

1911

EAST AFR. PROT.



31767
REC'D
SEP 30 1911

31767

Small P. No.

Date

29 Sept 11

at previous Paper.

55

Kenia Forest Concession

Sub. appl. for Concession on behalf of himself & three others of R.B. McDonell, P.W. Dunne & H.C. ...
... proposes to give Capital of say £50,000 for building a Railway to connect with the Harar Railway to work the Concession.

Mr. Read,

... inclusion of this ...
... store granary ... which ...
... different plans ... to be ...
... with ...

We now have two applications for a concession on Mount Kenia, that of Mr. Horatio Frewen which has been simmering quietly for some years, and this new proposal from Mr. McDonell, which appears measly to ask for some promise of rights which he can dispose of to other people.

One may note in passing a certain change in Sir P. Girouard's demeanour as to the granting of concessions. A year or two ago he was all fire and fury because he imagined (quite mistakenly) that large concessions had been granted in this country over the heads of the Protectorate authorities. He now shows a tendency, not in this instance, alone, to throw upon this Office the task for which it is very poorly equipped at negotiating such concessions. In spite of his readiness to leave the work to us, it seems to me impossible to go ahead without further

Copy ...
... 15 Aug 12 ...
... 1906 12 ...
... 11/10 A.A.R.W.

Subsequent Paper

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further information. At present we have no fixed points. The Governor rightly insists that the ^{Nagahon} application to construct a railway from the terminus of the Theka tramway into the forests shall be an essential preliminary condition of any concession. The Governor admits in a vague and light hearted way the reasonableness of such a condition. (1915). Mr. McDonnell in his ^{letter} similarly ^{respects} this preliminary application and as ^{to} ^{the} ^{conditions} ^{for} ^{the} ^{construction} ^{of} ^{the} ^{railway} ^{and} ^{the} ^{working} ^{of} ^{the} ^{forest}. There is nothing, however, to show ^{on} ^{what} ^{data} ⁱⁿ ^{figure} ^{is} ^{based}, and I fear that it cannot be accepted as evidence of any accurate appreciation of the difficulties to be encountered.

We should be placing ourselves in a hopeless position and running the risk of creating expectations which we might find it difficult to meet, if we pursued negotiations with either of the applicants for the construction of a railway without first going into the ^{matter} ^{further} with the Governor. Both we and the applicants ought to be in the possession of certain essential preliminary information in order to be able to form a sound opinion as to the reasonableness of any conditions to be imposed and as to the prospects of any particular arrangement resulting in the successful working of the forests. We must, for instance, know -

- (1) the area to be leased and its precise location;
- (2) the rent to be charged;
- (3) the royalty to be exacted;
- (4) the rate which will be charged for the conveyance of timber brought from the concession on the Theka Tramway and the Uganda Railway.
- (5) ^{the} ^{rate} ^{of} ^{cutting} ^{to} ^{be} ^{required} ^{and} ^{the} ^{conditions} ^{as} ^{to} ^{filling}.

We ought also to know any special conditions which the Governor considers should be attached to the construction

of the ^{part} railway, e.g. the type of line, the dates by which work should be begun and construction should be finished, any special conditions which it may be desirable to lay down as to the rates to be charged on the private line to future holders of concessions in the forest, etc. etc. The Governor has already mentioned tentatively an all-round royalty of 3 cents per cubic foot and a rate on the ^{Uganda} railway of 1d per ^{ton} per mile. But he has not committed himself definitely to either of these terms; he has not formed an opinion as to the rent which should be charged, and he has said nothing about the line to be constructed except that it would probably involve an expenditure of £30,000.

The proper procedure, in my opinion, is to ask the Governor to give us essential conditions of a concession, as enumerated at ^{the} ^{above}, which he is prepared to take his stand. Information of this sort was found essential in the negotiations with Messrs W. Samuel & Company as to the soda deposits at Lake ^{Edward}. We will be able to deal with the question. On the receipt of the information, the terms proposed should be communicated to the applicants and, if possible, an agreement should be negotiated with one of them giving him the option for a year or whatever time might be arranged, to take up the concession on the terms negotiated. The interval would be spent by the applicant in examining the conditions on the spot, as Messrs Samuel and Company did in connection with the construction of the Uganda branch line and he would then be in a position to decide whether to exercise his option or not.

Further information. At present we have no fixed points. The Governor rightly insists that the ^{Mutation} application to construct a railway from the terminus of the Theka tramway into the forests shall be an essential preliminary condition of any concession. Mr. Frayer admits in a vague and flighty manner the reasonableness of such a condition. Mr. Donnell in his letter similarly recognized this preliminary obligation and ^{is} ^{con} ^s ^{ons} ^a ^{re} for the construction of the railway and ^{the} ^{making} ^{of} ^{the} ^{forest}. There is nothing, however, to show on what data this figure is based, and I fear it could not be accepted as evidence of any accurate appreciation of the difficulties to be encountered.

We should be placing ourselves in a hopeless position and running the risk of creating expectations which we might find it difficult to meet if we pursued negotiations with either of the applicants for the ^{grant of a forest lease with the} construction of a railway without first going into the ^{matter} or further with the Governor. Both we and the applicants ought to be in the possession of certain essential preliminary information in order to be able to form a sound opinion as to the reasonableness of any conditions to be imposed and as to the prospects of any particular arrangement resulting in the successful working of the forests. We must, for instance, know -

- (1) the area to be leased and its precise location;
- (2) the rent to be charged;
- (3) the royalty to be exacted;
- (4) the rate which will be charged for the conveyance of timber brought from the concession on the Theka Tramway and the Uganda Railway.
- (5) the rate of cutting to be required and the conditions as to felling.

We ought also to know any special conditions which the Governor considers should be attached to the construction

^{best} of the railway, e.g. the type of line, the date by which work should be begun and construction should be finished, any special conditions which it may be desirable to lay down as to the rates to be charged on the private line to future holders of concessions in the forest, etc. etc. The Governor has already mentioned tentatively an all-round royalty of 5 cents per cubic foot and a rate on the ^{Uganda} Railway of \$d per ton per mile. But he has not committed himself definitely to either of these terms, he has not formed an opinion as to the rent which should be charged, and he has said nothing about the line to be constructed except that it would probably involve an expenditure of £200,000.

The proper procedure, in my opinion, is to ask the Governor to give us essential conditions of a concession, as enumerated at (A) above, to which he is prepared to take his stand. Information of this sort was found essential in the negotiations with Messrs Samuel and Company as to the soda deposit at Lake ^{Wandi} before we could get to real grips with the question. On the receipt of the information, the terms proposed should be communicated to the applicants and, if possible, an agreement should be negotiated with one of them giving him the option for a year or whatever time might be arranged, to take up the concession on the terms negotiated. The interval would be spent by the applicant in examining the conditions on the spot, as Messrs Samuel and Company did in connection with the construction of the ^{Uganda} line, and he would then be in a position to decide whether to exercise his option or not.

We are somewhat embarrassed by the fact that there are now two applicants for the concession. It is clearly only possible to give such an option as is proposed to one of them. The application of constructing a railway into the forest must ~~surely~~ be attached to the first concession granted in the forest. It will be for the Government to impose more onerous conditions on any subsequent concessionaire in consideration of the fact that his transport difficulties will have been overcome by the first concessionaire. There does not appear to be any ground at present for breaking off negotiations with Mr. Frewen as Sir P. Girouard suggests in 27055. It is true that Mr. Frewen and his friends have called with the proposal and have never brought matters to a head. But it is equally true that the Government have not helped them to do so. As I have said above, there ~~is~~ certain information essential to any firm and reliable offer to construct a railway into the forest which the Government have never yet given to Mr. Frewen. ~~and which was not intended~~ any offer which he or anyone else might make without being in possession of that information could not be looked upon with any confidence. The question of deciding between the applicants can, however, be left until we get further information for which I propose to ask. It is probable that by that time one of them may have tired of the question, or that we may be able to decide on a comparison ~~where~~ the financial backing which the applicants will then be called upon to show. They might even go into the affair together if each knew that the other was in the field.

In the first instance write to the Governor as proposed asking for further information and stating the procedure.

procedure which it appears desirable to adopt, and inform both Mr. Frewen and Mr. McDonnell that the Secretary of State finds it necessary to ask the Governor to go further into the matter, but will communicate with them again on receipt of the Governor's reply, when he hopes to be in a position to deal with the applications which have been received for concessions in the forest.

27053
at rule

JOHN CHAPMAN & CO
STEAM COALING & CHARTERING AGENTS

JOHN CHAPMAN
T. H. HUBBEN

TELEGRAPHIC ADDRESS:
"CHAMPED LONDON"

TELEPHONE NUMBERS
387 AVENUE.
2867 LONDON WALL

101, Leadenhall

London

29th Sept 1911

REC'D

29th Sept 1911

H. J. Read Esq., G.M.S.,
East African Department,
Colonial Office,
Whitehall. S.W.

REC'D
965

Dear Sir,

Enclosed I have the pleasure to hand you brief particulars of the portion of Forest Land on Mt Kenia, British East Africa, for which my three friends and I have lodged applications in Nairobi some months back.

The Governor - Sir Percy Girouard - having advised me to make application ~~here~~ for the right to cut timber, I now formally make the request. Should you grant it I propose to approach wealthy London Friends (Messrs C. J. Hambro & Son and Messrs David Salomon & Co., with both of whom I am now doing business) to find the capital (say £100,000) for building a railway to connect with the Thika Railway and to work the Concession. In order to interest these Firms I naturally require some assurance from your Office that, provided the money is guaranteed and work begun by a given date, the Concession will be granted on terms to be agreed upon.

CONCESSIONS = 9610-20

2.7
217
As I have no absolute authority to mention the names
of the two aforesaid Firms please treat the reference to them as
confidential.

I am, Dear Sir,

Yours faithfully,

R. W. M. Donnell

R. W. M. Donnell

Erasmus H.

212

Particulars of a Concession applied for to Cut
Timber in the Kenya District:

31767
REC-30-SEP-11

BY:- Arnold Butler McDonell Between the N'tonga and
Nisi rivers.

BY:- Ronald William McDonell Between the Nisi and
Thushi rivers.

BY:- Victor William Dunham Between the Thushi and
Rubengatahi rivers.

BY:- Harry E. Dunham Between the Rubengatahi
and Kuringi rivers.

The four blocks are adjacent lying in the N. semi,
Omba and Rubu country, and it is proposed to work them together
as one Concession.

11/31767/A.A.P.

465

DRAFT.

Downing Street,

13 October, 1911.

EAST AFRICA PROTECTORATE.

No. 588

GOVERNOR
COLONEL SIR PERCY GIROUARD, K.C.M.G.,
D.S.O., R.C.E.

MINUTE.

14. Butler 7th Oct.

Mr. Peard. 7
Mr. Pridles. 7

Sir A. Jess.

Sir C. Lucas.

Sir J. Anderson.

Mr. Lucas. 12 f.

Mr. Harcourt.

Mr. Dawson

(21961),
(23401),
(27055)

Sir,

I have the honour to acknow-

ledge the receipt of your despatches

No. 312 of the 1st of June, No. 324

of the 21st of June and No. 415 of

the 26th of July, relating to con-

cessions in the Forest, and to

transmit to you a copy of an appli-

cation which has now been received

from Mr. R.W. McDonell for a lease of a

portion of the Forest.

McDonell. 29th Sept.
(31767)

Mr. Moreton Frewen. 1304
(draft herewith)

Mr. McDonell.
(draft herewith)

(3 drafts)

2. Excluding the small con-
cession applied for by Lord Cranworth

M/31767/E.A.P.



DRAFT.

Downing Street,

18 October, 1911.

WEST AFRICA PROTECTORATE

No. 288

Governor,
COLONEL SIR FRANK GIBBOUD, K.C.M.G.,
D.S.O., R.E.

MRS. ATE.

Mr. Butler, 11 Oct.

Mr. Read.

Mr. Fiddes.

Sir H. Just.

Sir O. Lucas.

Sir J. Anderson.

Lord Lucas. (21961)

Mr. Harcourt. (23401)

for *Anderson* (27055)

McDonnell. 20th Sept.
(31767)

Mr. Moreton Frewen. 13 Oct
(draft herewith)

Mr. McDonnell.
(dit herewith)

3 drafts)

Sir,

I have the honour to acknowledge the receipt of your despatches No. 312 of the 1st of June, No. 344 of the 1st of June and No. 415 of the 26th of July, relating to concessions in the Kenia Forests, and to transmit to you a copy of an application which has now been received from Mr. R.W. McDonnell for a lease of a portion of the Forest.

2. Excluding the small concession applied for by Mr. Harcourt

#11
#11

No. 450 of the 28th of August, #

as reported in your despatch which is on a different plane and will be dealt with separately. ^{Excluding this concession,} there are now two applicants for large concessions in the Forests, namely, Mr. Moreton Frewen, with whom correspondence has ~~was~~ been in progress for some years, and Mr. McDonell. I am in entire agreement with you in thinking that it should

be an essential preliminary condition of any concession that the concessionaire should undertake to construct a railway from the terminus of the Thika tramway into the area leased. I fear, however, that I am not yet in possession of information which would warrant me in definitely opening negotiations with either of the applicants for a concession on this basis.

There are certain ~~essential~~ items of information which it is essential that ^{possess} both ~~of~~ the applicants should have before us if they ~~are~~ are to be in

Mr Frewen admits the reasonableness of this condition in the letter of the 6th of May (a copy of which was enclosed in my despatch No. 245 of the 16th of May). Mr. M. McDonell similarly recognises his preliminary obligation and suggests capital of an amount to provide both for the construction of the railway and for the working of the forest.

EN^o 14915

11 N^o 14915

a position to form an accurate appreciation of the liabilities which they would be ^{involved by such a} ~~concession as is proposed,~~ called upon to undertake under the ^{concession, and I must have before me in order} ~~concession, and I must have before me in order~~ ^{of the reasons for the conditions} ~~concession, and I must have before me in order~~ ^{can reasonably} ~~concession, and I must have before me in order~~ ^{which may be imposed upon them and} ~~concession, and I must have before me in order~~ ^{prospect that any particular arrangement} ~~concession, and I must have before me in order~~ ^{might} ~~concession, and I must have before me in order~~ ^{result} ~~concession, and I must have before me in order~~ ^{of resulting in the successful} ~~concession, and I must have before me in order~~ ^{working of the Forests.} It is necessary

for instance to know

- (1) the area to be leased and its precise location;
- (2) the rent to be charged;
- (3) the royalty to be exacted;
- (4) the rate which will be charged for the conveyance of timber brought from the concession on the Thika Tramway and the Uganda Railway;
- (5) the rate of cutting to be required and the conditions as to felling.

I should also desire to be informed what special conditions you consider should be attached to the construction of the railway into the Forest, e.g.

the

the type of line, the dates by which work should be begun and construction should be finished, any special conditions which it may be desirable to lay down as to the rates to be charged on the line to future holders of concessions in the Forest, the terms of expropriation by the Government, and any other conditions which may occur to you.

You have also mentioned tentatively a ~~fixed~~ royalty of 5 cents per cubic foot and a rate on the Uganda Railway of one half per cent on the net.

But I do not gather that you have committed yourself definitely to these figures and you were in any case not able to accept them definitely in connection with Mr. Heron Brown's application. It is desirable that I

should

DRAFT.

should know whether you are prepared to recommend these figures as the minimum *of royalties and freight* rates which the Government could accept,

and whether you consider that negotiations should be opened on the basis of such

minimum *or on higher rates which would permit of some reduction, if necessary,*

to secure a successful issue to the negotiations. *In the latter event you should advise what higher rates of royalty and freight should be put forward.* I have to request that you will

furnish me with precise information in as great detail as may be practicable on the points enumerated in the preceding paragraphs.

You will remember that information of this kind was essential in the negotiation with Messrs. M. Samuel and Company

as to the soda deposits at Lake Magadi before any real progress could be made.

On that occasion also my predecessor had the great advantage of the personal

assistance

assistance of yourself and the Manager of
the Uganda Railway. On the receipt of

the information for which I ask, I propose

to communicate to the applicants the
essential terms ^{in which a} ~~of any~~ concession ^{would be granted,} and if

possible, to negotiate an agreement with

one of them, subject to my being satisfied

that he has the necessary financial

support, giving him the option for one year,

or for such other period as may be

arranged, to take up the concession on the

terms negotiated. The interval would

be spent by the applicant in examining

the conditions on the spot, as Messrs.

Samuel and Company did in connection

with the Magadi branch line, and he would

then be in a position to decide whether

to exercise his option, or not.

If it is clearly only possible
to give such an option as is proposed to one

of the two applicants. The obligation

to construct a railway into the Forest

must be attached to the first concession

granted in the Forest, and it would be

both unwise and unfair to the constructor

of the railway to grant other concessions

except on more onerous conditions. It

would be for the Government to impose

higher rates of rent and royalty on any

subsequent concessions in consideration

of the fact that his transport difficulties

would have been overcome by the first

concessionaire. A certain embarrassment

arises from the fact that there are two

applicants in the field and that it is

necessary to choose between them. It

does not appear to me that there is at

present any ground for breaking off

negotiations with Mr. Moreton Frewen as

you suggest in your despatch No. 415

(27055)

of the 26th of July. It is true that

the correspondence with Mr. Frewen has

been dilatory, and so far shows no signs

of a definite ^{result.} termination. But I fear

that Mr. ~~Robert~~ Frewen is not alone

to blame in the matter, as he has not yet

received from the Government definite

quotations of rent, royalty, and rates on

the Uganda Railway, on which alone a

final application could be based.

The question of deciding between the applicants

can, however, be left until I have

received and considered the further

information asked for in this despatch.

It is possible that by that time one

of them may no longer wish to prosecute

his application, or that the financial support

offered

offered by the one may be clearly superior

to that offered by the other. It is

even possible that the applicants may

decide to go into the matter together if

each knows that the other is in the field.

I enclose for your information

copies of letters which have in the mean-

time been addressed to Mr. ~~Robert~~ Frewen

and Mr. McDonell.

I have etc.

L. HARCOURT

31/57 1341

DRAFT

you suggest in your despatch No. 415

(27055)

of the 26th of July. It is true that

the correspondence with Mr. Frewen has

been dilatory and so far shows no signs

of a definite ^{result.} termination. But I fear

that Mr. Heron Frewen is not alone

to blame in the matter, as he has not yet

received from the Government definite

quotations of rent, royalty and rates on

the Uganda Railway, on which alone a

final application could be based.

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can, however, be left until I have

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information asked for in this despatch.

It is possible that by that time one

of them may no longer wish to prosecute

his application, or that the financial support

offered

offered by the one may be clearly superior

to that offered by the other. It is

even possible that the applicants may

decide to go into the matter together if

each knows that the other is in the field.

I enclose for your information

copies of letters which have in the mean-

time been addressed to Mr. Heron Frewen

and Mr. McDonell.

I have etc.

L. HARCOURT.

31767 x 3.1.1917

DRAFT

you suggest in your despatch No. 415
of the 26th of July. It is true that
the correspondence with Mr. Frewen has
been dilatory and so far shows no signs
of a definite ^{result.} termination. But I fear
that Mr. Frewen is not alone
in the matter, as he has not yet
received from the Government definite
quotations of rent, royalty and rates on
the Uganda Railway on which alone a
final application could be based.
The question of deciding between the applicants
must, however, be left until I have
received and considered the further
information asked for in this despatch.
It is possible that by that time one
of them may no longer wish to prosecute
his application, or that the financial support
offered

(27055)

DRAFT.

offered by the one may be clearly superior
to that offered by the other. It is
even possible that the applicants may
decide to go into the matter together if
each knows that the other is in the field.

I enclose for your information
copies of letters which have in the mean-
time been addressed to Mr. Frewen
and Mr. McDonell.

I have etc.,

(Signed) L. HARCOURT.

31767 + 3767

M. 31767/E.A.P.



Downing Street,

13 October, 1911.

DRAFT.

McDONNELL, ESQ.

Sir,

I am directed by Mr Secretary Harcourt to acknowledge receipt of your letter of the 24th of September applying for a lease of a part of the Kenia Forest.

2. Mr. Harcourt finds it necessary to obtain certain information from the Governor before he can make a definite reply to your application.

~~A further letter will be addressed to you on the receipt of the information in question,~~

I am, etc., applications which have been made by you and others

588/355

Copy for 588-13 Oct

MINUTE.

13 Oct.

Read

Mr. Eddies.

H. Just.

C. Lucas.

Mr. J. Anderson.

Mr. Lucas.

Mr. Harcourt.

for con on

x N^o 31767

2 drafts)

for concessions in the Forest
will be considered and
a further letter will
be sent to you
I am

M. 31767/E.A.F.



DRAFT.

Downing Street,

MORRISON FREWEN, ESQ. *XX*

October, 1911.

MINUTE.

- Mr. Butler. 7th Oct.
- Mr. Reid.
- Mr. ...
- Sir C. Lucas.
- Sir F. ...
- Lord Lucas.
- Mr. Harcourt.

Sir,

With reference to the letter from this Office of the 15th of May, I am directed by Mr. Secretary Harcourt to inform you that he finds it necessary to obtain further information from the Governor of the East Africa Protectorate before he can make any definite communication to you with regard to your application for a lease of a part of the Kenia Forest.

is not strictly necessary to write to Mr. Frewen at this stage, unless he reminds us. The letter will be useful as indicating that he is not the only applicant.]

(3 drafts)

Clayton 508 Oct 10

AP 14085

