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EAST AFR. PROT.

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28 DEC 08

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AFRICAN OFFICE
No. 929
COLONIAL OFFICE

No. 47319

Individual

(Subject.)

Capt E.S.

Messrs Lingham + Grogans Concess^{ns}

1908

4 Decr

at previous Paper.

Reviews history of concess^{ns} asks areas covered by leases + by subsequent acquit^{ts} may be finally settled so desirable work to be proceeded with. I'm willing to discuss terms of leases.

36076

(Minutes.)

Mr Read Pre 19350 (my name) for short history of this branch
I gather from 38713/04 that proceedings for fulfillment ^{of the paper} ~~shall~~ begin with the new year unless steps are taken to stop them. Is there any real reason why we sh. stop them?
I think not. We are not going to make a railway to the Oldema River, and therefore, in order to work the forest, the papers must make one.
The cheapest route of railway would cost at £3000 per mile

Read & Feb. 1. 8 Feb.
* Copy copy sent for 7. 8 Feb.
under Capt Grogans & Hayley 1389

Subsequent Paper.

for 9289

£180,000 - A further £170,000 at least would be required for making roads in the forest, establishing sawmills &c.

Is there the best prospect of Mr. Capt. Grogan finding this money and if so is there any prospect of the Government paying? I cannot see the smallest ground for thinking so.

Therefore, why possibly, why he wants taking in to the forest lease is that he has been granted a lease of a large quantity of land at Mombasa, which is a town with a extremely valuable, the lease of which terminates if the forest lease is determined.

M.M. 31/12

Mr. Contractors. I don't expect, in view of the last two parts of the letter, we can decline to treat further with Capt. Grogan. As to his further lease we don't spend money + the line we have taken recently is that if he is ready to have his original lease amended, we are prepared to discuss terms. The case seems to be eminently one for the Commission etc who would no doubt like to discuss the matter with Capt. G. personally.

N.Y.R. 31/12

I had a long interview with

Capt. Grogan on the 5th Dec. - See my minute attached to 36076. I told him that we should be prepared to consider, in consultation with the local authorities, any reasonable proposals which he might put forward. This letter is the result; but it contains no definite proposals. Nor is that to be wondered at. It is clear now, I think, that the problem is an insoluble one. It is impossible to exploit an inaccessible forest. If the wood is of good quality (as I though this has not yet, I understand, been established), it may perhaps be worth while to make a road or railroad some way to bring the timber out; but at present the forest is, and probably will for many years be, inaccessible.

Capt. Grogan and his friends seem to have persuaded themselves that the Govt. would build a railway either for the purpose of exploiting the forest or to open up other country;

and on the strength of this they
have spent (so they say) £7000
directly, and more indirectly,
on preliminary investigations.
If what they want is to get
this money back, I am afraid
that they will not do it out
of the forest, but they are
not underserving of sympathy, and
I should be inclined, if it were
found feasible, to come to an
arrangement with them on the
basis of their helping some or
all of the land at Mombasa
(referred to in Mr. Ellis's minute)
on condition that they renounce
all claims to the forest but
forfeiting the forest, which will
then remain to be developed for
the benefit of the State when
in the course of years it has be-
come acceptable.

The Concipiens Committee
will not, I am afraid, be able
to help us. Most of the points
raised in Capt. Progan's letter
would be more easily dealt with
by the local authorities; and, if
only there was a Government
to matter

London and a few officials trans-
acted in colonial administration, we
could assist upon all negotiations
of this kind being conducted
locally. 406
R.W. Jones.

I see no objection to your
proposing a settlement for the
increase of the forest land & in
return renounce of an agreement
the records of an agreement
affecting land at Mombasa.
The question is whether Capt.
Progan will treat on that basis.
An important element in the
consideration of that question is
whether he has his possession
any direct or indirect evidence
indicating that we proposed to
open up communication with
the forest, or were prepared
to grant concession to other
people so or were any letter
which would induce him to
think that facilities for transport
might be given at an early
date. (See the opening
paragraph of Capt. Progan's
letter with.)

Mr. Andrew
2.1.09
at home

December 11 8

Re 28012/1908
and 28076/1908.

Sir,

I have the honour to acknowledge the receipt of your letters of September 4th and October 27th.

I much regret the delay in replying thereto which arose from my having had difficulty in getting in touch with one of the interested parties, who has been travelling in the far West of Canada.

We hope and think that the main questions which exist between the Government and ourselves may best be solved by our showing that, so far from having assumed a passive attitude, we have from the very outset energetically set ourselves to the task of solving the great inherent difficulties of the situation and organizing ourselves for the ultimate effective operation of the forests.

The following epitomy will serve to remind you that we on our part have spared no effort or capital outlay to achieve the objects we had in view. It is exclusively due to circumstances beyond our control that the operations contemplated under the terms of the leases have been delayed.

At the period of our undertaking the exploration and investigation of the forest it was assumed that the Government would be prepared to provide or facilitate the provision of access should the investigation disclose the workability of the forest. No liability on our part in this connection was ever suggested. The Government realized the advantages that the railway would derive from the carrying trade of exported timber over 450 miles of their railway system, apart from the direct and indirect advantages that must accrue to the country from this industry. We had every reason to suppose that in the event of the Government deciding not to construct the railway, we should receive sympathetic treatment at the hands of the Colonial Office in the matter of the extension of the Railway to the Havine, by which means alone the timber could be rendered available for export. We therefore immediately put ourselves in touch with the then Secretary of the Colonies, Mr. Alfred Lyttelton

Several interviews took place with that gentleman, who expressed himself as prepared to give sympathetic consideration to any offer that came from our side for the construction of the railway on any basis other than that of guaranteed interest or Government subsidy.

As the result of these negotiations we succeeded in forming a combination consisting of the Mr. Hon. Sir George Gidale, Lord Dillington, Sir Alexander Henderson, Mr. Henry Birchrough and

Sir John Wolfe Barry, who with ourselves agreed under certain conditions to interest themselves actively in the financing of the railway. A proposal was thereupon submitted to the Colonial Office on the basis of a land grant. A considerable time elapsed without any reply.

We approached the Colonial Secretary again, but, as the Government was then on the eve of resigning, he intimated that the decision would have to lie with his successors, and would no doubt have his early consideration. Within a week of Lord ... in's assuming office, we received a letter dated December 21st 1905, referring the whole matter to the Crown Agents and we were requested to see them.

An interview took place with Sir Ernest Blake, who expressed himself as being in principle averse to railway construction other than by Government enterprise.

Subsequently on May 6th, 1906 the Colonial Office wrote suggesting terms on which the Government might permit the Railway to be built by private enterprise. These terms were based on a per mileage land grant system of 40 acres per mile of railway constructed. As the proposed railway to the forest would throughout its course traverse private property the land grant suggested

could only have been leased at a point distant from the railway and the money equivalent of each land grant was not valued by the Government itself at more than Rs. 1 to Rs. 2 per acre.

The terms proposed did not appeal to the financial and technical combination concerned, and all our efforts in that quarter were rendered abortive.

After a series of negotiations in other quarters we subsequently submitted fresh proposals to the Government which were not entertained. Throughout this period we were actively engaged in the commercial investigation of the woods themselves in the country and in America. A succession of costly expeditions were dispatched both from here and America for the purpose of investigating the timber contents of the forest.

Having regard to all these facts we think we are justified in saying that although the burden of constructing the railway did not rest with us, and was in no way a condition of the granting of the forest leases we made a sincere and serious effort to assist the Government in solving this problem.

Referring to the question of the Railway. The general money market position has been profoundly modified since the period referred to.

In addition to this we are completely excluded from the local market by the fact that grants of timber have been, and we understand

are still being made of the railway free of all royalties and forestry conditions. One such grant amounting to 40,000 acres is now being worked.

The outlay to which we have been put in connection with the Forest leases is given in an attached statement of Cash expenditure showing a Cash expenditure in direct connection with the forest undertaking of approximately £7,000.

In addition to this amount large expenditure in direct connection with the forest undertaking was incurred in the expeditions above referred to.

These sums are irrevocably sunk in this undertaking and can only be recovered by the ultimate working of the forest while the Government as Ground Landlord will have received from us by March next the sum of £2,120 in rents and royalties in advance. I venture to submit that this large expenditure is in itself a guarantee that we mean to actively exploit the Concession as soon as circumstances permit the solution of the Transport difficulty.

As regards the expenditure under the heading of Survey, the sums of surveying land grants and Concessions lie with the Government. We only undertook the great expenditure involved in expediting the work by importing a highly qualified surveyor from the Central South African Railways at the special request of the

Commissioner. All that it was actually incumbent upon us to do was to deposit the survey fees amounting to £120 per concession and await the completion of the work by the Government. This was even done in respect of the Lingham Concession.

The question that still awaits the consideration of the Government concerns the survey.

The Surveyor and his Staff were ordered out of the country when the Hamdi trouble began. A new surveying expedition was brought into the country in 1906 but after waiting some months for permission to enter and in view of the little prospect of an immediate settlement we were compelled to discharge the same after having incurred an abortive expenditure of about £500 under this head

The sheets deposited by Mr. Goryell, the surveyor, periodically during the survey, at the Land Office, show a total area surveyed by him of 120,000 acres of which he estimates 80,000 acres to be timber and the balance grass land. It follows, therefore, that an additional minimum of 40,000 acres of timber remains to be surveyed before the total areas to which we are entitled can be allocated.

We may reasonably claim that this final survey should be proceeded with as early as possible. If thereupon the Government wishes us to fall 2,000 trees a year in terms of the Concession.

we shall of course be prepared to carry out that provision of the Lease.

The Government may, however, agree in our view that no useful purpose can be served by premature felling of these trees, and Government interests are unaffected by actual felling since the royalties are payable in any case

The actual felling of 2,000 trees would cost £50 or £60, a trifle in comparison with the sums we have expended; and, until such time as the trees could be speedily removed from their position in the Forest, felling operations would involve a grave risk to the forest from fire.

With regard to the question as to whether the Northern country has until quite recently been a closed district or otherwise, I can only state that several interested parties visited the Forest at different times but always under a special permit and with a Government escort.

It is perfectly true that I accompanied Mr. Hutchins into the Forest in 1907 but it must be remembered that Mr. Hutchins is a Government Official.

Of course I cannot speak with any knowledge as to what has transpired in the last eighteen months during which I have been detained in England. Previous to my departure the country was held

to be in a disturbed condition (this your letter of October 17th think admits and was undoubtedly a closed district. There may of course, have been a subsequent proclamation declaring the district open if so I can only plead that I never heard of it.

In this as in other questions affecting the grants we of course look to the benevolent attitude of the Government which we feel assured will not be withheld until we are able to give satisfactory evidence as I believe we have shown of the genuineness of our intentions and performance.

All we now ask is that the areas covered by the leases and subsequent agreements be finally settled so as to enable us to immediately proceed with the work in connection with the blocking and contour surveying of the timber areas to be comprised in the concessions and resume the commercial and financial work which we have been forced by the unexpected action of the Government to interrupt.

In conclusion I would refer to your communication of September 20th from which I infer that it is the wish of the Government to settle the terms of the leases amended in some of the particulars. These shall be happy to consider and discuss with you as it is presently our desire to come to a thoroughly workable understanding.

with the Government on the question of the exploitation of the Forest and on all points that bear directly on this matter.

I have the honour to be, Sir,

Your obedient servant.

The UNDER SECRETARY OF STATE
Colonial Office.
WHITEHALL.

STATEMENT OF EXPENDITURE

Gross expenditure of parties as shown in East African
Books of the Account to October 31st 1906.

Rs. 73.236
72.441
64.690
28.800

Rs. 238.867

= £18,984

ADDITIONAL ITEMS in direct connection with
the forest (not shown in East African Books
and exact details unavailable for moment)

(1) Lingham expedition 1906 say £500

(2) " " to U.S.A. to
arrange purchase of machinery
and investigate latest methods
and commercial prospects of
timber say £500

(3) Timber estimating expedition
(by Blackley) 1906 say £500

(4) Second surveying expedition
by Coryall (abortive on
account of Mandi trouble) £500

(5) Expedition American ex-
perts 1907 1,000

£3,000

£3,000

Total gross expenditure

£18,984

Certain items in the gross expenditure, shown in the East African Books, are on account of land purchases and other matters not directly connected with the forest position. None of this expenditure, however, would have been incurred without the forest position as its nucleus; and, if we lost the forest and the related land at Kilindini, we should have no assets other than a holding of Nairobi land acquired at a total cost of about £2,500 and some disconnected and therefore useless land holdings at Kilindini.

Some of the principal items shown in the East African Account alone and directly connected with the forest development and leases are:

1904-05	Preliminary expedition by Messrs. East and Sawyer	£258.	16.	0
	Grogan first expedition to arrange Concession	£268.	6	8
	Cash paid Grant and Eotheringham for application rights.	£200.	0	0
1905	Second expedition Grogan and Lingham to start survey	£1,035.	1.	9
	Survey fees deposited forest and adjoining land for mill etc	£230.	0	
1905-06	Survey account	£1,717		
	Exploration account (4.0.4 and 1.3.1)	£500.		
1904-08	Rents and royalties paid in advance			
	Grogan Concession	535.	6.	8
	Lingham " (to March) 1909	1,066.	13.	4
	Timber yard Nairobi	180.	0.	0
	Timber yard Kilindini	300.	0.	0
		£2,180		
1904-08	Salary and expenses of Manager $\frac{1}{4}$ of £1,600	£ 800.		
	Total	£6,935.	4.	8

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BULL 238
COLONIAL OFFICE

418
CAMP HILL,
NEWCASTLE,
STAFFS.

Dec 27th 1908

The Under Secretary
The Colonial Office

Sir

In further support of resolutions proposed in my letter
to you of 20th inst, I would wish to draw your
attention to a notice given to you in the Gazette of
Dec. 10th of this year

It reads as follows

It is hereby notified for general information that
although the Union Indian Platform has now been
thrown open to settlement, all entries north of the
Kangaroo River will remain a Closed District
(except) F. J. Jackson
Deputy Governor

I have the honor to be

Dear Sir
Very obedient servant

W. S. Rogers



DRAFT.

CAPTAIN E. S. BROGAN.

Downing Street,
4 Feb
January, 1909.

Ans'd 13/89

Sir,

I am directed by the Earl of Crewe to acknowledge the receipt of your letter of the 24th ultimo, on the subject of the intended proceedings for the cancellation of the agreements for the lease to you and Mr. Lingham of certain forests situated near the Eldama Raine in the East Africa Protectorate.

The Lordship understands
2. / you ^{to} contend that the Government ought not to insist on its legal rights in this matter on the grounds —

- (a) That it was deemed that the Government would be prepared to provide or facilitate

*Mr. Ellis 14/1
McLachlan 23
Sir F. Hopwood 23.1
Ed. Peck 28.1
Earl of Crewe 29.1*

*McLachlan
Office speaking
to you I have omitted
possibility of an
allowing him to
retain the lease at
which time the lease
which determination is with
the lease of the forest
The lease is of 100 acres
of land with water privilege
in the hands of the Government*

N. 47319

facilitate the provision of access should your investigations disclose the workability of the forest;

(b) That you have been hampered in developing the forest by the closing of the district in which it is situated; and

(c) That you have already expended a sum of some £7,000 in exploration, survey, and royalties;

~~It is to make the following observations on~~
With regard to the first of these points, I am to observe that

3. / It does not appear that any definite promise was made of Government assistance in providing access to the forest. *It would seem* ~~At any rate~~ *So far, from what you say yourself, that* ~~that~~ *was dependent on the demonstration of the* ~~workability of the forest; that is, the~~ *possibility of developing it on lines which* ~~would be profitable both to the Government and~~

fort

DRAFT.

~~to the Government as owners of the royalties~~
and carriers of the timber *and to the*
lessees.

4. On these conditions ^{in certain} a sympathetic attitude to your scheme was no doubt promised by the Government, and was, his Lordship considers, shown in the patient consideration given by his predecessors to the various schemes of development proposed by you.

5. It was assumed all along ^{by the lessee} that a railway was necessary for the development of the forest, and the discussion, conducted mainly by correspondence with Mr. Goldmann, *and pursued mainly with* turned on the terms on which the construction of such a railway could be assured, ~~and the~~ upshot of the negotiations was to show that the forest was not in present conditions workable; *i.e. it appeared* in the sense that the railway could not be constructed ~~without imposing~~ ^{and}

~~on the Government without~~
unless the Govt. assumed certain
obligations without

principally

Stanning

...in the prospect of receiving itself

6. Without discussing all the various phases of Mr. Goldman's proposals, it will be sufficient to refer to the final proposals, the rejection of which by Lord Elgin was notified in Mr. Antrebus's letters to Mr. Miller of the 18th of January and the 12th of March, 1907. It was then pointed out that the proposals were inadmissible because they involved the free grant, without any restrictions as to felling, of the greater part of the forests, *which would have been equivalent to involving a gift by the Government of the royalties at present leviable estimated at Rs. 11,400,000; together with the grant of a rate of 1d per ton mile on the Uganda Railway, which would barely pay the cost of working, and a subvention, varying with the amount of timber sent down, which would*

~~44298/06~~
~~6265/07~~

+ No 44298/06 2657

DRAFT.

amount to a partial guarantee of interest on
the capital required for the ^{line}.

7. Since the date of this ² letter
of the 12th of March 1907.
no fresh proposals have been submitted for
the construction of the line; and His
Lordship can come to no other conclusion
than that, in the opinion of the men of
business who have examined the proposition,
the forest is not workable in the sense defined
in the 3rd paragraph of this letter. In
other words, *he concludes* that the timber is not suffi-
ciently valuable to pay for the charges
involved in exporting it to distant
markets; nor does the information from
other sources which his Lordship possesses
lead him to doubt the soundness of this
conclusion.

8. In these circumstances his
Lordship thinks that it is not in the

interest

interest either of the public or of the
lessees to abstain from the cancellation
of leases the conditions of which appear
to be impossible of fulfillment without
involving loss to one ^{party} or the other ^{at all}; and
that the ^{right} policy is for the Government
to resume possession of the forests, ^{and} to
preserve the timber and to work it on a
small scale for local purposes until altered
conditions may render its exploitation on
a larger scale feasible.

9. The question of the extent to
which you had been hampered in your
operations in the forest ~~by the closing~~
~~of the district owing to native troubles~~
was dealt with in the letter from this
Department of the 27th October ^{last} in which you
were informed that the information supplied
to his Lordship does not support the
contention.

36076

+ 18 21 076

DRAFT.

contention that you were materially hindered
(the closing of the district owing to)
 in your operations by ~~native~~ troubles.

But, even adopting your own estimate of
 the difficulties thus placed in your way,
 it does not seem to his Lordship that
 they in any way precluded you from demon-
 strating the workability of the forests:
 and it is your failure to show this which
 has induced his Lordship to approve of
 the Government taking the steps, justified
(which are well known)
 on legal grounds, to recover possession of
 the forests.

10 Q. His Lordship regrets that you and
~~your~~ ^{with you} ~~associates~~ should have ^{incurred} ~~been put to~~ fru-
 less expenditure in connection with the
 forests; but he cannot regard the sum of
 27,000 as a very serious loss, ^{had} having
 regard to the extent of the properties

involved

involved and the length of time during
which the negotiations have been pending,
viz: ^{some} ~~1~~⁴/₂ years. A large part of the
sum may be fairly looked upon as payment
for an option on the properties which has
not been exercised.

I am, etc.

F. S. H.
Francis J. Hopwood.

involved and the length of time during
which the negotiations have been pending,
viz: ^{some} ~~4~~₂ years. A large part of the
sum may be fairly locked upon as payment
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not been exercised.

I am, etc.

~~F. S. H.~~
Francis J. Hopwood.