is considered that
 this is a suitable occasion to revive it.

7. Paragraph 2 of the G.P.O. letter of the 30th
 of December 1924 is a repetition of the idea already
 given expression to by the Company that any action this
 Administration may see fit to take in regard to its
 terminal charges can properly be associated with

M.O
 60894
 24

this Government's case for some reduction in the Company's transit rates and for uniformity of these rates as between Bombay and upcountry traffic. This particular point has been dealt with in the second part of paragraph 3 of my minute of the 29th November and needs no further comment.

No. 11/52 of
December
1924.

(Sd.) T. FITZGERALD.

POSTMASTER GENERAL.

1. to R.M.

(Copy)

205

Registered No. 1482/24.

Office of the Postmaster General,
P.O. Box No. 311,
Nairobi, 14th November, 1924.

Sir,

I have the honour to acknowledge the receipt of your letter of the 7th instant, transmitting a communication from your Head Office regarding discrepancies between the charges collected, in certain cases, from the public in this Administration on cable traffic and the formally notified rates.

2. It is admitted that these discrepancies, which arise from causes which need not here be detailed, do exist, but steps for their removal have not been taken pending, among other reasons, re-consideration by your Company of a request put forward by this Administration that a uniform transit rate based on your present transit rate for Mombasa traffic, should be conceded on all traffic from this Administration whether from upcountry or originating at the Coast. This request was put forward in a letter I addressed to the Company while I was home on leave last year and I have asked that it should be again brought up in connection with the renewal of the Company's present landing licence which expires on the 31st of December next.

3. If your Company could see its way to grant transit rates, which would be common to all parts of the Colony, I would request Government to apply our notified terminal rate to traffic to and from all places, excepting with Europe and transiting Europe, which I am disposed to allow to stand at its present amount, viz: 30 centimes.

4. Rates would thus be on a logical basis and accounting simplified.

I have, etc.,

(Sd.) T. FITZGERALD,
POSTMASTER GENERAL,
Colony and Protectorate of Kenya
and Uganda Protectorate.

Superintendent,

Eastern & South African

Telegraph Company, Limited,

N A I R O I.