

1911

EAST AFR. PROT.

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2781/12

FEEDER LINES FOR THE UGANDA RAILWAY

Requests information as to policy likely to be adopted in regard to the construction of. Reports application of Mr H.O. Seville for concession to construct line from KISUMU to MUMIAS. States as to prospects and cost of such a line.

Mr Read.

It is very probable that we shall experience great difficulty in getting any more money out of the Treasury in the near future for the construction of feeders or extensions of the Uganda Railway. Sir P. Girouard is therefore well advised in making for a statement of the policy which he is to adopt with regard to applications to construct such lines by private enterprise. It is plainly impossible for the Government to say both that it will not construct such lines itself and that it will not consider offers made by others to do so. Such offers will certainly be considered in addition to the proposal by Mr Seville. In this respect Major Leggett has ideas as to the construction of a line from ~~from~~ Mbale in Uganda to the mouth of the Sid ^{tab} river, in order to ~~reach~~ the rich districts lying east and north-east of the Jinja-Kakindu Railway and out of reach of the eastern water-ways of Lake Kioga. He wrote a letter to you on this subject just before you left for East

Africa

Africa which I now attach. I saw him in October about this letter, and as a result of our conversation I understood that he was going away to enquire more closely into the matter with a view to ~~enquiring~~ ^{ascertain} formally whether the Government were prepared to construct such a line and if not whether they would consider an offer made by him and his friends. Nothing more has been heard from him on the subject up to the present.

The policy with regard to the construction of railways by Government and private enterprise in West Africa was laid down in the last paragraph of a despatch addressed by Mr Lyttelton to the Governors of Sierra Leone, Lagos, and the Gold Coast on the 5th December, 1904. This despatch was published in Cd. 2325. The pertinent extract from it is attached.

So far as I am aware the policy there stated remains the accepted policy, and it appears to me to be a suitable one for East Africa too.

It is necessary to rope in the Treasury at this stage.

They ought to know both that pressure may be expected for the construction ~~and~~ ⁱⁿ additions to the Uganda Railway, and what ~~is~~ ^{an} attitude we propose to adopt in the event of the Government being unable to find the money required. We had better send them a copy of Sir P. Girouard's despatch and a copy of the attached extract from Mr Lyttelton's despatch, and say that we propose to reply that the policy laid down by Mr Lyttelton ^{in West Africa} should be adopted in dealing with applications for the construction of railways by private enterprise in the East Africa Protectorate. We might ~~add that in addition to the condition as to expropriation in the case of failure to complete or work any line constructed by private enterprise we should also insist upon power to expropriate after a comparatively short term of years. Information as to ^{substantive} ~~substantive~~ clause ~~is contained in~~ ^{can be extracted} from the papers below as to the amendment of the ^{Proprietary} ~~Proprietary~~ Railway Ordinance of the Gold Coast. We can make use of the information there to be found, and probably also of the Gold Coast Proprietary Railway Ordinance ^{itself} when we eventually reply to~~ the

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Extract from par. 15 of Mr. Lyell's
desp. of 5th Dec. 1904 to S. Leese,
G. Coast. Part 3

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I concur in the opinion of my predecessor that as a general principle it is best that the work of railway construction should be undertaken, and the lines owned and controlled, by the Colonial Government themselves; but in laying down this general principle Mr. Chamberlain explained that he must not be understood as wishing to deprecate the intervention of *bona fide* private enterprise in such undertakings, and that each case must be considered upon its merits. It would not be expedient to allow main trunk lines, on which the prosperity of the country would in great measure depend, to be under any other control than that of the Colonial Government. But applications might be received from mining companies and others urging the construction of lines which are not lines of general development, but are only intended to be feeders of a main Government line, or at any rate have only the object of tapping particular districts in which the applicants are interested, and these stand on a different footing. It may happen that the circumstances of the district in question are such as to justify or require the construction of a railway through it, and yet there may be financial or other reasons which prevent the Government undertaking the work. Such cases, where the parties are genuinely interested, deserve consideration, and the Government must either itself construct a line which is required or allow the interested parties to construct it under proper conditions. Of the two alternatives, I should prefer to adopt generally the former, and to follow the plan of taking from the parties a guarantee of traffic, sufficient to cover working expenses and debt charges, provided that their resources were such as to justify a reasonable expectation that the guarantee would prove effective. In some cases, however, it might be expedient to grant a concession to construct, equip, and work a line for a certain number of years, if a reasonable sum could be fixed for the expropriation of the value of the concession at the end of the term. This sum would have to be limited to the *bona fide* capital expenditure on construction and equipment, plus a reasonable percentage to cover preliminary expenses. Arrangements for expropriation in the case of failure to complete or work the line would also be required. But, under either system, it would be necessary to have a survey and report on the line and its probable traffic which the Colonial Government could rely upon, and which would therefore have to be made by engineers employed by the Government. If the first system were adopted, the cost of the survey would be added to the capital sum on which the guarantee was based. Under the second system, the concessionaire would be required to deposit with the Government the cost of the survey as estimated by the Consulting Engineers, and to agree to pay any reasonable amount over and above the estimated cost if that should be exceeded in carrying out the survey. In the event of its being decided to make a survey at the cost of private parties, it would be explained to them that the Government gives no undertaking that they will have the offer of a concession to construct the line if the Government does not desire to construct it itself, but that the Government reserves the right to offer the concession to any other persons or to refuse to permit the construction of the line at all. If, however, the Government should either itself construct the line or give a concession for the construction to other persons, the amount paid for the survey would be refunded to the parties who had paid it, with interest for the period during which the money had been in the hands of the Government.

the Governor

Any policy laid down will, of course, be applied
stood to apply equally to Uganda.

3/23/33

Dr. G. D. Hill

I should say that there is
absolutely no prospect of getting any
done, mainly out of the Treasury in the
near future for railway extensions in the
East African Part ^{of}

With regard to the construction of
railways by private enterprise there
are only two schemes which are in any
way before us - (1) Major Jeffett's and (2) the
present scheme.

With regard to Major Jeffett's scheme, I
discussed it ~~at length~~ with the
Agent of the Corporation at Jinja who
was not in favour of it. The Agent
thinks that Kumi & not Mubale
should be made the joining centre
of the district & that the joined
station would be best situated on
Lake Koga or the adjacent waterways &
the Jinja - Kakinda railway. Major Jeffett

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F.O.

whom I saw yesterday, has no clear idea as to what is actually required & I do not think that we need trouble ourselves any more about his schemes for the present. With regard to the scheme referred to in the paper, ^{in page 5} I think the line will, like a former part of the through line between S. & S. & S. & it seems likely that it will be a line of more than usual importance for it will form part both of the extension of the Uganda Railway to Jinja & of its extension into the rich districts about Mount Elgon. It is therefore eminently a case for construction by Govt & not by private enterprise, & although the Govt cannot undertake the work immediately & ~~the work will be~~ ^{the work will be} ~~delayed~~ ^{delayed} ~~some~~ ^{some} ~~months~~ ^{months} ~~at least~~ ^{at least} I think that it will be better to wait a year or two before the Govt takes the work in hand & the railways now under construction have been so far successful that we can approach the Treasury upon or even make a beginning on our own account.

I have no faith in these schemes for privately constructed railways. In

comparatively new countries like the S.A.P. & Uganda, the Govt will undoubtedly be asked to make sacrifices either in the shape of a land grant, a guarantee of interest, or reduced rates on the main line, & so on. Some other form of guarantee the contractors have to get their share of the proceeds of the Govt has to be performed at a figure considerably in excess of the so-called cost of the railway, with the result that the Govt eventually gets a railway which is worth very little or nothing less than what it pays for it. When I was in Egypt I made inquiry about the light cotton lines in the Delta & found that ^{although} the Govt they have been constructed with no further assistance from Govt than permission to take the lines over Govt land, when necessary ~~was~~ ^{was} ~~all~~ ^{all} ~~construction~~ ^{construction} ~~by private enterprise~~ ^{by private enterprise} ~~has~~ ^{has} ~~been~~ ^{been} ~~stopped~~ ^{stopped} & that the work ^{now} ~~is~~ ^{is} ~~being~~ ^{being} ~~done~~ ^{done} ~~entirely~~ ^{entirely} ~~by the Govt.~~ ^{by the Govt.}

Mr. P. forward will be in the country shortly & arrangements, if the foregoing views are accepted, we might wish to

to the Govt of the Uganda R.R. actually cost £2,000,000 Govt. paper money at about 10,000.

to Reed

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You have been discussing this with
last payment and have I hope
persuaded him of the wisdom of our
view. Now with regard to the
of the house of your interest

MS 19/3

at one

H. J. R.

29/III

Belford, Yorkston, near Kelso
N.B.

6/10/71.

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Dear Read:

Many thanks for yours of yesterday. I am
very sorry indeed that I shall miss you in town before
I sail. It was good of you to give me the
information re new steamer etc for Lake George.

What I further wished to say re the Uganda
import problem I had better write to you, if you
are inclined, you might lead word with Mr. Butler
re the matter - generally speaking & without
mentioning the dept. - you think my idea is
practicable or not i.e. if worth while to
be pursued.

From all I know of Uganda and the
other areas lying to north & east of Lake
George, I am strongly of opinion that no amount
of strengthening of George & Victoria Lake services
is worth the trouble.

To North East of Lake George & towards
Lake & Elgo, land column & similar areas are

made clip, of excellent quality - It is as far
by road from center of this area to Lake
Choga navigation as it is, by road to Lake
Victoria navigation. The nearest point of latter
is north of the Sio (or Ngoin) hills, Berkeley Bay
Lake Victoria.

The districts bordering actually on Lake
Choga, both to north of it (including Lake Kwanao)
to immediate east of Bululu) to Long nothing of
the lake banks down to Malindi port (~~Choga~~^{primarily}
known as N'kuli) will give ample traffic to the
Lake Choga marine & the Tinja Kikuyu Rly.

If the lake were connected direct with
Lake Victoria at Sio by a tram or light rly, the
lake & Elephant traffic would be sure to come
down ⁵⁰ to a mile or so of road (to Choga) plus the
navigation on Choga and the rail journey from
Kikuyu to Tinja. The saving of road
trackage) is the most important, since every man

carrying is a main loss for cultivation, &
 moreover the cost of portage over long distances
 is really disastrous in its reduction of the figure
 as other people can pay, to the actual native
 growth of cotton - Also Lake Choga marine
 rate will not & cannot be low, and time is a
 consideration.

Thus a direct outlet for Eastern Bukedi
 (White East) to Lake Victoria, which would
 cost only 50/60 miles of tram or light line,
 Economically & practically sound. Such a line would
 not be held up for want of access & outlet -
 I have discussed with Sir P. Simard, who
 says that as no line would be built from Sea
 which he would like to become part of a main line
 from the lake. Hence one further objection to
 water enterprise for building the line is perhaps
 not of the way - Sir Percy also further said
 that if the matter was referred to him
 in opinion, he would advise that the building

of such a tramline or line etc. should be made ^{the} subject of a concession to private enterprise (under due safeguards) so if the State could not see its way to very promptly constructing it as a government matter.

I have seen my financial friends and have obtained preliminary & provisional promises of the necessary finance, if I can be granted the concession either for the British Ice & Steam Corporation (my company) or for a distinct company to be formed for the purpose. Their promises naturally depend on the terms on which a concession might be granted, being not binding save - the right of the State to buy the line at cost within a term of years - recognized as an almost certain condition the Govt would require.

My time at home is short, and I do not

want to waste a moment either in pressing for
 to be possible, (U.S. of Co. is convinced at present
 that under no conditions could it grant me the
 right to build & work the line (or light it))
 on the other hand I don't wish to lose time in
 reflecting to press, if the Co. is fairly favorable
 the idea on general grounds.

The benefits to Uganda cotton would
 be really incalculable - We are in for an
 era of the low American cotton markets, &
 the Uganda problem is already upon us, how
 can we reduce transport & factory etc. cost
 so as to be able to pay the growers a
 fairly high price & thus keep the cotton
 growing industry on its feet & advancing.
 The great producing district to depend on
 40/50 miles of road portership would be destructive.
 The matter truly needs to be decided
 before end of this year (Dec 31st) if possible -

Please forgive so long a letter, which says
the importance of the subject just filed.

96. Graham House E.C. or
Reform Club, will find me from Monday
onwards, should you have time to send any
copy to this.

Wishing you a good trip & safe return
Yr Sincerely,

Wm Beckett

Not York Hotel - South Kensington

Reach me Monday morning at 11 o'clock
at South Kensington Station & see you off

C O
2781

GOVERNMENT HOUSE
NAIROBI.
BRITISH EAST AFRICA

December 23rd 1911.

EAST AFRICA PROTECTORATE.

No. 709

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Sir,

I have the honour to request that I may be informed what policy is likely to be adopted by His Majesty's Government regarding feeder lines for the Uganda Railway. The main line having been constructed by Government it would, in my opinion, be a great mistake if feeders, which are likely to be remunerative not only directly on account of the traffic they will carry themselves and bring to the main line but also indirectly in opening up new country, are not also constructed by Government. At the same time I foresee that it may not always be possible for the Treasury to provide the necessary funds and we must in that case consider whether we should do without the lines and thereby retard the progress of the country or entertain proposals to have them constructed by private enterprise. We must also remember that if the German East African Railway system is extended to Mwanza we shall have to anticipate competition in that quarter and the more we strengthen our present position the better shall we be able to meet it.

2. The question arises as the result of an application received from a Mr. H. O. Savile, who is connected with the Church Missionary Society at Maseno, for a concession

THE RIGHT HONOURABLE

LEWIS HARCOURT, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES,

DOWING STREET, LONDON, S.W.

(2)

concession to construct a railway from Kisumu to Mumias. I need not at present enter into the question whether Mr. Savile is capable of getting the necessary financial support to enable him to carry out such a project nor discuss the conditions under which such a concession ought to be granted. I feel that I must first receive from you an expression of the general line of policy which His Majesty's Government is likely to adopt.

3. Mumias is situated some 47 miles by road North-West of Kisumu and a railway between these places would probably have to be about 55 miles in length. There are no great engineering difficulties to be overcome, so that, although no survey has been made, I am advised that a line on the metre gauge could probably be constructed at a cost of about £4,500 per mile.

4. A comparatively large proportion of the country which the line would traverse is under cultivation and there is every promise of rapid development. The Provincial Commissioner reports that, whereas some four years ago there was practically no traffic on the Mumias-Kisumu road, for the quarter ended 30th September 1911 some 3,500 tons of country produce were brought in from the Yala River to Kisumu by bullock carts and porters at a cost varying from Rs.7.50 to Rs.20 per ton according to the state of the roads. In addition there is a considerable return traffic in Trade Goods and other commodities and a very large number of natives walk backwards and forwards between Mumias and Kisumu who would travel

by

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by rail if facilities existed and the fares were sufficiently low. The Provincial Commissioner also estimates, and I have no reason to doubt his figures, that the present traffic will within the next 5 or 6 years increase by 500 per cent.

5. Both the Provincial Commissioner and the Manager of the Uganda Railway consider that this branch, which later on will form part of the through line between East Africa and Uganda is urgently needed both as a feeder for the main line and for the development of the Northern districts of the Nyanza Province and that it should if possible be constructed by Government. I shall therefore be glad to know whether in such cases subject to my having the routes surveyed and being able to submit favourable estimates for the construction and working of the branches there is any prospect of funds being provided by the Treasury, or, if not, whether His Majesty's Government would be prepared to encourage private enterprise.


6. This question of the construction of short railways by private enterprise has for years been a vexatious one in India, and I understand that even now the Government has not been able to arrive at a really satisfactory solution. In the case of the Kisumu-Mumias line it is somewhat specially difficult because we must be careful not to block ourselves against further extensions of the main line towards Uganda and we are obviously unlikely to enlist private enterprise unless either a very long lease is given or a guarantee of interest

(4.)
interest with a very favourable expropriation clause.

I have the honour to be,

Sir,

Your humble, obedient servant,


GOVERNOR.



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4 April 1912

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I have the honor
 to acknowledge the receipt of
 your letter of the 23rd of December
 inquiring what policy is
 likely to be adopted by
 the Government regarding
 the proposed railway
 I am glad to hear that
 the Government has decided
 to construct the line
 very much to the satisfaction
 of the public and that
 the Government should not
 also be constructed by the

for successful but
it will be possible to
consider the question of
~~the~~
making the two parts
of the project into the
question of raising a loan
for railway construction
it should be generally
I need not discuss
the case for privately constructed
railways in these countries
like the East & Uganda
In such cases, the first
step is usually to ask
if the sacrifice of the
state, the state of a land grant
of a grant of interest,
a return to the state
has, or to land this
from known the
promoters and the contractors

DRAFT.

and promoters can be
set their share of the
profits, and the first
step is to protect a firm
conclusively in view of the
assumed
so-called cost of the railway,
but the result has been
first, naturally, ^{against} the railway
with conclusively less than
the price that it has to
pay for it
5. I have delayed all day
to send you this deep,
which there has been an
opportunity of discussing
the matter personally but has
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