

EAST AFR. PROT.

30686

30686



Year or Ind. No.

Monthly

1909

14 Sept

Previous Paper

30686

L. Magadan Scheme

In view of the fact that the agreement has been made, a copy also sent to the Council. Enclosed copy of letter to Messrs Samuel & Co

Mr. Fiddes. See also Trans. 30164

I look to the assistance of all those who have helped the matter along in the Office, an agreement has at last been arrived at with Messrs Samuel. It is now submitted to the Secretary of State for approval, with a view calling attention to the points which require comment. As the agreement was likely to provoke hostile criticism on the part of those who had vested interests in the South industry, the original basis of the agreement was drawn up with the assistance of the first directors of Indian Railways & the General Manager of the North British Railway. The preliminary agreement is contained in the accompanying CO points (19213), & the only material attached which

3 copies of agreement to be sent to Mr. Fiddes & Mr. G. H. ...
copy of letter to Messrs Samuel & Co
13 Oct

what has been done is that the fact have
been decided to put up the money required
for the purchase of the ^{new} rolling stock with
representatives of the Board instead of
letting Messrs. Lomax provide the money &
repaying the money by instalments. The new
arrangement was in fact recommended by the
experts referred to above, so that especially
for us we can safely say that the whole
arrangement is approved by their authorities.
It also has the entire approval of Sir P. Fremantle
(^{the witness}) - see the letter attached to Treas^r
25700.

I think therefore that fortified by the
body of expert opinion we have a quite
sufficient defence against hostile critics.

With regard to the question of capital
outlay to which I have referred in
my memo: under the Head of Section 34
of the Contract, we should, as you have
suggested, tell the Gov^t to instruct the
local auditors to keep a sharp look-
out on what is charged to capital
account, also to examine the
specimens for metals to see that
the latter are not carried out on a
retrospective scale. We might also
think, tell the Gov^t to inform us
if any favourable opportunity occurs
of pushing hard for the Gov^t at
London. As the Gov^t auditors, and

would the harbours will probably become
extremely valuable. We are now more or less
at the beginning of things & will probably
never get a better opportunity of buying
land which may be eventually required
for important harbour works. 210

On the general question I think that
if the scheme finally passes through, it
will be a good thing for the Pub^l^{ic}. In
Canada we are a powerful firm & they
evidently do not intend to confine their
operations entirely to the working of the
soda deposits. The minimum amount of
soda which they ~~must~~ contract to export
is almost equal to the whole annual
throughput at present handled by the
Windsor R.R. All the additional
traffic must tend to deepen the
working of the railway & this must
favorably react on the agricultural
industry. To say nothing of the
cotton industry & Windsor. You see
unquestionably that water may be so
loweased that we shall be able to
export our timber by rail at a
profit. The ~~absence~~ ^{impairment} of the shipping
facilities ~~will~~ ^{is} just this, & the
general stimulating effect of a big industry,
may also be taken into consideration.

I have been very much surprised
to see you in the S. A. office.
I should go to the Green
with intention to stop it with
a copy of the usual receipt with
12 copies of the agreement as finally
agreed should go to the Gov for
his information.

H. J. R.
15/15

A lot of good work has been done by several
people in bringing about the result and they
deserve much credit for their contributions.
The burden has mainly been borne by the
and he is entitled to the greatest praise for
the state & pertinacity with which he has
fought an almost hopeless battle. Only those
who like myself have been looking on and
admiring the resources which he has shown
in getting a path through an apparently
impassable forest of difficulties. I believe
of the agreement will be of my great
benefit to the State and it makes me
glad to see that the Gov. has only
to sign in the hope of determining
the question. He has not really

effective intervention with the Government
to make business would have broken down.
I am not entirely satisfied, from one
point of view, with the terms of expatriation
of the "Port" (1st section schedule § 34) 211
We want to safeguard property as much
as possible, and especially to prevent the
Government from establishing themselves in such
a position that we shall have to buy them
out on ruinous terms, before we could
create a big harbor. I think § 34
amplifies this, but nevertheless it does
make it possible that the terms might be
somewhat onerous. However we cannot
expect to buy a better price if for our
own purposes we expatriate, or rather
shift the Contracting part. We must
accept the transaction as a whole, and
having regard to the many points on which
the Contractors have held us we can
hardly expect to get every point settled
exactly as we desire. The present
demonstrates is, of course, different from
the shape in which the Contractors
submitted it to Government, and on these
grounds I advised it amplifies

I am sure it will be found
 documents have been filed up
 documents can be signed
 the board & meeting like the plan of
 the Nevada Railway
 I think the same should
 properly assert.

1879

Yes, we must take the whole
 arrangement together & bear in mind
 the practical conception for which
 it is a substitute
 I adopt the first part of the
 hidden means in terms & assumed
 what he says as to the labor
 skill & permanency of those who
 have been charged with the duty
 of negotiating the difference between
 the price value of the building
 & cost

John
 16.9

- There are 3 things here
- (A) A preliminary Agreement
 - (B) A contract for the construction of
 the branch & meeting like the plan of
 the Nevada Railway
 - (C) A lease of Lake Meade & other lands
 for working the soda deposit

(A)

This makes the whole arrangement with
 Messrs Samuel contingent on the soda
 deposits proving satisfactory on further
 examination & on the detailed survey for
 the branch demonstrating that the cost
 of construction is not prohibitive. I do
 not think that we need be apprehensive
 on these two points. The report by our
 own geologist shows that the deposits
 are practically inexhaustible & I understand
 that the tests of the soda which are
 being carried out at the Imperial Distille
 are practically equal, so far as they have gone
 with those of the Commissioner.
 The expenditure in prospect for the
 construction of the branch is estimated by
 Messrs Samuel

According to the estimate of
 Messrs Samuel Railway Engineers,
 the

I have taken a close interest in the
 project and entirely agree with the
 nature both as to the development of the
 the Administration should be expected
 and as to the great public interest
 to the Road and there was here
 proposed here

I think it is probable that the agreement may be
easily accepted, & if the S. of S. express,
copy of it should go to the Com
Admiral with instructions to ^{consider} it with
Genl. Smith - When Genl. has done
a copy of all the recent correspⁿ with
12 copies of the agreement is finally
signed should go to the Gov^l for
his information.

H. J. R.

15/18

A lot of good work has been done by several
people in bringing about this result, and they
all deserve great credit for their contributions.
The burden has mainly been borne by Mr. R.,
and he is entitled to the greatest praise for
the whole & particularly well which he has
fought an almost hopeless battle. Only those
who like to see things done in a
approximate the manner which he has shown
in pushing a path through an apparently
impassable forest of difficulties. I believe
that the agreement will be of very great
value to the Government, and it makes me
rather better to think that it has only been
arrived at in the face of determined
opposition.

effective intervention with the Government
the whole business would have broken down.

I am not entirely satisfied, from our
point of view, with the terms of appropriation
of the "Port" (1st section Schedule 8 34).²¹¹
We want to safeguard posterity as much
as possible, and especially to prevent the
Government from establishing themselves in such
a position that in the future to buy them
at a ruinous price before we could
create a by-law under Act 8 34
and so forth. It is desirable that it does
make it possible that the terms might be
somewhat onerous. However, we must
expect to pay a stiff price if for our
own purposes we expect to, or rather
shift the Contractor's part; we must
regard the transaction as a whole, and
having regard to the many points on which
the Contractor has held us, we can
hardly expect to get every point settled
exactly as we should desire. The present
done is, of course, different from
the shape in which the Contractor
proposed it to be given, a compromise.
On these grounds I advised the Government

the distance from the lake. The
main line is only 80 miles instead
of 100 as set out in the original
 $\frac{2}{5}$ mile of it is through easy country
& the only difficulty is the
first thirty miles or so being
from the lake to the first
stump. It may be possible to
safely. It is
known to be possible to
safely to be able to
suffering by further which they are
likely to encounter.

The agreement also provides for
the surrender of the old concession
granted by the F.O.

(B) 223
This Contract has, at various stages of
it, been ^{carefully} examined by Sir P.
Groom, Mr. Robertson and the
Consulting Engineer of the Uganda R.R.,
by Mr. Lurie the General Manager
Sect. 1. (m). There was a great deal of
discussion as to whether "carbic
soda" should be included and in the
definition of "Soda products". S. King, who
is Messrs. Samuels' expert & one of the
leading authorities on soda, mentioned that
"carbic soda" was a "Soda product" &
therefore entitled to be carried at the
same cheap rate as the other "Soda
products". Mr. Lurie pointed out that
"Carbic Soda" was far more valuable
than the other products (say £11.00 a
ton against £4.50 a ton), that if
to give favourable rates to the car can be
made here to give them to other people,
that the Railway are perhaps prepared
that, as a matter of principle, to make
charge a higher rate.

We finally arrived at a compromise which
was acceptable to both sides, viz. allowed
"Carbic Soda" to stand as a "Soda product"
but re-qualified the Uganda R.R. by the
proviso in sec. 12 (B).

It is probable that the pier, which is
situated very conveniently for the emergency
shipping of the goods, will also be available
for a certain amount, at any rate, of
the general traffic of the harbour &
this will extend the facilities of the
port.

With regard to the last para. of
the section, Messrs Samuel's original
demand was that, in addition to being
given equal facilities elsewhere, they
should be given 115% on their capital
outlay or 25 times the average profit
for the last 3 years which was the
factor, also compensation, so that
the arrangement should be applicable
to the whole of other trade, whether
sea or otherwise. We have whittled
the down to 105% on the capital outlay
for the pier, & for the other
works, & limited everything to the
sea business only. There is still
a possible means of fulfilment in the
words "capital outlay". The point
will be dealt with under section
34 which refers to capital outlay.

Section 5

will be observed that the benefits
to be at least $\frac{1}{5}$ of the British. I
at first I receive that the
entire should be wholly British, but
Messrs Samuel said that it was essential
that Mr Henry on the board, as
was the only man who had all the
necessary knowledge - that they would
only have had an Englishman if they
had found one with the necessary
knowledge, but that they could not
do otherwise will probably be done
& it was considered better to omit
reference to this in the contract.
P. Grouse is fully alive to
the Parliamentary difficulties involved
with the imposition of Indian labour
it is understood that if labourers
imported from India there
is to be no repatriation clause
The contract was signed by W. D. Kelly &
Messrs Samuel & Co. & was accepted
the last bill of the branch of the
contract. Not a penny has been
made for repatriation at an amount
equal to the capital outlay on the
of the pier at an amount equal
105% of the outlay. It is therefore
necessary for the
to be

Section 15

214

Section 32
33

Section 34

take provisions against the Capital
accounts & these being being underly
with a view to getting the best price
from us, if & when we should
be appropriate. In the case of the road
it is not probable that we shall
want to appropriate the leases. The
railway leads to a desert through
desert & is a line which may some
day develop into a trunk line
serving a large area with distant
any rate the clause appears to be
adequate so far as the transit
concerned. In the case of the latter
part it is quite conceivable that
the road will develop so we may
day wish to appropriate the lease
for the purpose of carrying out some
big harbour scheme, & it is therefore
to see to what extent the clause
affecting is the mileage. ~~Another~~
^{the cost of} repair, restorations, renewals, &
replacements, do to be charged to
revenue, so that we are protected
from having the Capital account
depleted on account of these items.
Also under Clause 5 of the Contract

specifications and plans for building, erecting or laying down works at the Contractor's cost have to be submitted for the approval of the Government before any such works are begun. It should protect us against the ^{construction} ~~erecting~~ by the Services of suddenly unnecessary expenditure on works with a view to getting larger compensation from us in expropriation. Moreover, in their own interest, they are not likely to spend money for this purpose unless they think that there is a good prospect of expropriation in the near future. There remains the possibility that they may construct works or erect machinery, which may have been approved by the Government, but which in the course of time may become ~~obsolete~~ ^{unwanted}. In so far as such works or machinery is replaced by something similar, we are on safe ground, as the replacement will be charged to revenue; but something wholly different might be substituted, & the cost ^{of} that ~~cost~~ would go to swell the Capital account. However, after discussion between Mr. Fisher, Mr. Curran, & myself, it was thought that, in view of the importance of the undertaking as a whole & of the fact that Messrs. Smeeth had set us on other points, it might take the form of the

...stand
Then we are given a table of traffic other than the contractor traffic in terms of the law. It has not been a public parking under the law but it would therefore be impossible to guarantee priority for the contractor traffic. It was considered that the section as now drafted put over the difficulty, & the contractor said that they preferred to keep the benefit of other traffic (they are to have by the people) rather than lose their priority.

Sub-section (a) (2) was partially drafted by Dr. P. Forman after his return with Mr. Robinson. They are to a great extent in accord with the original arrangement, but that arrangement gave a "plate" that the rate should never be higher than 7 pence for the mile. The defect was that the rate was a perfectly safe undertaking to give, but the Treasury was not prepared to build (or perhaps, rightly) to build themselves for so long a period & said that they would have under the maximum of 7 pence of a penny, below which the rate was to fall after the first 5 years. We should put importance to stating the maximum, as it was a matter to be decided.

Section 1

Section 42

including ground

staff to reduce working expenses below the $\frac{1}{2}$ pence per mile, which had been assumed to be the base cost of working. I thought the maximum of 2.16 was adopted by which the maximum of 7 was returned for 21 years, & he presented the maximum of 9 $\frac{1}{16}$ of 7.

Sub-section (f) is intended to meet the possibility of having to use a way which lies on the difficult part of the line leading from the Lake to the top of the escarp.

Mr. Samuel's was originally framed for a section much wider than this, & was a "special clause" in the ordinary "act of food & free response" clause.

(C)

The original part included minerals & precious stones as well as soda & although Mr. Samuel themselves started in suspicion to the matter, the original arrangement framed that minerals & precious stones should be included for the period of the original enactment which had not yet elapsed. It was the lack of signature of the clause all the way. There is little more prospect of success.

Section 57

Section 2
and para:

of minerals being found as a good part of
the country is covered by the Soda Lake
itself, & in any case, we should get 5%
of the profits under Section 5.

I got the fact as because I thought
that it might be better to have
and up against the
Soda Lake of the
the shipping facilities
will be increased &
Soda

This is fully worth
13 of our 100 shares

W. F. Fidler

With reference to the 100 shares
now left in Section 5 of the
Soda Lake, we had a full discussion
between both sides & then solicited
the opinion of the result that
we should pay for the mineral capital
of the Soda Lake of the
the 100 shares of the
the 100 shares of the
the 100 shares of the

The amount needed was
£350 and a proviso was
made at least 7/6 in the
to be paid up. Now I should
the whole had to be
one they would have
the most difficult & probably
which would otherwise
be a very serious business,
the 100 shares of the

the situation of the

making other works. But the agreements
contemplate the issue of debentures (and of
course additional capital at the time & if
required) and so long as the Co is in strong
hands I don't think that the exact figures are
of great importance.

I confer with J & R. I don't like to see
the nominal capital put at a higher figure
- as it is to increase the suggestion of
importance of value to the Co. But I
don't want to press the objection, especially
as I have from R. I don't like the C. Agents
to be so satisfied.

R
17/9

for & J see no reason
why the capital should
not be subsequently increased
if it is found to be
necessary.

J
17/9

I agree

17/9



30686

Great Winchester Street

TELEGRAPHIC ADDRESS
SPANNEY LONDON
TELEPHONE 2122
LONDON WALL

14th September 1909

Dear Road,

EAST AFRICA PROTECTORATE

Lake Nagadi Soda

a further copy

I send you ~~two copies~~ of the Preliminary Agreement and Contract, together with copy letter I have to-day written to Messrs M. Samuel & Co, which will speak for itself.

I have also sent a print of the enclosure to Mr. Currie directing his attention to certain of the clauses, and asking his final approval of the draft in its present form.

A further revise of the Lease I hope you will receive to-morrow - saying.

Yours truly,

C. H. Ormaney

H. J. Road Esq., I.M.S.

30686

3 & 4 Great Winchester Street
London, E.C. 4.

REC'D
14 SEP 09

14th September 1909

Encl.

Dear Sirs,

EAST AFRICA PROTECTORATE

Lake Magadi Soda.

I now hand you a further revise of this Preliminary Agreement and Contract and shall hope to be able to send you by to-morrow morning a further revise of the Lease, a print of which should have been contained in the second schedule to the print now enclosed, but the printers have found themselves unable to supply a further revise this morning.

You will find, as is usual in these cases, that the title has been altered, the whole document containing in effect the terms of the Concession to which you will become entitled. As now printed the first part of the document contains the terms upon which you will become entitled to take up the Contract contained in the first Schedule and the Lease contained in the second Schedule.

In the enclosure I have underlined in black ink the amendments which I have introduced since the meeting at the Colonial Office on Friday last, but in so much as this further revise has been prepared with great expedition, I have not had an opportunity of conferring with Mr Read as to the amendments, so must ask you to be good enough to say that the draft is now submitted to you subject to any views which Mr. Read may have with respect to the drafting of my amendments.

(2)

It may be, having regard to the additions I have
made at the end of Clause 79, that the drafting of the
Contract in places may require some clerical amendment.

Yours truly,

C. H. CHATNEY.

Messrs H. Samuel & Co.

886

30696 E.A.P.

201



C D V
17

DEPART

The above agents

MINUTE.

- Mr. Read. 17/4/17
- Mr.
- Mr. Just
- Mr. Andrews
- Mr. Cox
- Sir C. Lucas
- Sir F. Hopwood
- Col. Seely
- The Earl of Crews

I am directed by the Earl of Crews to transmit to you

Draft of an agreement with Messrs. Pennington & Co. which has been prepared by Messrs. Pennington & Co. for your consideration

with a view to its being signed by the

37 1/2 Great Winchester Street
London, E.C. 6.

Encls.

15th September 1909

Dear Read,

EAST AFRICA PROTECTORATE

Lake Nagadi Soda.

I now send you two prints of the further revise of the second schedule to this proposed Commission containing a copy of the proposed Lease.

You will remember that as a matter of fact we have never considered the terms of this proposed Lease together except on one occasion, our consideration being recently directed to Clause 10. I should like to have seen you on this print before supplying Messrs Samuels with copies but on Mr. Currie's urgent request a print of the enclosure was handed to him to give to Dr. Herz this morning, and I have now supplied Messrs Waltons with further prints and understanding that they are considering the same with their Clients this afternoon.

I enclose a note which I have received from Mr. Currie which sets forth certain amendments in the rates which he considers necessary should be made, and also suggesting an addition to Clause 46, which, in its present form, you will remember, had been approved of both by Mr. Currie, Mr. Sheiford and Mr. Robertson.

Enclosed is the map which you asked for yesterday, a copy of which it is proposed should be annexed to this Concession. You will remember it has been suggested that this map should not be cut down so that the longitude and latitude should appear thereon.

Yours truly,

C. H. Amory

H. J. Read Esq., C.M.G.

Staff

30686/04
100

221

Mr. [unclear]

Reference to previous correspondence

East Africa Protectorate

~~Confidential~~ Dispatch No. 72 of August

Downing Street,

~~Confidential~~

24 September 1909.

Sir, Y. 200

I have the honour to transmit to you

for your information, 3 copies of the
the papers noted below, ~~and a copy of~~
agreement concluded with Mr. ~~the~~ ^{the} ~~only~~ ^{only} ~~deputy~~ ^{deputy} ~~at~~
M. Samuel ~~in~~ ⁱⁿ connexion with Lake
Magadi a further despatch will be sent to you
as soon as possible

I have the honour to be,

containing further copies of
the agreement & a copy

Sir,

Your most obedient, humble servant,

CREWT.

The Officer Administering
the Government of

the correspondence
which led up

East Africa Protectorate. I have.

Date

Description.

1909

6 Sept.

Agreement in connection with the
Lake Magadi (concession
(3 copies))

cut

10/20866/1909.
East Africa Protectorate.

DRAFT

EAST AFRICA PROTECTORATE

Downing Street,

CONFIDENTIAL

8 October, 1909.

Governor

Colonel Sir P. Girouard, K.C.M.G., D.S.O., P.R.

MINUTE.

Mr. Butler, *OU* Sir,

Mr.

I have the honour to transmit

Mr. Just.

Mr. Antrobus.

to you with reference to my confidential

Mr. Cox.

despatch of the 24th of September

Sir C. Lucas.

last, a copy of correspondence relating

Sir F. Hopwood.

Col. Seely.

to the lease of the Soda deposits

The Earl of Crewe.

at Lake Magadi, and ^{twelve} ~~nine~~ further

July 8

copies of the agreement which has been

July 16

signed with Messrs. Samuel & Co. in separate

July 24

despatches I have addressed you

Aug 13

as to the facilities for which Messrs

Aug 19

S. Samuel and Company have asked for the

Aug 17

party

Aug 24

Aug 24

Aug 24

Aug 24

Aug 24

Aug 24

Aug 24

Aug 24

Aug 24

Ans (handy) 2/8/09

Ans (handy) 2/8/09

Ans (handy) 2/8/09

2 d/s

party which they are sending out ~~to make preliminary enquiries~~
to make preliminary enquiries as to the con-
struction of the branch railway and the
working of the deposits.

2. You are fully cognizant of all the
details of the negotiations with Messrs M.
Samuel and Company, owing to the part which
you yourself took in them before leaving
England for the Protectorate. Moreover ~~the~~
enclosed correspondence ^{de} shows fully by what
stages the present agreement was arrived at.
I do not propose therefore to enter into any
~~discussion~~
~~explanation~~ of the terms of the agreement.

I would, however, call attention to section ³⁴ ~~35~~
of the form of contract which forms the
second schedule to the agreement. In view
of the ~~provision~~ ^{power which is reserved by Sec. 48} which has been made for
~~the expropriation both of the branch line~~
~~and the contractor's part and pier, you~~
~~will appreciate the necessity of watching~~

very

very carefully the actual capital outlay in-
curred by the contractors in the event of
their ultimately taking up the lease ^{and contract}. In
this connection you will no doubt, when the
time comes, instruct the Local Auditor to ~~keep~~
~~a sharp look out of~~ ^{keep} ~~what is charged to capital~~
~~accounts~~ ^{carefully} and also to examine ~~the~~ ^{carefully} the speci-
fications for work in order to see that they
are not carried out on an extravagant scale.

3. I should be glad if you would inform
me if any favourable opportunity occurs of
purchasing land for the Government at Kilindini.
As the Protectorate develops land round the
harbour will probably become extremely valuable
and it is not likely that any better opportu-
nity will present itself later of buying land
which might eventually be required for the
harbour works.

4. I enclose ~~herewith~~ ^{request} ~~that~~ ^{ten} ~~copies~~
of a ~~report~~ ^{report} ~~on~~ ^{on} ~~the~~ ^{the} ~~subject~~ ^{subject} ~~of~~ ^{of} ~~the~~ ^{the} ~~works~~ ^{works}

of

of the Railway in addition to those which would be sent normally for the use of the

I regret that so many copies are not available for specifically for the use of the Railway but I trust that you will be able to spare an adequate number from the copies enclosed on the 25th.

5. In conclusion I desire to place on record my ~~very~~ appreciation of the part which you yourself took in the negotiations for the agreement. You spared no time and trouble in the matter and I feel ~~very~~ ~~an-~~ ~~surely~~ that your efforts contributed in a very large degree to the successful conclusion of the arrangement. I have to request that you will also express to Mr Currie my thanks for the untiring assistance which he rendered at so many stages of the negotiations, often at personal inconvenience to himself.

I have, etc.,

(Sd.) *[Signature]*

47
waiting for copies of agreement

O./39686/1909.
East Africa Protectorate

DRAFT

Secretary
to the Treasury.

Downing Street,
13 October, 1909.

MINUTE.

- Mr. Butler. *OC 7*
- Mr. *fs*
- Mr. Just.
- Mr. Antrobus.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- The Earl of Crewe.

Sir,
With reference to your letter *18340/09* ~~(18340/09)~~ of the 9th of September, I am directed by the Earl of Crewe to transmit to you for the information of the Lords Commissioners of the Treasury, three copies of the agreement signed with Messrs M. Samuel and Company with regard to the lease of the soda deposits at Lake Natron in the East Africa Protectorate.

I am, etc.,

Agreement 3 copies

17 DEC 1909

(Sd.) *[Signature]*