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EAST AFR. PROT
30464

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30464
SEP 13

Byd, G.

1913

14 August

KENIA FOREST CONCESSION
UASIN GISHU RAILWAY

Submits new proposals.

Last previous Paper.

La. G. Fiddes.

The new map North A-36 just received illustrates both these proposals and the Governor's report on his tour in 1907 - if due allowance is made for the fact that the Uasin Railway stations lie to the south of the map. I enclose a General map on about $\frac{1}{5}$ th of the scale which will serve to show how they join on.

In the case of the original W. Kenya proposal the ~~Forest Concession~~ ~~was to be~~ ~~the consideration for the construction of~~ the railway, ~~which, when completed,~~ was to be handed over to the Govt on Imperial terms: i.e. (comply) Govt. to run the line, paying half the net profit to the contractor, with the power of expropriation. In this

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Next subsequent Paper

30464
1954 Forest
13-4

Can the Govt. is to pay a rent for the use of the line & to take all the profits.

Expropriation as before.

Assuming the cost to be £4000 a mile & the promoters to require at least 4% on their money we get £160 a mile rent. The profits might ultimately reach the figure for the main line given in this year's estimate - £270 a mile, but it would take many years. We showed about off with a charge on the first section (30 miles) not much less than the whole rent - say £4,800 a year.

In return for this

(1) The Eldama Forest could be worked readily - Capt. Graham would make a good thing out of it. The Govt. on the other hand would have a ready supply of fuel, which is certainly getting more expensive.

(2) Hosi Gishu transport company by Selatun Road, would not have so far to go - to Eldama - as to (say) Londiani.

On the other hand, we are spending ^{much} money on the road for Londiani to the Plateau - £8,800 this year plus £1500 later for bridges. This is, however, for a through road to Eldoret. Much of which would be necessary in any case, pending further railway developments.

Section II of the railway (20 miles) would take

? On the line
philanthropic

This section
would involve
a hill climb
equal to 1000 ft.
in at least
6 miles direct
x long narrow
to now used

take the line out to the Plateau - where why that route is not stated, but it would certainly not be far away from the Londiani - Eldoret road.

Section III - to Eldoret (say 30 miles) 111
practically
would coincide with the road.

The first question seems to be whether the proposal would afford the ^{necessary} means of transport which the Londiani cart road - converted if necessary into a metalled road throughout - will not adequately supply. In 15077 the Govt. does not expressly say that his road will provide everything necessary, but he seems to regard it even as an ^{unmetalled} ~~metalled~~ ^{enable} the settlers to "carry on".

Secondly, if a railway is necessary, are there sufficient reasons for choosing Nakuru as a starting place rather than Londiani, which is 26 miles nearer Eldoret? This must depend on the importance from the Govt's point of view of developing the Eldama Forest, and in addition it has to be remembered that Londiani is 50 miles further from the coast than Nakuru, with an extra 1000 foot rise to the Mau summit. Thirdly

Thirdly, would the railway be of
value in developing any part of the
Trans-Ngora region?

I may mention that the scheme
has not clash with any other
arrangements for communications
in the E.A.A., but the supply of labour
is of course not inexhaustible.

I ask, say that the Gov. will be
asked for his general views on
the scheme, & ask for some idea
of the rent which we should be
expected to pay - and send copy
of envelope to Gov. for obvious
in brief despatch, referring in
particular to the questions
suggested on the previous page.

W.C.S. 2/9/13

Mr Hancock:

I see no objection in principle,
but the Govt. carries us very far. It is a
question of terms. - It might expedite
consider the matter if Mr Lloyd were invited
to call & give us verbally his views on the
finance. (This is an official letter

and should be answered officially?)

W.C.S. 2/9/13

Yes, it is official.

I think it would be excellent
if Sir G. Fiddes could see Mr Lloyd

W.C.S. 4/9/13

Sir G. Fiddes:

I would be very glad to discuss
the matter.

W.C.S. 15/9/13

Sir J. Anderson

I have struck a philanthropist
- I have not yet received for the shock.

If the Prot. can bear the rent, I think
that there is business in the proposal. We
can commence it to the capital centre, &
Dr. Up. said, giving them complete and
information as to the matter. I shall
be happy.

W.C.S. 16/9/13

at once

W.C.S. 16/9/13

Mr. G. Lloyd M.P. and Capt. Grogan saw Sir G. Fiddes on the 12th Sept. and explained that the money for the construction was ready, without any need for application to the public, that the backers were situated in the country in various ways and would only require as rent a payment equivalent to their loss of interest - at market rates.

[Presumably this would be calculated to cover loss of interest during construction]
Government to have option of expropriation after a given date and construction to be to the satisfaction of the Govt. up to main line standard.

On the question of construction they proposed in the first place a light development here on earthworks &c. of main line standard. The rails to be 50 lb. rails bought from the main line which, it was stated, would require 80 lb. rails, at once owing to increase of weight of trains & engines. The new line would enable the Uganda Railway to dispose of its own rails more profitably than would otherwise be possible.

It was claimed for the proposal that it gave the best route both for the Uasin

Gyifu & Jn Muminia & St. W. Kariwondo
district generally. The further contention
that it would pass over a lower point of
the Escarpment than the main line
is, I think, incorrect, although the rest
is borne out by the following (very rough)

Inclined
up to 12, 83
low cost (alt) 83

	Distance (miles)	Up (feet)	Down (feet)	new line (miles)
Eldoret-Eldama-Nakuru	80	1800	2500	80
Eldoret-Karimani-Nakuru	106	3200*	3900*	54
Muminia-Eldoret-Nakuru	145	4000	2500	145
Muminia-Karimani-Nakuru	170	4700	3200	35

* Possibly a few hundred feet less

The shorter distances would mean lower freights
and so encourage development. [On the
other hand the longer lengths of new line
mean greater expense on construction (or road).]

Captain Grogan's Eldama forest,
which would benefit first and most,
was mentioned only incidentally. He
pointed out that, apart from the
question of fuel, the forest contained
a large quantity of timber of a similar
kind to that which is already being
successfully exploited for railway
sleepers in German East Africa. The
sleepers, he stated, are being much
used on Cape railways, which are giving
up steel sleepers in their favour. Capt
G. considered that the Uganda Rly.
would also have to give up steel sleepers

The Taylor's
estimated
amount of

per mile
£2,700 was mentioned as the probable
cost of construction - subject to surveys.
This would mean £216,000 to Eldoret.

The question of building the line in
sections was touched upon & it was
considered that (a) the Govt. had not
yet been committed to the later
sections for the district & (b) there need
be no doubt about the money for the
later sections, being ready when the first
was finished.

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It was agreed that Mr. Lloyd should
get more definite details as to financial
arrangements, proposals for rent &
expropriation, etc., and see Sir G. P. Fielder
again next week, in time for us to send
out the proposals to Govt. by Friday's mail.
He would also, if possible, give the names
of his financial backers.

G.C.S.

13.9.15

St Andrews NTB

99, EATON PLACE

Sept 16. 13.

S.W.

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Dear Sir George Fiddes,

Since our last interview at the Colonial Office on Friday last I have discussed the position with one of my colleagues who I am happy to say fully endorses all the points of general contact into which we were able to arrive in conversation at the Colonial Office -

With the third party into whose hands the finance

will largely fail I have not been
 able to confer as he is away
 for some days but we hope
 to meet before many days.
 If this meeting cannot take
 place before next week, tonight
 I venture to suggest that the
 General proposals be submitted
 to you in my letter which should
 be forwarded next week to
 East Africa & that the
 results of my conversation with
 both my colleagues might
 be given to you after the
 proposed meeting & be

you through me, & follow
 in despatch.

Unless I hear to the contrary
 I shall, as arranged with you,
 be at the Colonial Office on
 Friday afternoon at 3.30 -
 If this should not be convenient
 I will write to George Bouché & discuss
 the matter at Lombard Street with him
 on an Friday evening.

Yours very truly

George Lloyd

30464
TELEGRAMS KARAWAK, LONDON.



99, EATON PLACE, S.W.

August 28th, 1913.

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Sir,

*

400
15077

In a letter from the Colonial Office dated May 15th, I was informed by Sir G. Fiddes that you were not prepared to consider any proposals for the construction either of the Mount Kenia or Uasin Gishu railways if based upon the principle of a Government guarantee. Since replying to that letter on May 20th, I have given the matter renewed and careful consideration and have also had an interview with Mr Reid at the Colonial Office.

In view of the fact that private enterprise has been invited by the Government into the Railway field in East Africa I have to assume that the Government does not, at the present moment at any rate, see its way to construct the railways which are much desired and needed by the agricultural and industrial communities in this Protectorate.

The methods which have been so far outlined to you and discussed are three.

- (1) That of a Government guarantee of a certain percentage, either fixed or varying in ratio to traffic exchanged and similar in terms to those habitually given by the Government of India in like cases.
- (2) Land Grants in lieu of guarantee.
- (3) Personal guarantees of minimum tonnage of traffic: to be given by settlers to the Government.

We should have been glad to negotiate on any one of these three bases had they been agreeable to the Government.

I am bound to admit, however, that I was much impressed by the arguments put forward by Mr Reid at my last interview with him, arguments the main force of which were I think directed against numbers 1. & 2.

Whilst I believe that satisfactory arrangements and beneficial to the country might perhaps have been come to on these bases, I recognise that certain difficulties exist in regard to these in concluding any arrangements between the Government and private enterprise. If these three methods are ruled out it is necessary to seek a fourth alternative which adjusts itself more closely to the objects which the Government has in view and which yet makes it possible for private enterprise to relieve the Exchequer of the financial side of the enterprise.

cessions - 18674-20.* No 15077

Although, as I understood at the Colonial Office, the Government are unwilling to give guarantees and still are desirous not only of controlling the railways, but of keeping the complete running and management of them in their hands, there is yet one method which I shall venture to submit. It fulfills closely the objects of the Government and for this reason I hope that it may be approximately the scheme which the Colonial Office has in its mind.

The broad outlines of this method are as follows: that private enterprise should find the money for the building of the railways, railway, or any sections of it desired to be built: that the Government should approve of the contractor to undertake the construction of the railway.

That, the railway having been constructed to the plans and approval of the Government, the Government should lease the railway from the private company for a fixed rental and should have sole option of purchase at any period during the lease agreeable to the Government.

Under this scheme the Government are asked to give no guarantees, nor to make any capital expenditure of any kind, but acquire the lease of and thus control and operate the railway as a going concern. This proposal could be made applicable either to a railway of the same type as the main line or to a light railway, as the Government sees fit.

At the present time the most urgent demands for railway facilities come from the Usasin Gishu district and for that reason it is suggested that a railway line, light or permanent, be constructed under such conditions, gradually and in sections. The first section of thirty miles approximately, from Nakuru or from a point adjacent, would extend through the Eldalat Pass to the Eldama Ravine. The next section of twenty miles to be undertaken later would carry the line to the Plateau and the third section to Eldoret, the central point of the Usasin Gishu area.

May I venture in conclusion to state some of the reasons which appear to me to render urgent the early commencement of the construction of the first section of this railway.

- (1) That the timber on the Kikuyu Escarpment adjacent to the railway has already been practically cut out.
- (2) That the timber on the Mau Escarpment accessible from the existing trunk line will be practically cut out in from two to three years.
- (3) That the railway fuel problem along the existing alignment is already becoming difficult.
- (4) Any material increase of the local timber industry and fuel supply is dependent upon the early construction of the Usasin Gishu line through the Eldama forest.
- (5) That one mill has already been erected with an annual cutting capacity of 1,500 tons on the proposed route; and another mill with an annual capacity of 5,000 tons is approaching

(3)

approaching completion on a site adjacent to the proposed route.

- (6) That owing to the absence of passable roads, the existing quarantine regulations and the increasing difficulty of obtaining bullocks, the transport to and from these mills is hazardous in the extreme and impossible throughout the wet seasons; and that any further laying down of machinery cannot on this account be entertained.
- (7) That on the commencement of the proposed railway the parties interested in these milling operations will undertake to erect further milling machinery with a total output capacity of 10,000 tons per annum.
- (8) That their timber licence provides for a minimum payment of royalties on 15,000 tons, while without railway facilities or metalled roads, the transport of a third of this amount is physically impossible.
- (9) That the first section of the proposed railway would traverse one of the best agricultural areas in the country and that wattle is already being planted on a large scale along its route.
- (10) That the completion of this first section to the Government Station at Ravine would facilitate the administration of the large native district adjacent and with the re-opening of the old Sclater road would provide an easier outlet for the transport of the Uasin Gishu produce than that provided by the Uasin Gishu road to Londiani.

In conclusion may I urge that the method proposed has the following advantages.

- (1) That the Government are enabled to obtain a railway which will act as a valuable traffic feeder to the main line.
- (2) That the Government will be supplying a much felt need in East Africa and one which has been asked for urgently and publicly by the inhabitants.
- (3) That the capital outlay to the Government will be nil.
- (4) That the construction of this railway will provide a ready market for the disposal of some of the 50lb rails at present used on the Uganda Railway.
- (5) That the actually existing industries, agricultural and other, along the proposed line of route can be shown to produce shortly, sufficient tonnage to balance rental to be paid by the Government and that the profits on these freights will apply not only to the junction point, but go to swell the returns throughout the trunk system.
- (6) That every mile of railway constructed releases a number of natives and bullocks now engaged in portering, for agricultural and other industries and thereby assists the labour problem.

(4)

(7) That the supply of timber and railway fuel will be largely increased and that according to the laws of supply and demand this should make for a cheaper supply.

I have sought to lay before you a proposal which shall fit in as closely as possible with the ideas of the Colonial Office and I venture to hope that it may have your consideration.

Yours truly, etc

George Lloyd

The Right Hon^{ble}

H. Stanger N. P.

Secretary of State for Colonies

L 4
KEEP
49

H.L.
30464
E.A.P.
P



19 September 1913

Sir,
I have the honour
to transmit to you the
accompanying copy of
a letter which has been
received from W. G. Lloyd,
M.P., containing a proposal
for the construction of
a railway from Nakuru
through the Eldama Forest
to Eldoret, and to request
you to furnish me with
you views as to the
desirability of the Government
availing itself of the offer
proposed, of course, that
it appears satisfactory
after further discussion of

DRAFT.

E.A.P. (Conf.)

OAG

MINUTE.

- Mr. Balfour 7/9/13
- Mr.
- X Sir G. Fiddes 19/9/13
- Sir H. Just
- Sir J. Anderson
- Lord Emmott
- Mr. Harcourt

for answer

W. Lloyd M.P. 28 Aug 1913
(30464)

* No 30464

186) 2 - 20 the details.

2. W. G. Lloyd has stated

verbally at this Office
that the main persons
who are concerned in
the proposal are
actuated mainly by
the interest which they
have in the development
of the Protectorate and
that the risk to be
charged to the Govt. would
be determined not with
a view to making a
commercial profit but
merely so as to
recover those who advanced
the money for the loss
of the interest which the
capital would command
at ordinary market
rates. He stated that the
cost of construction had
been estimated by the
General Manager of
the Uganda Railway at
£2,700 a mile but that ^{this}

this figure was subject
to survey and was not
based on an examination of
the ground.

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3. It ^{has} been claimed by the
proposers that the ^{line} route
would give not only the
shortest and least costly
route to the
Uganda-Gorkha plateau
but also that the
cost of a ^{railway} ~~road~~ being
required in the north
Kawirondo district an
extension of the line now
proposed would have
equal or greater advantages
in the development of that
region also.

4. Stress was laid on the
purchase of 50 lb. rails
from the main line as an
important factor in
determining the cost of
construction, and on the
advantage which this
arrangement would
afford to the Uganda Railway.

in providing a market
for its 50 lb. rails when the
time comes to replace
them by heavier ones. You
will so far as interests
concerned be in a position
to see the change
is likely to be necessary
to justify any new or
to proceed.

I hope to be able to
send you by an early mail
additional details of
the project, which appears
to me to deserve ~~some~~
careful consideration.

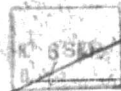
I have etc

J. Harcourt

30 (4)

L/30464/ East Afr. Post.

123



8th Sept 1913

Sir,

I am etc to acknowledge the receipt
of your letter of the 28th of
August ^{with} * submitting proposals
for the construction of a
railway in the Shauri Moyo
District, of the E. A.P.

2. The Gov^t ~~is~~ will be
asked to give his general
views on the scheme which
you suggest, but in the mean-
-time Mr. H. ^{considered} would be
obliged if you could
give him that it would
be desirable
to expedite matters if you
could call at the C. O.
in order to discuss the matter more
and give your views ~~as~~
fully ~~on~~ the financial ~~side~~ aspect
of your proposals.

3. If ~~you~~ ~~can~~ ~~arrange~~

9. V. Fiddes

DRAFT.

S. L. Lloyd Esq M.P.

MINUTE.

Mr. D. Davis 5.9.13

Mr. B. B. B. 6.9.13

Sir G. Fiddes

Sir H. Just.

Sir J. Anderson

Lord Emmett.

Mr. Harcourt

for con son

To be returned
draft to Gov.

What can wait?

(W)

* No 30464

cautions

-18673-20 9 am etc

9. V. Fiddes

sent

should not you con-
-venience, Sir ~~George~~
George Fiddler will be
glad to see you

Dear Sir

Referring to my
official letter of some date,
if you can be discussed
in other verbally I shall
be at your disposal on
any subject suit you.

Yours very truly

Enclosed for my son
that letter in the P.M.
same envelope