

1930

Kenya

16213

SUBJECT

C0533/400

Railway Stores Fund

Previous

151 9/25

Subsequent

35 1/19

1 High Commr. Strigg 87-23 May 30 2

(States regarding the transfer of £200,000 to the Stores Reserve Fund in December, 1927, and as to the whole question of Reserve Funds - also as to appointment of an Adviser, with special experience of railway finance).

D.C.A.

This and various other matters are to be discussed with General Rhodes who will, however, not be available for some little time yet.

It would be convenient if you could oblige us with your observations on this in the meantime.

(Signed) H.T. Allen.  
21.7.30.

Mr. Harding will not be back till the 18th September so I have recovered this in view of the possibility that there will be a general discussion with General Rhodes on financial questions at an early date.

(Signed) H.T. Allen.  
9.9.30.

Sir J. Campbell:

\* You want a summary of summary for Sir J. Campbell's eyes - all

See D and E in the synopsis. The D.C.A. has not yet been able to minute this.

As to the suggestion in the last paragraph of the despatch, see X.16188/30, which will come to you very shortly.

(Signed) A.C.C. Parkinson.  
12.9.30.

Mr. Harding:

This came up at the general discussion with General Rhodes on the 16th September at which Sir John Campbell, Mr. Allen and I were present. This matter was, however, not gone into finally, as obviously it is necessary to get your views before a decision is taken. You may like to have a talk with General Rhodes about it. He is still

in

In London, although he is going to Brussels  
about the end of next week. Perhaps, if you  
wish to see him, you could arrange for him  
to come and see you before then. His address  
is 18, The Grove, Golders Green, N.W. 11.

In view of the way in which  
this proposal is developing, we  
shall be glad not to reach  
an early decision - i.e. whether  
we may accept the proposals  
(a) to transfer to Capital  
Account the amount of the  
so-called Stores Reserve  
Fund as a contribution  
for reserve under the  
heading "Working Capital  
(Stores)", and (b) to  
designate the "Interest  
Reserve Fund" as a  
Reserve Fund.

[It is not intended, at  
any rate for the present,  
to act upon the suggestion  
in the <sup>second part of the</sup> first part of the  
reply.]

Acc Parkinson  
15.9.20

Mr. Parkinson

I asked Brig. Gen. Rhodes to come and  
discuss this question with me. He came on  
September 25th and we had a long talk.

I pointed out to him that the proposal  
to show a sum as "Working Capital (Stores)" in  
the Capital Account under the "Double Account"  
system was somewhat heterodox from the point  
of view of an English Commercial Accountant,  
though Dicksee admitted that a "small margin"  
of capital might be kept and used as working  
capital, and it might be possible to contend  
that even £442,000 odd was "small" in comparison  
with a capital of about £19 million.

I also pointed out that the argument  
in paragraph 7 would hardly hold water, since  
if the amount standing as "Stores Fund" had not  
been taken out of the Renewals and Betterment  
Funds the balances of the latter Funds would  
be by so much the larger and the effect as  
regards funds for the purchase of stores and  
maintaining cash balances would have been just  
the same.

But though I do not regard it as  
necessary for the maintenance of the stock of  
Unallocated Stores to insert a Liability to  
balance the Stores Asset, I do not deny that  
it may be desirable to make definite provision  
in the accounts for working capital. The  
difficulty they are in as regards this is due  
to their rule that their accounts must not  
show a Surplus Balance, but that the net profit

at the end of the year - after deducting contributions to their various reserve funds - must go to the Betterment Funds. If it were not for that rule, they could keep a "Surplus and Deficit Account" like a Colonial Government does, and - after making suitable contributions to their various reserve funds - Renewals Funds, Betterment Funds, Reserve Fund, etc. - the remaining net profits on the year's working would go to the Surplus and Deficit Account, the balance of which would be shown in the Balance Sheet as the excess of Assets over Liabilities and would provide working capital.

But as this solution is barred, I think that the best available course will be to let them do what they now propose - viz transfer the £442,000 back to Revenue and then transfer - or some similar round sum to Capital Account as "Working Capital - Stores" under Contributions from Revenue. I told Brig.-Gen. Rhodes that the only technical objection likely to be raised to this course would come from commercial accountants. Brig.-Gen. Rhodes however, said that this was not likely to occur, as there were no commercial accountants on any of the local Councils. Even if it was attacked on technical grounds, I think that a good case could be made out for it. The "Double Account" system which the English Railway Acts prescribe for English Railways, and which is also adopted by various other Public Utility companies.

companies, is a rather artificial creation arising from the statutory requirement that all capital raised should be used for the carrying out of the works for the execution of which the company was created. It is, in my opinion, much better to recognise the fact that working capital is necessary in order to run a railway and to show it in the accounts, than to provide it secretly by juggling with the accounts, as is the ordinary commercial practice of accountants - often by overstating liabilities or undervaluing assets.

As regards paragraph 12, I quite agree that the "Interest Reserve Fund" would be better renamed "Reserve Fund" or "Reserve Account". *The latter would be better as there is no invested fund.* If the above is approved, I should be glad to see the despatch in draft, unless it is confined to mere approval of the proposals in paragraphs 11 and 12.

*Ch. J. Harding*  
 Director of Colonial Audit.

*126-9-30*

*The ? above as a draft herewith*

*L. H. Allen*

*2/10/30*

*was not with me need a copy sent, but I pass on off to see.*

*Allan in 27/10/30*

*2. For to be trans 122-1 Board - 8 OCT 1930*

3 To D.C.A. (w/c 2) MIRA 9 OCT 1950 ✓

26

C. O.

15212/1930 Kenya

C. O.  
17-OCT  
D. 8

Mr. Allen 7/10

Mr. Babson

Mr. C. B. H. Stanley

Sir J. Shackleton

Sir G. Grindle

Pres. U.S. of S.

Pres. U.S. of S.

Secretary of State

Downing Street,

8 October, 1930

Sir,

DRAFT

TRANSPORT

KENYA-UGANDA

No. 122

H. Cr.

70  
COPY TO D.C.A. 14/2A. 9 OCT 1930

I have, etc., to refer to Sir Edward Grigg's despatch No. 87 of the 23rd of May, regarding the Stores and <sup>Interest</sup> ~~other~~ Reserve Funds of the Kenya and Uganda Railways and Harbours.

2. This matter has been fully discussed with General <sup>Fraser</sup> ~~Hindes~~ and

I have now to convey to you my approval of the proposal in para.

11 of Sir E. Grigg's despatch, that the sum of £492,347 standing to the credit of the Stores Reserve Fund should be transferred back to the Revenue, and that the same amount

or some ~~other~~ similar round sum should

COPY DCA

should then be transferred to Capital Account as "Working Capital - Stores" under "Contributions from Revenue".

3. I also approve of the designation of the "Interest Reserve Fund" being changed to "Reserve Fund" or "Reserve Account" - the latter title would appear the more appropriate unless <sup>actually</sup> the amount of the Reserve is invested.

I have, &c

(Signed) PAESFIELD

COLONY AND PROTECTORATE OF KENYA



LEGISLATIVE COUNCIL

SPEECH

BY

H. E. THE GOVERNOR.

LT.-COL. SIR EDWARD GRIGG,

K.C.M.G., M.C.O., D.S.O., M.C.

2RD APRIL, 1930.

PRINTED BY THE GOVERNMENT PRINTER,  
1930.

H. E. THE GOVERNOR'S SPEECH  
TO LEGISLATIVE COUNCIL,  
2ND APRIL, 1930

## H. E. the Governor's Speech to Legislative Council.

2nd April, 1930

### HONOURABLE MEMBERS OF COUNCIL,

It is three months, a little more than three months, since Legislative Council adjourned for Christmas, and I propose to ask your attention for a brief review of the affairs of the Colony and of the work of Government during that period. The remaining business this morning is purely formal, but in spite of that I shall endeavour not to make an unduly large draft upon your patience or your time.

First and foremost, I would express on behalf of the whole Colony the pleasure and satisfaction given us by the visit of the Prince of Wales. That visit, as you all know, was purely private in character, but it was nevertheless an honour and a source of pride to East Africa that His Royal Highness should have wished to return to visit it informally so soon after his first formal and official tour. We were, I think, particularly delighted that the greatest joy of this country, life on safari, should so appeal to him. It was a misfortune which we all greatly deplored that he should have got an attack of malaria during his travels, but we rejoice that his recovery was so rapid and complete—a sign, as His Royal Highness said, that attacks of malaria promptly and properly handled are but a passing tribute levied by untamed nature upon civilised man.

I should like also to refer with gratitude to the visit of Mr. Neville Chamberlain. The son of his father, Joseph Chamberlain, would be welcome at any time in any part of the British Empire. But Mr. Neville Chamberlain was doubly welcome here on his own account. It is very much to us in Kenya that one of England's leading statesmen should come to study our problems and our prospects at first hand and to form his opinions accordingly. I can assure him that his visit gives great pleasure and encouragement to the Colony wherever he goes.

I have also been delighted to receive another visit from a distinguished Belgian, much interested in colonisation, the Prince de Ligne. The Prince de Ligne is deeply interested

in settlement and development in the Kiwa area, and I value very much all opportunities of discussing with him such common subjects as railway communication, other forms of development, and research.

Finally, and before I come to the public business of the Colony, I should like to record my very sincere appreciation of the magnificent gift recently made to the Colony by Mr. G. R. Mayers, of Miwani, to establish the Horace Russell Mayers Memorial Homes at the Coast. Travelling in South Africa and Rhodesia, one sees evidence on all sides of how much has been done for those territories by private generosity. Hitherto, and through no fault of ours, that has been a great lack in Kenya. This splendid gift therefore is a signal event in the history of the Colony.

The McMillan Memorial Library, which Lady McMillan is raising to the memory of her husband close by this Hall is another example of private wealth devoted to public ends. The Library will be welcome both as adding to the resources of the capital and as a striking memorial to the generous and public-spirited personality which it commemorates. I hope that other benefactors will before long follow this example, and I trust they will not forget the Highlands Cathedral Fund and the Colonial Museum, both objects of vital importance to the Colony.

I come now to public affairs, and to the business of Council. I will try to deal briefly first with the main features of the session in regard to production, trade and finance.

The session was one of the most important in the history of the Colony, and was distinguished by the passage of the Bill before the Legislative Council, and all of them have an importance of their own, but I propose to say a few words only about three of them—the Land Bill, the Native Land Trust Bill, and the Land Bank Bill.

April is a good month for stocktaking in Kenya. The returns of the previous year are by then fully complete and available for review, and it is also possible to estimate with reasonable accuracy the prospects for the current year. Looking back on 1929, we can only regard it as a year of very severe stress and trial. The domestic exports of the Colony fell short of the exports of the previous year by £520,000. The main items in that short-fall were a reduction in the value of coffee exports, which went down by over £400,000, and a serious reduction also in the export of carbonate of soda, which

went down by £125,000. With regard to coffee, the short-fall was largely accidental, because, owing to the nature of the season, an unusually large proportion of that season's crop was not exported before the end of the calendar year.

With regard to soda, the Magadi Soda Company has been in considerable difficulties with its foreign markets of late, owing to certain qualities in the soda which it exports, and it has found it necessary to establish new machinery. Both Government and the Railway Administration very carefully investigated the position of the Company in order to assist the industry if we could. We found that in addition to the million pounds sterling which the Company has already invested in the Colony, it will be necessary for the company to invest another £250,000 for new machinery if its exports are to be increased. We have arrived at an agreement with the Company in regard both to railway rates and royalty which should not mean any less of revenue for the Colony, and when the new machinery is established we have good reason to hope the export of soda will go up to and perhaps exceed 100,000 tons annually.

Taking these facts regarding the short-fall of coffee and soda into consideration, and taking also into account the fact that 1929 was the end of a cycle of short rains, aggravated, I fear, by much political uncertainty, the 1929 returns are in fact by no means discouraging.

I come now to the current year. The yields of the crops now awaiting export, both in Native Reserves and on European holdings, have on the whole been remarkably good. Cereal crops have produced record yields, and it is estimated that on European holdings the maize crop will produce approximately 2,000,000 bags and wheat about 350,000 bags, leaving a surplus for export of European and native-grown maize of approximately one and a quarter million bags and wheat a quantity in excess of a hundred thousand bags. Unfortunately, owing to heavy and unseasonable rainfall, harvesting operations have been much retarded, and are only now approaching completion. As a consequence, grain has not been sufficiently dry for export until recently, and it is feared that some may decrease in quality before it is exported.

The season has been particularly favorable to dairy farmers. Increased quantities of milk, butter, cheese and other are being produced. Consignments of butter and cheese surplus to the Colony requirements are now being exported, and trade connections are being established.

Apart from the price, the prospects for next season are good. The rainfall all over the Colony has been heavy, and the menace of the locusts appears to be rapidly passing, if it has not yet entirely passed. There is a bountiful supply of food crops throughout the Native Reserves, and no sign of famine should occur. Coffee plantations are, I am told, in a remarkably healthy condition, and show promise of bearing a record crop. It is estimated that this year's crop will be 70 per cent larger than the crop of 10,000 tons picked last year. Increasing areas of sisal are also reaching the bearing stage, and there will be a large increase in the export of sisal.

If it had not been for the heavy fall in prices, this season would have been a record in respect not only of quantity but of value. It is impossible to forecast what prices may be realised in the coming year, and although I think it not unreasonable to expect that market prices will recover somewhat, it cannot be safe to assume that there will be a return to the comparatively high prices of previous years. The whole world, in fact, is exercised in finding a solution of the depression in trade for primary products, and an endeavour is being made to secure some stabilisation of prices. Government in such circumstances is beset with difficulties, but I should like to say we will welcome any practical suggestions from Honourable Members in helping producers, and more particularly the grain growers, in a trying situation, and we will give such suggestions immediate consideration.

With regard to revenue, the Colonial revenue in 1920 naturally reflected the general conditions of trade and production. Native hut and poll tax fell short of the estimate by over £35,000, and other sources of revenue suffered in proportion. When the accounts were closed, the receipts for the year exceeded the normal expenditure by a little over £23,000, without allowing for a further £40,000 due to the sale of foodstuffs, which was not estimated for in the original Estimates, but heavy abnormal expenditure disposed of that balance. The locust campaign cost the Colony £65,272; famine relief, after allowing for revenue from the sale of foodstuffs, cost the Colony £59,886, and there was also capital expenditure voted by the Council against Surplus Balances on works such as anti-malaria measures and so on, amounting to £72,866—making a total of £197,924. The Colony's surplus balances, as they stood on the 31st December, 1920, were accordingly reduced to £707,306.

It is due to our surplus balances that the Colony has gone through this period of depression without increase of taxation or reduction of services. They have indeed enabled us to make a considerable remission of native tax in famine districts, and also to incur abnormal expenditure for necessary things, such as locust destruction. I wish therefore to thank Council for assisting Government during some very critical years to maintain taxation at a level which has enabled these balances to accrue. Members will realise that it was impossible in such circumstances to remit the £70,000 which was set aside last year for remission of taxation. The only remissions were remissions of native tax.

The revenue this year is steady, but we must not presume too far upon it. The exports on the whole are going out later than usual, and the increase in imports will be correspondingly delayed. The volume of imports is also certain to be affected to some degree by the fall in prices. I do not think there is any reason to anticipate that the revenue will not exceed the estimate, but caution is desirable in regard to it. While therefore some reduction of taxation is, in the opinion of Government, desirable, it has not been possible to go to the full extent of the £70,000 promised two years ago. As Honourable Members know, there was a reduction of £7,900 in the Postal Revenue approved in this year's Estimates. In addition to this, Government has approved, by agreement with the other territories, for reductions in the tariff which will mean to Kenya a loss of £44,500. That means a total remission of taxation of £52,400. Against this we shall be able to set new revenue amounting to £31,000, which is being raised on items in the tariff which will not, we are confident, be felt by the consumer, so that the estimated loss of tariff revenue on the year will only be £21,400. This is all that the country's finances can afford, and I hope it will be made good by increased importations during the year.

The Railway position also requires caution. When the Estimates were passed in October, it was expected that good crops would be realised in Uganda, as well as in Kenya, and this Government fully passed the Estimates on the understanding that the Railway Administration would provide for a hundred thousand pounds reduction of rates. Unhappily, however, through unreasonable rates, the Uganda cotton crop has deteriorated both in quantity and quality. The fall in prices must also affect the volume of imports on the Railway.

here. The receipts at the end of 1927 were £84,000 below estimate, and up to date this year the receipts are £37,000 less than they were in the corresponding period last year. Honourable Members will realise therefore that only small rate reductions are possible. The General Manager will make a full statement on the position later on in this Session when he brings in the Railway Supplementary Estimates. On the other hand, I am glad to be able to announce that by agreement at the Governors' Conference the country produce rates, to which this Council attach so much importance, are to be entirely retained so far as Kenya is concerned.

The more I look on the situation of the Railway, the more I am impressed by the weakness which is inevitable owing to the fact that it depends solely upon agriculture. It is essential in the interests of both the Territories which the Railway serves that it should be able to reach a mineral area at the earliest possible date. That will be of double value, for in addition to the mineral freight which it will give the Railway, it will also open to the producers of this Colony and of Uganda markets on the continent where they will realise better prices than in the markets of the world.

I have done my best for a long time to study this necessity, which was also very much on Sir Christian Pelling's mind, and I visited Belgium in a purely private capacity when I was home in 1927 in order to discuss Belgian railway development with Belgians responsible for and interested in their Colonial possessions. I do not believe it is possible to attach too much importance to Belgian co-operation and goodwill. The question of railway extension to the Congo is now becoming urgent. Doubt has, however, always existed as to the direction in which the Railway should be extended to obtain this traffic. His Excellency the Governor of Uganda has also devoted much thought to this question during the whole of his tenure of office, and I have had many discussions with him. When the present extension reaches Kampala there will be two main ways of carrying on the line through the western part of Uganda, either from Kampala, practically in a due west direction, to the Belgian Congo border south of Ruwenzori, or from Bonga in a north-westerly direction to the north of Lake Albert. Neither the Governor of Uganda nor I consider existing conditions warrant an extension of the Soroti line at present, but this may be necessary at some future date when it is known if the Egyptian

Government proposes to construct a dam across the Nile in the neighbourhood of Fickwach.

With regard to the possible extension from Kampala to the Congo border south of Ruwenzori, a different and a much more promising situation arises. Such an extension would open up mineral areas in the Congo, would serve productive districts on both sides of the border, and would provide a valuable market for the produce of both Kenya and Uganda. The Railway would then be in a position to get full traffic both ways, agricultural products to the mining areas and returning ore. Members of Council have doubtless read the speech of His Excellency the Governor of Uganda to his Council last October, when he pointed out with great force the advantages likely to accrue from such an extension and strongly recommended that the Railway should be continued as soon as it reached Kampala.

In view of the advantages of a possible extension to the Congo from Kampala, arrangements were made last year in consultation with the Uganda Government that the Construction Engineer in charge of the Jinja-Kampala extension should carry out surveys and reconnaissances beyond Kampala. In the meantime, Mr. Varian, the Resident Engineer of the Benguela Railway, visited Kenya and Uganda on his way to England and on behalf of his principals, Tanganyika Concessions, Limited, found time to examine certain prospecting areas in Western Uganda, together with possible Railway connections to that area. Mr. Varian is in close touch with many of the Belgian development schemes, and it was therefore decided to take advantage of his experience and make available for him all information regarding local conditions and costs which was at the disposal of the Railway Administration and the Uganda Government. Mr. Varian prepared a comprehensive and useful report, from which it appears that Stanleyville, which is already connected by rail and steamer with Cape Town, must become the main centre of rail and waterway communication in the Eastern Congo; that if the Kenya and Uganda Railway is to be extended westwards, it must eventually be connected with Stanleyville; and, further, that for any such extension there is only one possible gap in the Rift Valley on the western side of Uganda, and that is the gap just situated south of Ruwenzori, which would enable the Railway to run in practically a straight line from Nairobi through Kampala to Stanleyville.

8

The Railway Administration has already had rough surveys made of this possible extension to the Congo border. It has already been recommended to the Secretary of State as a scheme for consideration under the Colonial Development Fund, and he has expressed a very sympathetic interest in it. My honourable friend, the General Manager, has just returned from a three weeks' tour in Uganda, when he went over the suggested route, and there are four separate railway survey parties now thoroughly examining the proposed extension. In addition, the Uganda Government have reconstituted their Economic Committee to examine the prospects of such a line. The completion of these investigations will, of course, take some time. The Secretary of State has also undertaken to discuss the prospects of such a railway with the Belgian authorities. I hope that progress may be made on these lines, for such progress is very desirable for the welfare of the Railway and for producers in both Territories.

I feel strongly that two things are imperative in regard to Railway policy at the present time. We have to face new construction involving new capital commitments; other difficult issues are involved. It is therefore, in my opinion, extremely desirable that we should have at the earliest possible date the services of a high railway finance officer with wide experience of railway finance. It would be wise to take such decisions as are now becoming necessary on the advice from a high authority on railway finance. There is also the question of the liability for the loans which may be incurred, a question which of necessity comes up under the Closer Union proposals. These things are of such deep importance to us that it is our account as one many others I hope the Closer Union proposals will not be much longer delayed.

The other thing that is imperative is the greatest possible measure of international co-operation, especially with the Belgian Government. We want such co-operation in communications and research, and I am quite certain we should do everything which we can to show our desire for co-operation and good-will. For that reason I have reconsidered the decision made by the Select Committee not to contribute the full sum required for our share in the East African Exhibit at the Antwerp Exhibition. Strong representations were made to me from various quarters on that subject, including the Secretary of State, and the necessary money has been found

9

partly by the Railway and partly by the Colony. I hope, in view of the great importance attaching to that Exhibition at the present time, that Honourable Members will support the supplementary vote.

I now come to the action taken by Government on the more important recommendations made to it last Session by this Council.

There was, in the first place, a recommendation regarding the housing of officials. The Committees promised were immediately appointed and they have done their work, but I understand there has been some difficulty in obtaining all the signatures. I have therefore not seen the Reports, but when the Reports are presented, I hope the Government will be able to take action on them without delay.

Perhaps of even more importance was the attention given by the Select Committee to the terms of service for the Civil Service. We have now heard from the Secretary of State and from the other Territories that both he and they are against any extension of the present length of tour. I understand that recommendations in that sense are also likely to be made by the Warren Esher Committee sitting in London. I have, therefore, appointed a small Committee of Executive Council, with an unofficial member to reconsider both the existing Reports on leave conditions, and to make recommendations. When this preliminary enquiry is completed, the subject will be submitted to a Committee of this Council. The subject of leave conditions and the length of tour is of such importance to the Colony that I am sure Government can rely upon the unofficial members of this Council to study it with due regard for authoritative opinion outside the Colony as well as within.

A third subject of importance was that of office organisation in the districts. I have received and read in the last three days an excellent report prepared by Mr. Wade and Mr. Mayer, who very kindly undertook to carry out the enquiry with Mr. Wade. It is a most practical, helpful and thorough report. It will be laid before this Council as soon as it is printed, and Government will make every endeavour, so far as lies in its power, to carry out the recommendations.

I have travelled much in this Colony and I desire now, after more than four years, to pay a warm tribute to the zeal and efficiency of the Civil Service, from Provincial Commis-

sioners, District Officers and officers of all Services down to the districts. I am particularly glad the report compiled was so sympathetic and appreciative of the work of the Civil Service. They have done their work for some time past under special strain and difficulty owing to bad times, the anti-locust campaign, famine conditions and shortness of staff, and I consider they have done it admirably.

The Administration is understaffed in the sense that the existing establishment does not fully provide for reliefs and secondments or for illness. Every Province is therefore usually under strength. The under-staffing of the Administration needs careful consideration. The normal and natural remedy, which has been taken with success elsewhere, is increasing devolution of certain kinds of responsibility to native authorities. We are doing that as far as we can. There are recommendations in the Wade-Mayer Report which will have this effect, and we are also proposing to deal with the work of Native Tribunals and the trial of natives in magistrates' courts. But progress on that line must necessarily be slow. I am satisfied, for instance, after taking the opinions of Provincial Commissioners, that the most effective form of devolution, namely, the devolution to native authorities of the onerous duty of collecting revenue, is not yet possible here. All we can do in that respect at present is to continue training the native authorities in financial responsibility through the Native Councils. I am confident that many of the tribes will make rapid progress in that way.

But in the meanwhile, and for years to come, their welfare and the peace and good order of the Colony will depend upon the zeal, efficiency, and *esprit de corps* of the Civil Service. As the constitution here changes and develops, a good Civil Service will become more, rather than less, important. Closer administration of native areas and closer study of native ideas are in many ways desirable. They can only be achieved by a system which frees Administrative Officers sufficiently from routine office work to enable them to tour more thoroughly in their districts. They also necessitate an establishment sufficient to prevent frequent changes of post, so that officers may better know their people and be better known of them. Without that, it is idle to expect any great increase in the knowledge of vernaculars, greatly desirable though all

consider such knowledge to be. I hope, before I leave the Colony, with the assistance of the recommendations made by Mr. Wade and Mr. Mayer, and by the help of other measures, to see effective progress made in these directions. One of the most essential of the necessary measures I have already referred to, is the reform of procedure with regard to the trial of minor native cases, and with regard to appeals from native tribunals. I will not go into detail on that subject now, but I should like to inform Council that new Rules and a draft Ordinance on the subject have been prepared and are now receiving the consideration of the Secretary of State. There would be, in point of fact, no necessity for Government to submit the new rules, because it is within the power of Government to make these rules under the existing Ordinance, but I wish to submit them because a change of principle is involved and I think it important that changes of principle should not be introduced by the method of rule-making without the cognizance of the legislature.

I have also received and studied the Report on Land Tenure within the Kikuyu Reserve, to which some reference was made last Session. It is a most enlightening Report. It has now been printed and will be laid on the table. We are now obtaining the views of Provincial Commissioners with special experience of the Kikuyu tribe, and I hope rules will be drafted without delay.

The most important of the remaining recommendations related to agriculture, education, and the medical services.

With regard to agriculture, the main point has been to implement the recommendations of the Agricultural Commission. The appointment of the Board of Agriculture has necessarily been delayed by the fact that the Secretary of State required our comments on the whole Report before sanctioning action, but I am now in communication with the Chairman, and the necessary members for the Board, and I hope to announce its appointment before long.

Another recommendation made with urgency by the Agricultural Commission was the establishment of a meal factory. We have worked out proposals for that in detail, and have submitted them to the Secretary of State as a project for consideration under the Colonial Development Fund. I hope Honourable Members will approve that course.

With regard to coffee and sisal services, which are also an urgent recommendation of the Commission, legislation is now in draft form and is under the consideration of Government.

Before I leave the work of the Agricultural Department, I should like to say a word of gratitude to my friend, the Director. He has been working short-handed for a very long time. The Deputy Director, Mr. Harrison, has now been promoted, and for many months before that he was away on the work of local destruction. The Director has therefore been very hard-pressed and working under great strain, and I wish to endorse whole-heartedly the tribute paid by the Agricultural Commission to his unflagging industry and devotion to the welfare of the Colony.

With regard to Education, we have been seriously misrepresented overseas. The Education Vote was not reduced in any item except one, and that was the token vote regarding Goan education, which amounted to only £500. The statement frequently made in many quarters that the Education Vote was seriously reduced is therefore untrue. With regard to the recommendations made by the Select Committee, my friend the Director of Education has taken action on all of them, and wherever possible action is well advanced.

With regard to Medical Services, we have also been exposed to criticism, particularly in regard to the provision of funds for certain institutions dealing with the medical training of African women. Honourable Members will remember that they decided that the affairs of these institutions required further investigation, and also that principles should be laid down governing the grant of capital funds to institutions for Africans similar to those laid down in the case of institutions for Europeans and Indians. The Committee appointed to deal with that has sat, and I understand that it has submitted a Report which has been signed by all its members except one, who was away. By the courtesy of the Chairman, I have seen an advance copy of their Report. It recommends in regard to African institutions that it should be open to Government to make a grant up to 100 per cent of the capital required if the institution merits it. That is going further than Government has gone in the case of European and Indian institutions, grants to which may not exceed 50 per cent of the capital required. It has also suggested

that a Standing Committee should be set up to go into the merits of the institutions concerned, and I hope to appoint that Committee as soon as the Report is in my hands.

I come now to legislation in order to make a very brief reference to three Bills.

First, the Tariff Bill. Some months ago a Committee was appointed of a very representative character, to make recommendations as to the policy to be followed by the Colony in the revision of the tariff which was being pressed by the two neighbouring Territories. The Report of that Committee was of a very comprehensive character. It was published and generally endorsed. It was accordingly adopted by Government. I myself took charge of the recommendations of that Committee in regard to protective duties, which were dealt with at the Governors' Conference, and I am glad to be able to inform Council that by agreement between the Governors, the protective duties are being retained so far as Kenya is concerned, and by the other Territories to a considerable extent. The general revision of the tariff which was also recommended by the Kenya Tariff Committee was entrusted to an expert Committee. The instructions to our representatives on that Committee were to follow the recommendations of the Kenya Tariff Committee. I am glad to say that they have secured agreement with other Territories, and that all the more important recommendations of the Kenya Committee have been carried out. There has been no departure of any moment from the instructions given, and I am sure therefore that the Tariff Bill will commend itself to this Council. The Colony owes a great debt of gratitude to my friend the Commissioner of Customs for the very expert and valuable work which he has done.

An Honourable Member understands it is not possible to discuss all the items of a tariff in an open legislature, and a tariff has to be passed on the same day through all its stages in all the three territories over which the tariff is to run. The arranged date is the 17th April. The Tariff Bill will be introduced and passed through all its stages on that day, but I shall be glad to arrange, if Honourable Members desire it, for a confidential preliminary discussion with them of the main features of the Bill.

I come now to the Native Lands Trust Bill. I promised this Council before the adjournment that the objections made by Honourable Members on that side of the House to the

action proposed by the Secretary of State should be submitted to him. That course was duly taken and this Government also forwarded certain new recommendations of its own which might in our opinion have assisted to overcome the difficulties which had arisen. I am laying the Secretary of State's despatch in reply, together with the proposals made by the Kenya Government, so that Honourable Members may fully understand the position taken up by the Secretary of State, who hopes this Council will agree to proceed with the Bill in the form which he originally desired. I hope that Honourable Members, whatever they may still think of the clause under dispute, will not refuse to associate themselves with Government in passing the Bill as a whole through its remaining stages. It is of the greatest importance to the Colony.

I deeply regret the long delays which have taken place with regard to the Land Bank Bill. It has been delayed partly by the change of Government at home and partly by protracted negotiations with the commercial Banks. I am not complaining of the Banks. Their attitude has been most friendly, but the co-operation of the commercial Banks inevitably brings in certain difficulties regarding joint responsibility. The co-operation of the Banks and their branches in this Colony is essential to the Land Bank, but I am not so certain that it is necessary or desirable that we should also secure their financial participation. I am therefore referring the matter back to the Select Committee so that they may consider the Secretary of State's comments, and so that they will be able to proceed with the Bill in its original form.

One word more, before I conclude, about a matter which has attracted some attention both in Kenya and within. Honourable Members are I dare say a state of mind, as the Colonial Secretary last session had his Government originally wished to make larger provision for the benefit of David Livingstone—Matthew Wellington, now known as Freretown in advanced old age. At the time, the Government were prevented from doing so by the Secretary of State and the Imperial Government. We are now informed that the adverse view then taken by the Secretary of State and the Imperial Treasury need not be considered binding. I propose therefore that Council should grant a further compassionate allowance to Matthew Wellington; and that a Committee of this Council should consider in what form that can best be done.

It would be intolerable that this Colony should seem indifferent to the memory of Livingstone or to the needs of any

old servant of Livingstone's, especially when that servant has been in the service of Government. The care of such a man should not be left in any way to private charity. Livingstone may justly be regarded as the chief founder of British colonisation in East and Central Africa. His lion-hearted exploration first opened up the centre of the African Continent. More than any single man he brought about the suppression of the slave trade; and he was the first great advocate of civilisation in Africa by settlement. To show his foresight in that respect more than half a century ago, I quote the following passage from *The Life of Livingstone*, published last year by the Rev. Dr. R. J. Campbell:—

In December, 1850, pressing his kindred to emigrate, he says he believes the cause of Christ will be better advanced by emigration than by missionaries. This conviction deepened with him as time went on, and we meet it repeatedly in his utterances, public and private, written and oral. In the opening chapter of the *Missionary Travels* he gives emphatic expression to it in the challenging statement that the promotion of commerce would do more good than the missionary with the Bible under his arm; and a year was he of his ground in so saying; that out of the profits of this, his first and most widely circulated book, he offered two thousand pounds towards the cost of equipping and sending out selected British families to colonise the shores of Lake Nyassa if Government would support the proposal.

He was always his aim in his policy in the psychological benefit of a good social example, and his foresight has been amply vindicated by the planting and growth of flourishing English and Scottish communities in this part of Africa.

It is a tragedy that Livingstone's wide and single vision has since been so heavily obscured by narrow partisanship in one cause or another and by its bitter controversy which partisans have aroused. These controversies are doing active harm to the interests of all races in East Africa, and are gravely prejudicing its development. I earnestly hope that a fair settlement of our political and constitutional problems will not be much longer delayed.

HIGH COMMISSIONER  
FOR TRANSPORT.

OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT  
GOVERNMENT HOUSE,

NAIROBI,  
KENYA.

No. 87

RECEIVED  
20 JUN 1930  
COL. OFFICE

23 May 1930.

My Lord,

I have the honour to acknowledge the receipt of Your Lordship's despatch, Transport Kenya-Uganda No. 36 dated 14th March 1930 regarding the transfer of £200,000 to the Stores Reserve Fund in December 1929 and the whole question of Reserve Funds for this Administration.

*(Note in 1930)*

2. There appears to be a certain amount of misconception as to the purpose of the Stores Fund. This Administration like most undertakings of a commercial character incurs the greater part of its working expenditure in advance of the receipt of the revenue from which the expenditure is eventually met; most of the stores are paid for months before they are used and salaries and wages are paid either on the last day of the month in which they are earned or early in the succeeding month, but the greater part of freight earned is paid either on delivery or through ledger account towards the end of the month following that in which the consignments concerned have been rolled. Funds must therefore clearly be available from some source other than revenue to carry expenditure between the time disbursements are made and the time that the operating revenue is collected.

Approved - 1930 - 8 OCT 1930  
copy a. Henry. on 24 Oct 1930

3. Expenditure on renewal and betterment account is normally incurred either concurrently with or in arrears of transfers to the Funds from revenue and the position with regard to the financing of this expenditure is.....

THE RIGHT HONOURABLE  
LORD PASSFIELD,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON S.W. 1

(No. 2. in  
1859  
A)

therefore as described in paragraph 2 of Mr. Amery's despatch No. 37 dated 5th May 1928.

4. The Central account receives no assistance from loan funds. Balances are in the hands of the Treasurer and small advances only are received to meet immediate expenditure. It is therefore necessary to carry heavy stores stocks, most of which are purchased in England, and apart from the time which must necessarily elapse between the purchase and delivery, a sufficient margin must always be maintained to tide over delays caused by shipping, labour and other contingencies. The value of the stores stock including fuel fluctuates usually between 2500,000 and 2600,000, though the latter figure has occasionally been exceeded.

5. Cash balances have to be maintained at the Head Office, four District Offices, with the Crown Agents, with Agents in India and also in sixteen Bank Accounts. In addition, at times an adverse balance of miscellaneous suspense accounts in consequence of credits given for freight had to be covered.

6. During recent years the total amount required for the above purposes may be taken as having been in the neighbourhood of 21,000,000 and until recently the Administration has been in a position to provide a substantial proportion of this sum from unrequied renewals and betterment balances, since, while the loan charges remained relatively small, contributions to these funds were at a higher rate than the expenditure from them.

7. The time is now approaching when available balances of renewals and betterment funds at the end of one year will be more than suffice for the programme of the following year, and then the only assistance which will be received from these funds in far as working capital is concerned will be approximately the amount of 2,000,000 per year contributions, say 2400,000, leaving a further 2600,000 to

be.....

to be provided from some other source.

8. In squarrell's undertakings working capital is normally provided from paid up capital or debentures, assisted as time goes on by reserve and such other funds as may be available. Following this procedure this Administration reserved, although it did not specially earmark as such, part of the original Parliamentary Grants for use as working capital up to the year 1917.

9. It would have been misleading to show in the balance sheet renewals and betterment fund balances which included large sums which can never be made available for expenditure on renewals and betterments since they are required for working capital and it is for this reason that the sum of £200,000 permanently required to finance Stores was transferred from the renewals and betterment Funds to the Stores Fund.

10. This fund as it stands is really a reserve fund and its purpose is to provide working capital for stores which is one of the normal functions of a reserve fund. There are however reasons why it is undesirable to designate this fund a Reserve Fund, for as pointed out in my despatch No. 23 of the 25th July, 1928, there was a growing tendency on the part of local public opinion, which has shown no signs of diminishing, to press for further reductions in tariffs and extension of branch lines if reserve funds are shown to be in too satisfactory a position; and it is difficult, when the balance sheet of the Railway shows large amounts at the credit of Renewals, Betterments and Reserve Funds, to convince the Public that these balances cannot be made available for a more extensive betterment programme or reduction in rates.

11. The description "Stores Fund" was intended

to.....

to give a clear indication that the amount of this fund would be definitely tied up in Stores Balances and could not be made available for any other purpose. From an accounting point of view there may be objections to such a designation but as mentioned in the previous paragraph there are from other points of view objections to changing the designation of the fund to "Reserve Fund". The amount involved is required as working capital and as such it would find a proper place in "Capital account". I suggest accordingly that this amount be transferred to "Capital account" as a "Contribution from Revenue" under the heading "Working Capital (Stores)".

12. I agree that the explanation given on page 114 of the 1930 Estimates is not entirely relevant to the generally accepted purpose of an interest reserve fund and consider that it would be more appropriate to designate this fund "Reserve Fund", since that title would widen its scope and more appropriately describe the purpose for which the fund is required. With regard to the explanation on the same page of the Estimates of the purpose of the Stores fund, it appears to me that this explanation is open to objection in so far as the designation of the fund is open to objection.

13. I note that Your Lordship desires that this matter should be discussed with the General Manager while on leave in England and I entirely agree in thinking that it is the best way for this matter to be discussed exhaustively by him with Your Lordship's advisers during the next few months. The General Manager expects to arrive in England about the end of June.

It would add however, that this in common with other subjects is one which asks for study from an Adviser with...

with special experience of railway finance, and venture  
therefore to repeat the plea, which I have pressed for  
other reasons in my speech to the Legislative Council on  
2nd April and elsewhere, that such an authority should be  
appointed as early as possible.

\* No 8  
16/8/30

I have the honour to be,  
My Lord,  
Your Lordship's most obedient,  
humble servant,

Edward Giff

HIGH COMMISSIONER

1950  
No. 16226

SUBJECT

CO 533/400

Building in Kenya

Agreement with Sir H. Baker

---

Previous

Subsequent

FILE C

The four copies of an agreement, which if approved should be signed by Sir. H. BAKER - requests if two sealed copies when signed, may be returned, - also copy of the agreement with Mr. Hoogsterp.

~~in Paris~~

I haven't been through this in detail. But it's on the same general lines as the agreement in no. 13 or 15704122

Not Louis  
Hk

? send to Sir H. Baker etc four copies of agreement, asking that provided he has no alterations to make, the agreements should be signed in his presence, & show ~~any~~ the existing MS. alterations initialled, & 3 copies returned to the Co. ~~for signature~~ to the Gov. (2 for Gov. & 1 for Co.)

the date of his signature inserted in the first line initialled

E. G. G. G.  
5.7.30.

H.B.  
10/7

all  
12/7/30  
at home

2 To Sir H. Baker - Cons - 22/7/30  
(with 4 Copies Agreement for signature, 3 copies to be returned)

3. Sir. H. Baker. 28th July 30.

Returns three copies of the agreements signed and witnessed - with comments.

(I don't think we need take his points here)

? as is to be

Edmond  
31.7.30

1/8/30 H. Duncan.

4. To Sir Herbert Baker (no 3 case) 6 - AUG 1930

5. To Gov 621 - ("103, it + 2 copies of final agreement sent to G") - done 7 AUG 1930  
(No. 1 known.)

Gov. Grigg. Tel. 27th. Sept. 30.

DESTROYED UNDER STATUTE

Convenient if Hoogstraal can be in England on the Gov's arrival

7. To Sir H. Baker 27/9/30

8. Sir. H. Baker. 29th. Sept. 30.

States Mr. Hoogstraal left for Kenya ten days ago - will be glad to have the personal benefit of personal discussion with the representative of the Government.

? as is to be

Edmond  
30.9.30

Walker

accp  
5.10.30  
alone

30.9.30

DESTROYED UNDER STATUTE  
To Sir H. Baker (8 Amud) 4-10-30

10. To Sir Edward Sneyd (w/c 8) 20.29 OCT 1930

DESTROYED UNDER STATUTE  
25 November  
The Sec. Gen. Belgian Ministry of East Colonies has asked for plan of East Africa, members, request Sir H. Baker be consulted

There's a copy below No 3 11/9/30

Let so we appear to have a

few copy of the agreement in section. See however the flagged page of the small book 2 1574 124. Got Home

Members is not actually mentioned in this agreement, but there were earlier agreements in which presumably clause 9 was more or less the same terms.

It has which does not specify which agreement is referred to

(M. Charles to Sir H. Baker re Kenya)

Edmond

27.10.30



O. O.

Mr. Eastman  
Mr. Allen 9/12  
Mr. Tolson  
Mr. Tamm  
Sir C. Bottomley  
Sir J. Shuckburgh  
Sir G. Grindal  
Perm. U.S. of S.  
Party. U.S. of S.  
Secretary of State.

X 162 20/130  
K 143  
54  
69  
Goldman  
b 1230

100

(W)

No 319 your tel. no 405  
Baker is willing that  
Secretary General should have  
all plans wanted at  
reasonable fee to ~~cover~~  
cover cost of preparation.  
Fee to be settled when  
he knows exactly what  
is required. ~~It is~~ <sup>As follows</sup>  
~~follows~~ ~~under the present~~  
~~arrangement~~ ~~plan~~  
Plan

DRAFT. ~~at~~ <sup>at</sup> ~~at~~

General  
Franklin

copy to Sir H. Baker 11 DEC 1930

~~The names given in~~  
~~the annex following~~  
~~are not intended~~  
~~to~~

Recd. from  
29 p. process  
rather simple

Siccar

PC  
4th December, 1930.

The Under Secretary of State,  
Colonial Office, S.W.1.

Sir,

NO 17

In reply to your letter of the 28th November I am interested to hear that the Secretary General of the Belgian Ministry of the Colonies is anxious to have a plan of the Government House at Mombasa.

I am not sure what our copyright law is, but I personally do not think any copyright is of much value because the conditions of site, materials, requirements and labour, which determine design, vary in every building. In this case it would be strange if the design were in all respects an ideal one because the House is an adaptation and enlargement of an old one. The attractive value of it is in its projecting wings which consist entirely of pillared halls or loggias, detailed in the simplest way, open to the view of the sea, surf and to the breath of the trade winds. The plan alone would be of little use to them, but perhaps he means plans, elevations and sections, and these would not be of full use without details if the artistic effect were to be followed. It might be better to send their architect to study the building on the spot. I am willing, however, that the Minister should have

Amund 17 DEC 1930  
Cops Sec - 974 - 11/22/30

whatever plans he wishes for at a reasonable fee to cover the cost of their preparation. This fee can be settled when I know exactly what is required. The drawings are in my office here.

Yours faithfully,

*Herbert W. Baker*

X 16226/30 k 128

C.O.

Mr. Sanderson 27.11.30  
Mr. *[Signature]*  
Mr. *[Signature]*

~~Mr. [Signature]~~  
Annex No. 13

28 Nov 1930

Mr. Tomkinson  
Sir G. Balfour  
Sir J. Shackleton  
Sir G. Grindle  
Permt. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

Sir  
I have to inform you  
that the ~~last~~ <sup>last</sup> ~~report~~ <sup>report</sup> has received

from the ~~Director~~ <sup>Director</sup> of Kenya & tel:  
stating that the Secy General  
of the Belgian Ministry of the  
Colonies <sup>desires to obtain</sup> has asked for a plan

DRAFT

S. Herbert Baker  
ARA. FRIBA

of Fort Hare, Mombasa, &  
requesting that you should be  
~~informed~~ <sup>informed</sup> that you should be  
consulted <sup>with reference to</sup>  
clause 9 of the Agreement  
of the 28th July 1930

2. Lord Bessfield  
will be glad to be  
interviewed with  
you re: the matter  
I have

It ~~is~~ <sup>is</sup> ~~not~~ <sup>not</sup> apparent  
that the ~~text~~ <sup>text</sup> of the agreement  
in question is available in  
the Colonial office. The SPS  
personnel have that you

will understand the reference  
<sup>to the office</sup> ~~to the office~~ <sup>to the office</sup>  
I am ~~glad~~ <sup>glad</sup> to inform

whether you could let that a  
plan should be given to the  
Secretary General as desired.

2. Lord Karsfeld was to  
be favored  
with your views on the suggestion that  
to be any other to

a copy of the plan is enclosed  
being referred to the  
Belgian Ministry as desired

I am,

Yours faithfully,  
SIR JOHN A. G. PARKINSON

16 226/30 Kenya

C.O.

Mr. Eastwood

27/10

Downing Street,

Mr.

29 October, 1930.

Sir C. Bottomley,

For Mr. Parkinson's signature.

Sir J. Shuckburgh,

Sir G. Grindle,

Permt. U.S. of S.

Paris, U.S. of S.

Secretary of State.

C.O.  
R 28 OCT  
D H

Dear Sir Edward,

Just before you left Kenya you

telegraphed through the Colonial Office

a message to Sir Herbert Baker saying

that it would be convenient if Mr.

Hoogterp could be in England on your

arrival so that you could discuss the

plans for the Central Offices with him

and Sir Herbert Baker. I now enclose

a copy of ~~the~~ <sup>the</sup> reply from which you will

see that he would be glad to discuss

the plans with you personally. I

daresay

DRAFT.

Dr. Col.

SIR EDWARD GRIGG, K.C.M.G.,  
K.C.V.O., D.S.O., M.C.

113, Extn. Sq. road

S. W. T.

~~29th September~~

Mr Hoogterp has  
already left last  
week

perhaps you have already communicated  
with him, but we promised Sir Herbert  
Baker to let you know as soon as you  
arrived in this country.

I send this line in  
case you have <sup>not</sup> as

*Yours sincerely*

(Signed) A. G. G. PARKINSON

RECEIVED  
30 SEP 1930  
COL. OFFICE

29th September, 1930

The Under Secretary of State,  
Colonial Office, S.W.1.

Dear Sir,

With reference to your letter of the 27th September quoting a cable from the Governor of Kenya, I regret to say that Mr. Hoogterp left for Kenya ten days ago and so will now be past recall. I had thought and suggested to him when he was here that it was a pity he should not wait until the Governor came home, in case His Excellency had not retired and would be taking further interest in the plans for this very important building.

Will you kindly tell Lord Passfield that I spent some time working on the plans with Mr. Hoogterp and have kept copies of them, so that I shall be able to show them to, and discuss them with the Governor. I shall be very glad to do this because the plans of these Government Offices, which include the Legislative Chamber, involve very important and difficult problems and I feel my position as consulting architect a difficult one. I should therefore be glad to have the

No. 7  
copy to Sir C. Long  
29 OCT 1930  
Enclosed 4-10-30

10

benefit of personal discussion with the representative of the Government. Perhaps you will kindly inform the Governor of this on his arrival.

Yours faithfully,

Herbert Waters

that you  
and  
copy of his reply  
should be

O.O.

X 16 226 720 k 7 12

Mr. *Barton* 27/9  
Mr.  
Mr.  
Sir C. Bottomley.

Sir J. Shuckburgh.

Sir G. Goindie.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

**DRAFT.**

Sir Herbert Baker  
ARA, KRIKA.

(14 Barton St  
Westminster  
SW.1)

27 Sept 1930

Sir

I am etc to inf. you  
that the following tel.  
dated the 27<sup>th</sup> Sept. and  
addressed to you has been  
received from the Gov.  
of Kenya:-

It would be a  
convenience if Hoogsterp  
can be in England on  
my arrival in order to  
enable me to discuss with  
him & you Central  
Offices "Grigg".

2. Can be etc

O.C.

R 16226720k 7/12

Mr. Easton 27/9 fs  
Mr.  
Mr.  
Sir C. Bottomley.

Sir J. Shuckburgh  
Sir G. Grindle  
Permt. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

27 Sept 1950  
Sir

I am etc. to inf. you  
that the following tel.  
dated 16/27 Sept. and  
addressed to you has been  
received from the Gov.  
of Kenya:-

DRAFT.

Sir Herbert Baker  
ARA HRIBA.

(14 Barton St.  
Westminster  
SW1)

It would be a  
convenience if Hoogstep  
can be in England on  
my arrival in order to  
enable me to discuss with  
him & you Central  
Offices "Swiss"  
2. Can be at

C.O.

X 10256130 K 4 14

Mr. [unclear]  
Mr. [unclear]  
Mr. [unclear]  
Mrs. [unclear]

6 Aug 1950

Sir J. Shackleton  
Sir G. Goodie  
Permt. U.S. of S.  
Parly. U.S. of S.  
Secretary of State

Son.

55

DRAFT for com.  
Sir Herbert Debas  
Adm. Filiba

I am etc. to ack. with  
thanks the recd of yr letter  
of the 28 July returning three  
copies duly signed & returned  
I ~~ack~~ an agreement in  
respect of certain studies  
architectural work in  
Kenya.

2 AUG 1950

The [unclear] to  
agreement are being forwarded  
to the [unclear] & a copy of  
your letter is also being  
sent to him for [unclear]  
with his appreciation.  
[unclear] [unclear]  
yours  
obscure

Copy to for [unclear]

[unclear]  
of a Harold Hiller

Ref. No. 16226/30.

RECEIVED  
30 JUL 1930  
COL. OFFICE

28th July, 1930.

The Under Secretary of State,  
Colonial Office, S.W.1.

30

Sir,

I have now read through the agreement, four copies of which signed by the Colonial Secretary of Kenya you have forwarded to me with your letter of the 22nd July. I agree with it and may say that it is a very capable document as it deals with all the facts and anticipates any changes which may reasonably be expected. My only comment is that reference is made in clause 13.(d) to the District Offices, but these are not included in clause 2: amongst the buildings referred to as "the new works". Previously, I believe, these buildings were <sup>offices</sup> included in the Central Government ~~offices~~ <sup>Building</sup>, but it is now proposed that they should be a separate building.

I might also state that the building of the Medical Laboratory comes under the provision in clause 19. when the remuneration of the Consulting Architect might be at lesser fees than those laid down in the agreement.

I presume that as many of the buildings referred to in clause 1. are completed a statement of fees due to me will be drawn up by the Kenya Government and payment made.

copy (1/2) of the letter agreement - Case 621 - 7 AUG 1930

Ans - 6/10/30

I return three copies of the agreement duly signed  
and witnessed.

Yours faithfully,

*Robert W. Miller*

---

AN AGREEMENT made this <sup>14</sup> day of July One  
Thousand Nine Hundred and Thirty, BETWEEN the Government of  
the Colony and Protectorate of Kenya (hereinafter referred  
to as "the Government" which expression shall, where  
necessary, be deemed to include such person or body of  
persons as shall be duly authorized by the Governor to  
represent it) by HENRY MONK-MASON MOORE, Colonial Secretary  
of the said Colony and Protectorate of the one part AND  
SIR HERBERT BAKER, Knight, Associate of the Royal Academy,  
Fellow of the Royal Institute of British Architects, of  
14, Barton Street, Westminster, London, Architect, (herein-  
after referred to as "the Consulting Architect") of the  
other part:

WHEREAS the Government is desirous of engaging the  
services of the Consulting Architect in the capacity of  
Consulting Architect for certain works either at present  
in progress or presently to be embarked upon:

NO. 14 IS HEREBY mutually entered by and between the  
parties hereto as follows:-

1. All former agreements and arrangements between  
the Government and the Consulting Architect since 1922  
to have terminated on the thirtieth day of April, 1933,  
the Consulting Architect agrees to serve the Government  
in the capacity of Consulting Architect as from the first day  
of May, 1933, in respect of all works already begun in  
pursuance of the said former agreements and arrangements  
but not yet completed (hereinafter together referred to as  
"the works in progress"), namely:-

- (a) Government House, Nairobi.
- (b) The European Elementary School, Nairobi.
- (c) The European School, Nakuru.
- (d) The European School, Eldoret.
- (e) The European School, Kisumu.
- (f) The Indian School, Nairobi.

W2  
AD

2. The Consulting Architect also agrees to serve the Government in the capacity of Consulting Architect in respect of the <sup>Central</sup> Government Offices, the Law Courts, and the Medical Laboratory, Nairobi, (hereinafter together referred to as "the new works") if and when these buildings are erected.

3. The Consulting Architect shall be responsible to and shall receive his instructions directly from the Government, and the Government shall not be liable for payment in respect of any services rendered, instructions for which shall not have been communicated in writing to the Consulting Architect signed by the Government, but the Consulting Architect shall have the right of requiring a reference to His Excellency the Governor regarding any instructions of moment so received by him in respect of any designs submitted by him.

4. The remuneration to be paid by the Government to the Consulting Architect in respect of the works in progress shall be at the rate of twenty five per cent of four and one half per cent of the total Government's expenditure on each of the above mentioned works in progress less the Government's expenditure incurred in respect of each of the above mentioned works in progress on the thirtieth day of April, 1928, such twenty five per cent of four and a half per cent being payable in stages as follows:--

Stage 1. For Consulting Services on preliminary sketches and designs (if any) 25% of 1 1/2%

Stage 2. For Consulting Services on suitable scale working or contract drawing and notes for specifications sufficient to enable Bills of quantities for obtaining tenders or detailed departmental estimates to be made. 25% of 2%

Carried forward. 25% of 3 1/2%

W2  
HD

2. The Consulting Architect also agrees to serve the Government in the capacity of Consulting Architect in respect of the Government Offices, <sup>Central</sup> the Law Courts, and the Medical Laboratory, Nairobi, (hereinafter together referred to as "the new works") if and when these buildings are erected.

3. The Consulting Architect shall be responsible to and shall receive his instructions directly from the Government, and the Government shall not be liable for payment in respect of any services rendered, instructions for which shall not have been communicated in writing to the Consulting Architect signed by the Government, but the Consulting Architect shall have the right of requiring a reference to His Excellency the Governor regarding any instructions of moment so received by him in respect of any designs submitted by him.

4. The remuneration to be paid by the Government to the Consulting Architect in respect of the works in progress shall be at the rate of twenty five per cent of four and one half per cent of the total Government's expenditure on each of the above mentioned works in progress less the Government's expenditure incurred in respect of each of the above mentioned works in progress on the thirtieth day of April, 1928, such twenty five per cent of four and a half per cent being payable in stages as follows:--

Stage 1.	For Consulting Services on preliminary sketches and designs (if any)	25% of 1 1/2%
Stage 2.	For Consulting Services on suitable scale working or contract drawing and notes for specifications sufficient to enable Bills of quantities for obtaining tenders or detailed departmental estimates to be made.	25% of 2%
	Carried forward.	25% of 3 1/2%

Brought forward.

25% of 324

Stage 3. For Consulting Services on further architectural detail drawings as may be necessary from time to time as the works are proceeded with and on architectural supervision of the work.

65% of 12

Total. 25% of 444

In the case of Stage 1 and Stage 2 the payments shall be based on the estimated amount of the expenditure. Payments on account for services of Stage 3 may be made as the works proceed to the approximate value of work done at the time such payments are made.

4a. For the purposes of arriving at the amount of fees due to the Consulting Architect under this Agreement as regards the works in progress the state as to Architectural Services rendered as at the 30th day of April, 1928, shall be taken as follows:--

Government House, Nairobi.

All Architectural Services rendered on the whole of the works, except those of Stages 2 and 3 on the completion of the Hall Room and other work voted by Legislative Council on 19th May, 1928. All Services rendered on designing and buying furniture except on that ordered for Hall Room, etc., after 1st May, 1928.

European Elementary School, Nairobi.

All Architectural Services rendered. (Boys' quarters not designed by Architect).

Nakuru European School.

As regards the Main Buildings Stages 1 and 2 of Architectural Services rendered on the whole thereof and as regards Stage 3 on two-thirds of the whole.

As regards the New Bath Rooms, etc., to the Old School Stages 1 and 2 of Architectural Services rendered on the

such twenty five per cent of four and one half per cent being payable in stages as follows:-

- Stage 1. For Consulting Services on preliminary sketches and designs. 25% of 1%
- Stage 2. For Consulting Services on suitable scale working or contract drawings and notes for specifications, sufficient to enable Bills of quantities for obtaining tenders or detailed departmental estimates to be made. 25% of 2%
- Stage 3. For Consulting Services on further architectural detail drawings as may be necessary from time to time as the works are proceeded with and on architectural supervision of this work. 25% of 1%
- Total 25% of 4%

In the case of Stage 1 and Stage 2 the payments shall be based on the estimated amount of the expenditure. Payments on account for services of Stage 3 may be made as the works proceed to the approximate value of work done at the time such payments are made.

6. The meaning of the words "the Government's expenditure on completed buildings or works" shall for the purpose of this Agreement be taken to be -

- (a) In the case of buildings or works let on contract the total sum paid to the Contractor therefor, plus the cost of any work let on separate subsidiary contracts or done departmentally, and also plus the cost of any articles for the building work supplied thereto by the Government outside the contracts let;
- (b) In the case of buildings or works built by

departmental agency, the total recorded costs of such buildings or works as is recorded in the Government's Public Works Department Account Book less the amounts shown therein as representing the Consulting Architect's fees or allowances; plus a percentage of seven and one half per cent added thereto taken as fairly representing the building overhead costs in the Establishment Head.

7. The Consulting Architect shall, as often as he may be required so to do by the Government give to the Government his architectural advice in writing in connection with the erection and progress of the works in progress and of the new works, and shall give to the Government in connection with the works in progress and the new works all such advice on matters in any way connected with the architecture of the works in progress and the new works as the Government shall from time to time require.

7. To enable the Consulting Architect properly to perform the functions required of him under this agreement, it shall be arranged that the preliminary drawings for the New Works prepared by the Architect therefor shall be submitted to the Consulting Architect in England for his consideration and general approval, and further so far as Government at their discretion deem it practicable and desirable and without being likely to cause undue delay they shall arrange that the General Working and Detail Drawings prepared by the Architect for the New Works shall also be submitted to the Consulting Architect for his consideration and approval. In the event of any radical departure being made from said drawings after submission to the Consulting Architect the Government shall again, if at

their discretion they deem it practicable and advisable, arrange that the drawings prepared by the Architect showing such departures shall also be submitted to the Consulting Architect for his consideration and general approval. It is agreed that the Consulting Architect shall not be required to prepare any designs or detail drawings as from the 1st of May, 1928, except so far as he may think it necessary to do so to explain and illustrate any criticisms of the Architect's Designs or Drawings he may make when considering same. The Consulting Architect shall not be required to undertake any responsibility for supervision of the works in Kenya Colony.

8. The Consulting Architect shall, for the purpose of this Agreement, be deemed to be the architect of the works as directed by the Government.

9. The preliminary sketches and designs, elevations, working drawings, specifications and other documents and models relating to the works, whether actually prepared by the Architect or not, shall be the property of the Government.

10. If this Agreement shall, owing to the decease of the Consulting Architect or for any other cause, be determined, any plans, designs, drawings and other documents and models relating to the work which have been prepared by him in his capacity as Consulting Architect shall be forthwith delivered to the Government subject only to the provisions of Clause 9 as to copyright and the Consulting Architect shall only be entitled

to such copyright in such sketches, designs, elevations, working drawings, specifications, the building blocks with sketches and models as may be the property of the Government. Any copyright acts in force in Kenya Colony shall remain and continue to be his property.

10. If this Agreement shall, owing to the decease of the Consulting Architect or for any other cause, be determined, any plans, designs, drawings and other documents and models relating to the work which have been prepared by him in his capacity as Consulting Architect shall be forthwith delivered to the Government subject only to the provisions of Clause 9 as to copyright and the Consulting Architect shall only be entitled

to such sum, if any, as may have become due under any clause herein and may not have been paid at the date of such determination and to such equitable proportion of the unpaid part if the remuneration as the Consulting Architect would have been entitled to under any clause hereof if the parts of the works remaining unexecuted at such determination of this Agreement had been abandoned.

11. The Consulting Architect shall also receive the cost of all out-of-pocket expenses incurred by him on instruction and supervision of any work which he may be instructed by the Government to undertake outside the Colony, and if such work is outside London, he shall in addition to such cost and expenses be paid a fee of five guineas daily for each day devoted to such work. The Government shall also bear the cost of all cables which in its opinion may necessarily have to be sent by the Consulting Architect in connection with the work.

12. If cases arise of professional practice to which the provisions hereinafore contained do not apply, the Regulations laid down by the Royal Institute of British Architects shall apply.

13.(a) In consideration of the fact that the Consulting Architect in his capacity as Architect to the Government prior to 30th April, 1928, was paid a fee of one half per cent on £80,000, viz., £400 for sketch plans for Kabata School (said fee at the time intended later to be merged in his whole fees as architect), it is hereby agreed that the further fees payable to the Consulting Architect under this agreement in respect of this work shall only be twenty five per cent of four and a half per cent on Government's expenditure thereon after £400 has been deducted from such four and a half per cent on

the said Government's Expenditure.

13.(b) In consideration of the fact that the Consulting Architect in his capacity as Architect to the Government for the Central Government Offices prior to the 30th April, 1928, was paid a fee of one half per cent on £250,000, viz., £1,250 for sketch plans of said Central Government Offices (said fee at the time intended later to be merged in his whole fees as Architect), it is hereby agreed that the further fees payable to the Consulting Architect under this Agreement for his services on Works of Government Offices shall only be twenty five per cent of four and a half per cent on the Government's Expenditure thereon after £1,250 has been deducted from such four and a half per cent on the said Government's Expenditure.

13.(c) In consideration of the fact that the Consulting Architect in his capacity as Architect to the Government prior to 30th April, 1928, was paid a fee of one half per cent on £80,000 viz., £400 for sketch plans for Law Courts (said fee at the time intended later to be merged in his whole fees as Architect), it is hereby agreed that the further fees payable to the Consulting Architect under this Agreement in respect of this work shall be twenty five per cent., of four and a half per cent., on Government's Expenditure thereon, after £400 has been deducted from such four and a half per cent., on the said Government's Expenditure.

13.(d) The Consulting Architect agrees with the Government that the sum of Twenty Five per cent., of £1,125, Seventy Five per cent., of which has already been paid to Mr. J.A. Hoogterp for preliminary designs for the Law Courts, Central Government Offices and District Offices shall be merged pro rata in the remuneration payable as provided in this Agreement, and shall not be in addition thereto, if and when the Government decides to proceed with the erection of the buildings enumerated in

this paragraph.

14. The Consulting Architect will, if called upon by the Government so to do, advise on the design and preparation of drawings and notes for specifications for such road works, lay-outs, and park work generally as may be required in connection with the buildings he designs, such as the approach from the proposed City Square, Nairobi, to the contemplated new Central Government Offices and beyond, and lay-outs and park work about Government House, Nairobi, and about the Schools in Nairobi and about other similar buildings and institutions.

15. If the Consulting Architect is called upon by the Government to advise on the design and preparation of drawings and notes for specifications for any work of this character to be carried out by the Government, the Government shall be liable to pay to the Consulting Architect, in respect of such work, a fee of five per cent of the total expenditure thereon, plus the Government's expenditure on materials or other material or altered or new works, which shall be the property of the Government, and twenty five per cent of such sketches, designs, plans, drawings, and in respect of such work, a fee of five per cent of the total expenditure thereon, and not twenty five per cent of four and a half per cent as provided by Clause 5 hereof and such twenty five per cent of two and one half per cent for this work shall be payable in stages as follows:

Stage 1. For Consulting Services on preliminary sketches and designs. 25% of 5/6.

Carried forward. 25% of 5/6.

Brought forward.

25% of 5/6%

Stage 2. For Consulting Services on suitable scale working or contract drawings and notes for specifications sufficient to enable Bills of Quantities for obtaining tenders of detailed departmental estimates to be made. 25% of 1 1/4%

Stage 3. For Consulting Services on such further architectural detail drawings as may be necessary from time to time as the works are proceeding and on architectural supervision of the work. 25% of 5/9%

Total 25% of 2 1/2%

Except that the percentage fees for this work shall be as provided by this Clause, it shall in all other respects be carried out in accordance with all the various Clauses of this Agreement.

16. The Consulting Architect will, if called upon by the Government so to do, advise on the design and preparation of drawings and notes for specifications for the making of furniture for any buildings under this Agreement.

17. If the Consulting Architect is called upon by the Government to advise on the design and preparation of drawings and notes for specification for any work of this character as laid down in the previous clause 16 hereof, his remuneration therefor in respect of works in progress shall be at a rate of twenty five per cent of a rate per cent to be agreed upon between the Consulting Architect and the Government for each building or group of buildings or works concerned of the Government's total expenditure thereon, less the Government's expenditure incurred in respect of each of any such works in progress on the 30th day of April, 1928, and in respect of new works twenty five per cent of a rate per cent to be agreed upon between the Consulting Architect and the Government for

each building or group of buildings concerned of the Government's expenditure thereon, subject nevertheless that in both cases of works in progress and new works the rate of which said twenty five per cent shall be paid thereon shall never be more than eight and three quarters per cent and may be less according to the amount of work involved on the repeating of the same design for a number of pieces of furniture. The twenty five per cent of the rate to be paid shall be payable in the same stages as laid down in Clauses 4 and 5 for building works and pro rata therefor in the same proportion as the twenty five per cent of four and a half per cent is to twenty five per cent of the agreed rate for furniture for any particular building or group of buildings. Except that the percentage fees for this work shall be as provided by this Clause, it shall in all other respects be carried out in accordance with all the various clauses of this agreement.

16. In the event of any building or group of buildings or work which the Government places in the hands of the Consulting Architect to advise on the design, preparation of working or contract drawings and notes for specifications being a replica of any other building or group of buildings or works he has been or is engaged upon in the Colony for the Government during the continuance of this Agreement then the remuneration payable for such repetition work shall be at the rate of twenty five per cent of such lesser percentage on the Government's expenditure thereon than that provided herein (and pro rata for the various stages) as may be agreed upon between the Government and the Consulting Architect as being reasonable in the circumstances of the case for any particular building or group of buildings or works such lesser fee to be agreed upon between the Government and the Consulting Architect before the latter is instructed to proceed with any such replica works.

19. Notwithstanding anything provided herein to the contrary if in any special case the Government shall consider the services to be rendered by the Consulting Architect hereunder are of such a nature that the remuneration should properly be at lesser fees than those laid down herein, and the Consulting Architect shall have intimated his agreement thereto then in any such case lower fees fixed by mutual arrangement may be paid and if, on the other hand, in any special case the Government shall consider the services to be rendered by the Consulting Architect hereunder are of such a nature that the remuneration should properly be at greater fees than those laid down herein, then in any such case the

Government may agree to pay to the Consulting Architect greater fees to such extent as they (the Government) in their sole discretion shall consider fair and reasonable having regard to the circumstances of such special cases of work.

It is agreed that the Government shall employ the Consulting Architect as a full-time Architect to do the works mentioned in this agreement and whose designs and drawings are to have consultation and approval of the Consulting Architect. The said works shall be such as the Consulting Architect shall be called upon to do for the Government for the said works and shall only be such a one as the Consulting Architect shall be called upon to do for the Government he would be agreeable to work in this capacity.

21. Unless it is further otherwise agreed between Government and the Consulting Architect nothing in this Agreement shall involve obligations on the Consulting

Architect to visit the Colony. Should any such arrangements hereafter be mutually made then any fees Government may agree to pay in this connection shall be arranged before such visits.

22. The Consulting Architect shall not be required to act as Agent for inspecting or ordering materials in England except in cases requiring his special Architectural opinion as Consultant.

23. In the event of any dispute arising as to the amount to be paid to the Consulting Architect under this Agreement or in respect of any claims made by the Consulting Architect under this Agreement, or as to the interpretation of any clause or clauses contained in this Agreement, such matter or matters shall be referred to a sole arbitrator and every such reference shall be deemed a submission within the meaning of the Arbitration Ordinance (Chapter 16 of the Revised Edition of the Laws of Kenya) and any Ordinance amending the same or in substitution therefor, and shall be subject to the provisions of such Ordinances.

IN WITNESS WHEREOF the parties to this Agreement have hereunto set their hands the day and year first above written.

Signed by the said Henry Monk-Mason  
Moore in the presence of

*Henry Monk-Mason*  
*Barth*

H. H. D.

*Henry Monk-Mason*

Signed by the said Sir Herbert  
Baker, Knight, in the presence  
of - *W. G. ...*

*Herbert Baker*

C.O.

2

Mr. Bestwood Ish

K. 15226/30 Kenya.

Mr. Parkins

Sir C. Bonney

Sir J. Shackburgh

Sir G. Grindle

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State

Downing Street.

22 July, 1930.

O.D.  
1. J. J. M.  
am  
3  
Sir.

DRAFT

St

SIR HERBERT BAKER, AR.A.,  
P.F.I.S.A.

16 Barton St.  
Westminster  
S.W.1

I am etc. to forward to you four copies of an agreement, signed by the Colonial Secretary of Kenya, in regard to certain architectural works in the Colony.

2. I am to request that, provided you will

~~you~~ have no alterations to make, ~~the~~ <sup>be your copy to sign</sup> ~~agreement~~ may be signed ~~in the~~ <sup>in the</sup>

presence of a witness, the existing manuscript alterations <sup>being</sup> initialled, and the date of your signature <sup>being</sup> inserted in the first line and initialled. ~~and~~

<sup>I am to request</sup> that three copies <sup>then</sup> may be returned to this Office.

I am, etc.

(Signed) A. G. O. PARKINSON

4 copies of Agreement in copy.  
One being taken with  
and the copy signed by me  
Hooper

KENYA.

No. 385



GOVERNMENT HOUSE  
NAIROBI  
KENYA.

RECEIVED  
-3 JUL 1930  
COL. OFFICE

10 JUNE, 1930.

My Lord,

In continuation of my despatch No. 592 of the 12th September, 1929, relative to the Agreement with Sir Herbert Baker, K.R.A. in respect of certain architectural work in this Colony, I have the honour to transmit four copies of an Agreement which has been signed by the Colonial Secretary in the presence of a witness and which, if your Lordship approves, should not be signed by Sir Herbert Baker. The date in this Agreement has been left open, the Colonial Secretary's signature was on the 10th June.

Two sealed copies of the Agreement were handed to Sir Herbert Baker in this way under the above despatch.

I have the honour to consider the approval of the Agreement made with Mr. Hoogwerf, of the John Alcock.

I have the honour to be, My Lord, your Lordship's most obedient servant,

*John Alcock*

for GOVERNOR.

THE RIGHT HONOURABLE LORD PASSFIELD, P.C.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON S.W.1.

*Handwritten notes on the left margin:*  
A copy of the Agreement  
sent to the Governor  
on 10/6/30  
22/7/30  
(No. 18 or 15704)  
29

*Vertical stamp:*  
RECEIVED  
JUL 1930

AN AGREEMENT made this 10<sup>th</sup> day of June One Thousand Nine Hundred and Thirty, BETWEEN the Government of the Colony and Protectorate of Kenya (hereinafter referred to as "the Government" which expression shall where necessary be deemed to include such person or body of persons as shall be duly authorised by the Governor to represent it), by HENRY MONK-MASON MOORE, Colonial Secretary of the said Colony and Protectorate of the one part AND JOHN ALBERT HOOGLER, of Nairobi in the said Colony and Protectorate, Architect (hereinafter referred to as "the Architect") of the other part:

WHEREAS the Government has agreed with the Architect to employ him as Architect in respect of certain works hereafter specified on certain terms and conditions:

NOW IT IS HEREBY mutually agreed by and between the parties hereto as follows:-

1. The Architect agreed to serve the Government, in the capacity of Architect (in collaboration with Sir Herbert Baker, Knight, Associate of the Royal Academy, Fellow of the Royal Institute of British Architects, of 14, Barton Street, Westminster, London) as from the first day of May, 1928, in respect of certain works already begun but not yet completed (hereinafter together referred to as "the works in progress") namely:-

- (a) Government House, Nairobi.
- (b) The European Elementary School, Nairobi.
- (c) The European School, Nakuru.
- (d) The European School, Eldoret.
- (e) The European School, Kabete.
- (f) The Indian School, Nairobi.

2. The Architect agrees to serve the Government in the capacity of Architect (in collaboration with the said Sir Herbert Baker) in respect of the <sup>Central</sup> Government Offices, the Law

Courts and the Public Laboratory, Nairobi, (hereinafter together referred to as "the new works") if and when these buildings are erected.

3. The Architect shall be responsible to and shall receive his instructions directly from the Government, and the Government shall not be liable for payment in respect of any services rendered, instructions for which shall not have been communicated in writing to the Architect signed by the Government, but the Architect shall have the right of requisition in reference to His Excellency the Governor regarding any instructions of moment so received by him in respect of any designs submitted by him.

4. The Architect shall continue the design and preparation of drawings and notes for specifications for and architecturally supervise the erection (all to whatever extent may be required as from the 1st of May, 1928) of the works in progress as given in Clause 1 hereof.

The Architect shall design and prepare drawings and notes for specifications for and architecturally supervise the erection of the following buildings or groups of buildings:

(a) All or any of the new works as given in Clause 1 of this Agreement if and when and to what extent they are decided to be erected.

(b) Any such other buildings or works as the Government may later decide to execute and which the Architect is agreeable to accept.

5. The remuneration to be paid by the Government to the Architect in respect of the works in progress shall be at the rate of seventy five per cent., of four and one half per cent., of the total Government's expenditure on each of the above mentioned works in progress less the Government's

expenditure incurred in respect of each of the above mentioned works in progress on the Thirtieth day of April, 1928, such Seventy Five per cent., of four and a half per cent., being payable in stages as follows:-

Stage 1. For preparation of preliminary sketches and designs (if any). 75% of 1%

Stage 2. For preparation of suitable scale working or contract drawings and notes for specifications sufficient to enable Bills of Quantities for obtaining tenders or detailed departmental estimates to be made. 75% of 2%

Stage 3. For preparation of such further architectural detail drawings as may be necessary from time to time and are proceeded with and completed under the supervision of the work. 75% of 3%

Total 75% of 6%

... in the case of Stage 1 and Stage 2 the payments shall be based on the estimated amount of the work done when signed by the Architect. Payments on account for any part of Stage 3 may be made as the works proceed to the extent of the value of work done at the time such payments are made. For the purposes of arriving at the amount of fees due to the Architect under this Agreement the state as to the Architectural services which had as at the 30th of April, 1928, then been rendered on the Works in Progress (and consequently fees thereon not payable to the Architect) shall be taken to be as follows:-

Government House, Nairobi.

All Architectural Services rendered on the whole of the works, except those of Stages 2 and 3 on the completion of the Ball Room and other work voted by Legislative Council on 19th May, 1928. All Services rendered on designing and buying

furniture except on that ordered for Ball Room, etc., after 1st May, 1928.

European Elementary School, Nairobi.

All Architectural Services rendered. (Boys' Quarters not designed by Architect).

Nakuru European School.

As regards the Main Buildings Stages 1 and 2 of Architectural Services rendered on the whole thereof and as regards Stage 3 on two-thirds of the whole.

As regards the New Bath Rooms, etc., to the Old School Stages 1 and 2 of Architectural Services rendered on the whole thereof but no services of Stage 3.

As regards Lay-out, no services rendered. (Boys' Quarters, etc., not designed by Architect).

Eldoret European School.

As regards the Main Buildings Stages 1 and 2 of Architectural Services rendered on the whole thereof and as regards Stage 3 on one-eighth of the whole.

As regards Lavatory Blocks to present School Stage 1 of Architectural Services rendered thereon but no Architectural Services rendered on Stages 2 and 3.

As regards Lay-out no Architectural Services rendered. (Boys' Quarters, etc., not designed by Architect).

Indian School, Nairobi.

As regards the Main School Block of Buildings Stage 1 of Architectural Services rendered on the whole thereof, Stage 2 of Architectural Services on three-fifths thereof, and Stage 3 of Architectural Services on one tenth thereof.

As regards the Hostel, the Head Master's and Superintendent's Houses and Lay-out no Architectural Services rendered. (Boys' Quarters, etc., not designed by Architect).

Kabete European School.

As regards the School Buildings generally, that is the Teaching Block, the Boarding Houses and Staff Quarters, the Gymnasium Block, the Dining Room Block with Kitchen, the connecting corridor Gymnasium to Dining Room, and the Workshops, Stage 1 of Architectural Services rendered on the whole thereof but no Architectural Services rendered on Stages 2 and 3.

As regards the Head Master's House and Lay-out Works no Architectural Services rendered.

6. The remuneration to be paid by the Government to the Architect in respect of the New Works shall be Seventy Five per cent., of four and one half per cent., of the total Government's expenditure incurred in respect of the new works, such Seventy Five per cent., of four and one half per cent., being payable in stages as follows:-

- |          |   |               |
|----------|---|---------------|
| Stage 1. | For preparation of preliminary sketches and designs.  | 75% of 1 1/2% |
| Stage 2. | For preparation of suitable scale working of contract drawings and notes for specifications sufficient to enable Bills of quantities for obtaining tenders or detailed departmental estimates to be made. | 75% of 2%     |
| Stage 3. | For preparation of such further architectural detail drawings as may be necessary from time to time as the works are proceeded with and on architectural supervision of this work.                        | 75% of 1/2%   |

Total. 75% of 4 1/2%

In the case of Stage 1 and Stage 2 the payments shall be based on the estimated amount of the expenditure. Payments on account for services of Stage 3 may be made as the works proceed to the approximate value of work done at the time such payments are made.

and submit the same to the Government. As laid down herein the Architect is to work in collaboration with Sir Herbert Baker as Consulting Architect and to enable said Consulting Architect properly to perform the functions required of him, it shall be arranged that the preliminary drawings for the New Works prepared by the Architect therefor shall be submitted to the Consulting Architect in England for his consideration and general approval, and further so far as Government at their discretion deem it practicable and desirable and without being likely to cause undue delay they shall arrange that the General Working and Detail Drawings prepared by the Architect for the New Works shall also be submitted to the Consulting Architect for his consideration and approval. In the event of any radical departure being made from said drawings after submission to the Consulting Architect then Government, shall again, if at their discretion they deem it practicable and advisable, arrange that the drawings prepared by the Architect showing such departure shall also be submitted to the Consulting Architect for his consideration and general approval. The Architect agrees that should the Consulting Architect recommend changes to the Designs and Drawings prepared by the Architect then the same shall be amended by him if the Government shall so require.

The working or contract drawings having been so prepared and received as provided herein, upon contracts being let or the work undertaken departmentally the Architect shall from time to time as and when necessary prepare all further architectural detail working drawings necessary to enable the work to be properly executed and the Architect or his representative shall inspect and supervise the work architecturally during the continuance of the building work, all in collaboration with the officers of the Government's Public Works Department deputed for the purpose but the

and submit the same to the Government. As laid down herein the Architect is to work in collaboration with Sir Herbert Baker as Consulting Architect and to enable said Consulting Architect properly to perform the functions required of him, it shall be arranged that the preliminary drawings for the New Works prepared by the Architect therefor shall be submitted to the Consulting Architect in England for his consideration and general approval, and further so far as Government at their discretion deem it practicable and desirable and without being likely to cause undue delay they shall arrange that the General Working and Detail Drawings prepared by the Architect for the New Works shall also be submitted to the Consulting Architect for his consideration and approval. In the event of any radical departure being made from said drawings after submission to the Consulting Architect then Government shall again, if at their discretion they deem it practicable and advisable, arrange that the drawings prepared by the Architect showing such departure shall also be submitted to the Consulting Architect for his consideration and general approval. The Architect agrees that should the Consulting Architect recommend changes to the Designs and Drawings prepared by the Architect then the same shall be amended by him if the Government shall so require.

The working or contract drawings having been so prepared and received as provided herein, upon contracts being let or the work undertaken departmentally the Architect shall from time to time as and when necessary prepare all further architectural detail working drawings necessary to enable the work to be properly executed and the Architect or his representative shall inspect and supervise the work architecturally during the continuance of the building work, all in collaboration with the officers of the Government's Public Works Department deputed for the purpose but the

40

control of the building work shall be in the hands of the Government's Public Works Department officer authorised for the purpose, and not of the Architect, and the Architect shall not give any orders to the contractors or departmental officers in charge of the building or any other works. If the Architect is dissatisfied with any work or workmanship from the architectural point of view, he shall so inform the Government's Public Works Department Officer authorised to control the works, who shall, so far as may be practical, endeavour to have such architectural matters corrected to the Architect's satisfaction. All the Architect's drawings and notes for specifications shall be as complete and as full as may be necessary for the purpose for which they have been prepared properly to enable all work to be carried out therefrom.

In consideration of the Architect's remuneration being less than that usually charged by architects for the full usual architect's services, the Government agree that matters of structural, sanitary, electrical and mechanical engineering in connection with the various works shall be designed and supervised by the officers of the Government's Public Works Department in collaboration with the Architect, and the Architect shall so design or amend his drawings as to show and allow of such works being carried out as the said officers may consider necessary and desirable.

9. The Architect shall be at liberty to vary architectural detail provided no extra cost or delay is involved in so doing, but the Architect undertakes to make such changes only when he deems the same to be absolutely necessary.

10. The Government shall not make any material alteration in the designs, drawings, and notes for specifications submitted by the Architect without first consulting him.

11. The Architect shall only advance his work from stage

to stage as enumerated in Clauses 5 and 6 and described in Clause 8 on the Government authorising him so to do, and the Government shall not be liable to pay remuneration for any work done in excess of such authorisation from said stage to stage.

12. In the event of the Government deciding to abandon any work or group of works, the Architect's remuneration shall be such amount as the Government and the Architect may agree as reasonable, provided that such remuneration shall in no case be more than the percentages laid down in Clauses 5 and 6 for his services and described in Clause 8 according to the stage which the Government had authorised the Architect to proceed at the time of the abandonment.

13. In the event of the Government deciding, after the authorisation of the work to proceed up to any of the stages enumerated in Clauses 5 and 6 and described in Clause 8 to go alter an building or group of buildings as to use, site, shall for such purposes or for the re-arrangement of new design or drawings, the remuneration for the work previously done shall be such amount as the Government and the Architect may agree as reasonable having regard to the work done and provided that such remuneration shall in no case be more than the percentages laid down in Clauses 5 and 6 for his services as described in Clause 8 according to the stage which the Government had authorised the Architect to proceed at the time of the abandonment to change; and for the new work substituted in place of the work previously authorised the Architect's remuneration shall be the same as if the substituted work had been the original work. This Clause shall not be taken to apply to any minor alterations in the work nor to alterations of any magnitude whatever which the Architect may make under Clause 9 hereof, which shall be done by the Architect without additional remuneration.

14. The Architect agrees to supply to the Government the original or negative and two print copies free of charge

of all drawings made by him for the various works. In the event of the Public Works Department supplying the Architect at his request with any print copies of any drawings, instead of the Architect himself making same, he shall pay therefor such reasonable charge as may be made by the said Department. All drawing materials and the like needed by the Architect for his work and that of his assistants shall be provided by the Architect at his own expense.

15. The Architect will, if called upon by the Government, design and prepare drawings and notes for specifications and architecturally supervise such road works, lay-outs and park work generally as may be required in connection with the buildings he designs, such as the approach from the proposed City Square to the contemplated new Government Offices and beyond and lay-outs and park work about Government House, Nairobi, and about the Schools, etc.

16. If the Architect is called upon by Government to design and prepare drawings and notes for specification for, and architecturally supervise, any work of this character as laid down in the previous clause 15 hereof, his remuneration therefor in respect of works in progress shall be at the rate of Seventy Five per cent., of two and a half per cent., of the Government's total expenditure thereon, less the Government's expenditure incurred in respect of each or any such works in progress on the 30th day of April, 1928, and not Seventy Five per cent., of four and a half per cent., as provided in Clause 5 hereof, and in respect of new works Seventy Five per cent., of two and a half per cent., of the Government's total expenditure thereon, and not Seventy Five per cent., of four and a half per cent., as provided by Clause 5 hereof, and such Seventy Five per cent., of two and one half per cent., for this work shall be payable in stages as follows:-

Stage 1. For preparation of preliminary sketches and designs. 75% of 5/6%

Stage 2. For preparation of suitable scale working or contract drawings and notes for specifications sufficient to enable Bills of quantities for obtaining tenders or detailed departmental estimates to be made. 75% of 1 1/3%

Stage 3. For preparation of such further architectural detail drawings as may be necessary from time to time as the works are proceeding and on architectural supervision of the work. 75% of 5/9%

Total 75% of 2 1/2%

Except that the percentage fees for this work shall be as provided by this Clause, it shall in all other respects be carried out in accordance with all the various Clauses of this Agreement.

17. The Architect will, if called upon by the Government, design and prepare drawings and notes for specifications for and architecturally supervise the making of furniture for any of the buildings he designs.

18. If the Architect is called upon by the Government to design and prepare drawings and notes for specification for and architecturally supervise any work of this character as laid down in the previous clause 17 hereof, his remuneration therefor in respect of works in progress shall be at a rate of Seventy Five per cent., of a rate per cent., to be agreed upon between the Architect and the Government for each building or group of buildings or works concerned of the Government's total expenditure incurred thereon less the Government's expenditure in respect of each or any such works in progress on the 30th day of April, 1938, and in respect of new works Seventy Five per cent., of a rate per cent., to be agreed upon

between the Architect and the Government for each building or group of buildings concerned of the Government's expenditure thereon, subject nevertheless that in both cases of works in progress and new works the rate of which said Seventy Five per cent., shall be paid thereon shall never be more than eight and three quarters per cent., and may be less according to the amount of work involved on the repeating of the same design for a number of pieces of furniture. The Seventy Five per cent., of the rate to be paid shall be payable in the same stages as laid down in clauses 5 and 6 for building work and pro rata therefor in the same proportion as the Seventy Five per cent., of four and a half per cent., is to Seventy Five per cent., of the agreed rate for furniture for any particular building or group of buildings.

provided in clause 11 and all other matters carried out in accordance with all the clauses of the Agreement.

of works

Government

remuneration payable for such work shall be such lesser percentage on the Government's expenditure thereon than that provided herein (and pro rata for the various stages) as may be agreed upon between the Government and the Architect as being reasonable in the circumstances of the case for any particular building or group of buildings or works, such lesser fee to be agreed upon between the Government and the Architect before the latter is instructed to proceed with any such replica works.

45

20. The Government shall be responsible for and undertake all work of estimating, preparing bills of quantities, making proper specifications from the Architect's notes for specifications adjusting accounts and recording costs and other accountancy work. A copy of any estimates or bills of quantities or specifications made for any work shall be supplied to the Architect if he makes a request for same.

21. The Architect shall, for the purpose of this Agreement, accept as final, the figures of cost of the works as given by the Government.

22. The preliminary sketches and designs and all plans, working drawings, specifications and other documents and models relating to the works, whether actually referred to in any contract or not and whether the same relate to works originally approved or to substituted or additional or altered or abandoned works shall be the property of the Government provided that such copyright in such sketches, designs, plans, drawings and models as may be the property of the Architect under any copyright Acts in force in Great Britain or in the Colony shall remain and continue to be his property.

23. If this Agreement shall owing to the decease of the Architect or for any other cause be determined all plans, designs, drawings and other documents and models relating to the work shall be forthwith delivered to the Government subject only to the provisions of Clause 22 as to copyright and the Architect shall only be entitled to such sum if any as may have become due under any clauses herein and may not have been paid at the date of such determination and to such equitable proportion of the unpaid part of the remuneration as the Architect would have been entitled to under any clause hereof if the parts of the works remaining unexecuted at such determination of this Agreement had been abandoned.

24. If cases arise of professional practice to which the provisions hereinbefore contained do not apply, the Regulations laid down by the Royal Institute of British Architects shall apply.

25 (a). In consideration of the fact that Sir Herbert Baker in his capacity as Architect to the Government prior to 30th April, 1928, was paid a fee of one half per cent., on £80,000, viz., £400 for sketch plans for Kabete School (said fee at the time intended later to be merged in his whole fees as Architect), it is hereby agreed that the fees payable to the Architect under this Agreement in respect of this work shall only be Seventy Five per cent., of four and a half per cent., on Government's expenditure thereon, after £400 has been deducted from such four and a half per cent., on the said Government's Expenditure.

(b) In consideration of the fact that Sir Herbert Baker in his capacity as Architect to the Government for the Central Government Offices prior to the 30th April, 1928, was paid a fee of one half per cent., on £250,000, viz., £1,250 for sketch plans of said Central Government Offices (said fee at the time intended later to be merged in his whole fees as Architect), it is hereby agreed that the fees payable to the Architect under this Agreement for his services on Works of Government Offices shall only be Seventy Five per cent., of four and a half per cent., on the Government's Expenditure thereon after £1,250 has been deducted from such four and a half per cent., on the said Government's Expenditure.

(c) In consideration of the fact that Sir Herbert Baker in his capacity as Architect to the Government prior to 30th April, 1928, was paid a fee of one half per cent., on £80,000, viz., £400 for sketch plans for Law Courts (said fee at the time intended later to be merged in his whole fees as Architect), it is hereby agreed that the fees payable to the

Architect under this Agreement in respect of this work shall be Seventy Five per cent., of four and a half per cent., on Government's expenditure thereon, after £400 has been deducted from such four and a half per cent., on the said Government's Expenditure.

(d) The Architect agrees with the Government that the sum of Seventy Five per cent., of £1,125 which has already been paid to him for preliminary designs for the Law Courts, Central Government Offices and District Offices shall be merged pro rata in the remuneration payable as provided in this Agreement and shall not be in addition thereto, if and when the Government decides to proceed with the erection of the buildings enumerated in this paragraph.

26. In the event of any dispute arising as to the amount to be paid to the Architect under this Agreement or in respect of any claim made by the Architect hereunder or as to the interpretation of any clause hereof, such dispute or matters shall be referred to a sole arbitrator and a reference shall be deemed a submission within the meaning of the Arbitration Ordinance (Chapter 100) and the Arbitration Ordinance in amendment thereof in substantiating therefor and shall be subject to the provisions and to compliance with the provisions of the Arbitration Act in relation to arbitrations.

IN WITNESS WHEREOF the parties to this Agreement have hereunto set their hands and seals on the day and year first above written.

Signed by the said Henry Monk-  
Mason Moore in the presence  
of -

*Henry Monk-Mason Moore*

*John Albert Hoogterp*

Signed by the said John Albert  
Hoogterp in the presence of -

*John Albert Hoogterp*

*John Albert Hoogterp*

1930

Kenya

No. 16230

SUBJECT

C0533/400

1000 Miles Working Lists

K. U. R.

---

Previous

See 16060/B/AO.  
(Special notes for  
Road Traffic)

See 16175/3a (K.U.R. Annual Report)

Subsequent

1.

H.Cmr. GRIG. 96.

5th. June 30.

Refers to the method of calculating working costs and encle. copies of a memorandum prepared by the General Manager on ton mile statistics - trusts that the S. of S. will arrange for these figures to be examined by technical experts and that Kenya may be informed as to their remarks and of the procedure adopted in other countries with regard to ton mile costs in respect of both Government and privately owned Railways.

This is highly technical and subject to the observation of Sir John Campbell. I would suggest sending the duplicate of the despatch and ~~enclosure~~ semi-official to Crown Agents, asking them to advise as to the best means of obtaining the information and advice desired.

If it was necessary to consult a professional expert such as General Hammond, a fee would presumably be necessary. Crown Agents would no doubt advise as to the amount of fee.

S. Easton  
17.7.30

See minutes in 1606/30

Have had seeing this two papers

1606/30 has come to come time

in being to see what paper

has to do with the earlier

of an report being generally

but I do not think the head

include in advice involve the

the ton mile figures if it is

yes that this also be done. I

will case the resolution as

to consult CH 40 in the

Instruction Head, subject

to Sir Campbell's views.

17/7/30

P.D.

Hi V. Campbell

Subject to your v-card  
I think we can refer to  
the agents as  
suggested.

All Parkman  
21.7.30

I agree

~~campbell~~  
22/7/30

at all

22.7.30

also

2 To Spiller J.W. (c.a) S.O. Coms  
(w/c 1 on mill on this file) and 2 on 16660/13/30

81 JUL 1930

3. Mr. Spiller s/o. .... 6th. August 30.

Refers to No. 2. - requests that the  
pps be referred to S.A.s officially.

Since  
I rather than the LCA  
do not like this s/o method -  
as it was a very serious  
enquiry it seems a little  
formal & ~~long~~ <sup>fair</sup> to block.  
That spoken to  
to Spiller & making the

regarding the situation in No 2  
we note the fact that  
therefore if necessary bank to a  
draft here with

J.W. Allen

17/8/30

above

H To C.A. (w/c 1 and mill) was 20 Aug 1930

It is rather strange  
to require us to be referred at  
the beginning of No 1 & this  
differs I think between the  
Rly & the P. These sent him  
with explanation & copy  
No 5. attached

J.W. Allen  
21/8/30

DESTROYED UNDER STATUTE

Agents to  
acknowledge to 5

H. Lonsdale

6000/B/30 - 7  
#08 2nd

(Stops)  
Known Agents \_\_\_\_\_ 27 October  
enclose copy re: response re special rebates to  
road traffic, with address further letter re  
ton mile working costs

No. 7 map for  
removal from  
the file

8 Known Agents \_\_\_\_\_ 5 November  
able to suggest name of suitable expert to submit  
comments on General Manager's memorandum on question  
of ton mile working costs and so discuss  
question themselves, submit recommendations and  
consider changes in accordance with percentage of  
classification rate preferable to single rate.

See on 6060/B/30

Proctor

12.11.30

see Barlow  
22.11.30

W.D.  
28.11.30

9 1/2 C.A. \_\_\_\_\_ } 28 NOV 1930 Draft on  
E.L. Items 139 - } 6060/B/30

10 50 5.7 - 954 - 9 Dec 30  
96 on 6060/B/30

Handwritten notes and scribbles on the left side of the page, including the word "draft" and some illegible characters.

10

139

28 NOV 1930

Sir,

I have the honour to refer to Sir George Grigg's despatch No. 27 of the 24th June, and No. 27 of the 12th June, in which he dealt respectively with the question of ton-mile working costs and with the rates to be charged for Government traffic on the Railway.

2. As the Joint Agents for the Colonies kindly enquired to collect the information required copies of Sir George's despatches were referred to them, and I am enclosed copies of the correspondence which has passed with them.

3. In regards paragraph 2(c) of their letter of the 27th October, I should explain that in 1925 the High Commissioner for Palestine raised the question of the tariffs for Government traffic over the Palestine railways. At that time Mr. J. L. Anthony was engaged in an enquiry into the state of railway administration

~~Mr. J. L. Anthony~~  
~~Mr. J. L. Anthony~~  
~~Mr. J. L. Anthony~~  
~~Mr. J. L. Anthony~~  
~~Mr. J. L. Anthony~~  
~~Mr. J. L. Anthony~~  
~~Mr. J. L. Anthony~~

THE HIGH COMMISSIONER  
PALESTINE  
JERUSALEM

*J. L. Anthony*

administration in Palestine and I enclose, for your information, a copy of an extract from one of his interim reports (submitted in September 1935) in which he discussed this question. In the result, my predecessor approved of Government departments being charged at full rates for services rendered by the Palestine Railways.

I have the honour to be

Sir,

Your most obedient

humble servant,

(Signed) PASSFIELD.

Kenya 16230/30  
8/20

ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
CROWN AGENTS FOR THE COLONIES  
THE FOLLOWING REFERENCE AND THE  
DATE OF THIS LETTER BEING QUOTED.



68

4, MILLBANK,  
WESTMINSTER,  
LONDON, S.W.1.

E.283/1.

TELEGRAMS: CROWN, LONDON.  
TELEPHONE: 7730 VICTORIA.

RECEIVED  
6 NOV 1930  
COL. OFFICE

5th November 1930.

Sir,

In continuation of our letter of the 27th October, I have the honour again to refer to your letter No.16230/30 of the 20th August, transmitting a copy of a despatch from the High Commissioner for Transport, Kenya and Uganda, regarding the question of ten mile working costs.

2. In the last paragraph of your letter you stated that if we were not in a position to suggest the name of a suitable expert to whom the General Manager's figures could be submitted, Lord Passfield would be glad if we would undertake to examine and furnish him with our views with regard to them. We find difficulty in suggesting the name of a suitable expert and in the following paragraphs therefore we offer our own comments on the General Manager's figures.

In the first paragraph of the High Commissioner's despatch of the 5th June, a copy of which accompanied your letter of the 20th August, it was stated that a difference of opinion regarding the calculation of working costs existed between the Magadi Soda Company and the Railway Administration. No information was, however, given as to the method adopted by the Magadi Soda Company for calculating the working costs or the reason given for objecting to the figure or figures put forward by the Railway. The General Manager had, however, prepared a memorandum on the question, a copy of which accompanied the High Commissioner's despatch.

16240/19/30  
16 NOV 1930  
16 NOV 1930  
Copy of the Memo 16240/19/30  
W.H.

The Under Secretary of State,  
Colonial Office.

4. The annual Administration Reports of the General Manager show the amount of receipts from passenger services and also the amount of receipts from goods services, but no figures are given to show what expenditure is chargeable to passenger services and what expenditure to goods services. In his memorandum the General Manager divides the total working expenditure between passenger and goods services in proportion to the passenger train miles and the goods train miles. He assumes therefore that the cost per train mile of running a goods train is the same as the cost of running a passenger train, which may or may not be approximately correct.

5. It is generally recognised that an accurate division of expenditure between passenger and goods services is difficult, if not impossible, of attainment, and few Railway Administrations make any attempt to divide expenditure in this way. In the United States of America railways are, however, compelled by law to make such a division, and the methods employed are in accordance with the stipulations of the Interstate Commerce Commission of the United States. The division is based primarily on the principle that expenditure under the principal abstracts should be divided as far as possible directly between passenger and goods and all expenses which are not susceptible to direct division should be divided in proportion to the direct division. Expenditure on maintenance of way and structural works is, however divided in proportion to the cost of fuel used by passenger and goods engines respectively. While these methods may be appropriate to railways carrying a dense traffic, where much of the expenditure can be directly allocated to either passengers or goods, it is clear that if they were applied to the Kenya and Uganda Railways, where much of the traffic is carried on mixed trains, and many of the staff are engaged on both passenger work and goods work, results of equal accuracy would not be obtained. The train mile unit adopted by the General Manager is perhaps the

most suitable that can be employed with the information available.

6. The General Manager reaches the following conclusions regarding the working costs of moving goods traffic per ton mile:-

Working costs exclusive of depreciation	- 5.385	cents	per	ton	mile
Depreciation charges	- 0.819	"	"	"	"
Loan Costs	- 2.224	"	"	"	"
Total Cost	- 8.428	"	"	"	"

He also estimates that the actual out of pocket running expenditure, excluding all charges for supervision and Headquarters administration etc. is in the neighbourhood of 2.5 cents per ton mile. The Administration charges 2 cents per ton mile for constructional material or 20% below the actual out of pocket running expenditure.

No. 1  
7. The information given in our letter of 27th October showed that the practice with regard to charging for constructional material varies on different railways between the extremes of full tariff rates and free transport. The principle involved was dealt with by Sir A. Lowe Dickinson in his report on the Indian Railways and we give below an extract from Chapter 16 of part I of this report :-

"Method of Dealing with Freight on Stores and Supplies for use on the Railway"

359. The present practice under which Freight on coal for the use of the Railways, and on all other Railway material, is charged in the accounts appears to be inconsistent. In some cases no charge is made; in others a charge is made at a reduced rate; and in others again full rates are charged. It is clear that there should be a consistent system throughout the whole of the Railways of India under which these charges are to be made. At the same time, a railway carrying its own materials for its own line should not make a profit thereout; nor, on the other hand, should the railway be subjected to a loss by reason of carrying this freight free of charge.

340. In the case of freight carried by one railway for another, there would seem to be no reason why the first railway should not earn a profit thereout by charging the second railway the full freight charge which would be paid by the public. In the case of freight for construction purposes, the cost of construction will be reduced if no freight is charged; on the other hand, the cost of moving the materials exists and should be considered as part of the cost of construction; while again the railway for whom the construction is being carried out should not make a profit thereout by unduly swelling the capital cost. In this respect there is a difference of principle between freight on capital material and freight on revenue material. In the former case any charge to capital is a credit, and, in so far as these credits exceed the cost of transportation, a profit to revenue. In the latter case, whatever is credited to earnings for freight is also a debit to expenses as the cost of the transportation of the revenue materials.

341. Definite and clear principles emerge from the above considerations:-

- (1) That each railway should charge full classification rates on all material conveyed for another railway which is not part of its operating system.
- (2) That all material conveyed for a railway for its own use, whether for revenue or for construction purposes, should be charged and credited at a reduced rate calculated to represent approximately the cost of transportation. This cost might safely be considered to be 60 per cent of the full classification rate.

8. We are of opinion that the principle defined by Sir A. Lowes Dickinson is correct, viz: that all material conveyed over a railway for its own use should be charged the actual cost of transportation, but there remains the difficulty of determining accurately

10

accurately what is the actual cost of transportation. Sir Lowes Dickinson suggests 60% of the full classification rate, while the General Manager of the Kenya and Uganda Railway estimates that with working costs exclusive of depreciation equal to 5.385 cents per ton mile the actual out-of-pocket running expenditure amounts to 2.5 cents per ton mile. On the Nigerian Railway it has been assumed that a one half-penny rate will cover all actual outgoings in wages, oil, fuel etc. and allow something for maintenance of stock, the lowest public rate being one penny.

9. Our own view is that the charge for construction material should be that percentage of the classification rate, which is equal to the operating ratio i.e. ratio of working expenditure to gross receipts. On the Kenya and Uganda Railway the operating ratio in 1928 - 1929 was 59.09% and in Nigeria 67.25%, or figures which correspond very closely with the percentage suggested by Sir A. Lowes Dickinson. We are aware, of course, that the operating ratio varies from year to year, but even so we think the charge should be based upon it; either an average figure might be taken over a period of years, or the charge could be altered each year to correspond with the operating ratio of the preceding year.

10. Objections can be raised to the General Manager's proposal to adopt a uniform ton mile charge for construction traffic, as such a charge does not bring into account the variation in the cost of transport of different commodities due to their bulk, convenience of handling, distance transported etc. Rates are normally tapered according to the distance the freight is moved and a uniform charge per ton mile is not consistent with the principle of tapered rates. Further, it is unlikely that all construction material will be included in the lowest rate

classification/

11  
classification. By charging in accordance with a percentage of the classification rate, as suggested in the preceding paragraph the charges will vary according to the rate classification of the material and to the distance transported, which appears to us to be a sounder method than a single rate.

I have the honour to be,

Sir,

Your obedient servant,

W A Wickham

for Crown Agents.

5<sup>12</sup>

Downing Street.

3 - November, 1930.

Dear Sir Henry.

You will recollect that last Friday you telephoned to me about the Colonial Office letter of the 20th August regarding the question of the 12 1/2 mile working costs on the Kenya and Uganda Railway. That letter enclosed a copy of a despatch from the High Commissioner for charge transport in which he referred to the fact that in dealing with the method of calculating working costs, the Imperial Soda Company and the Railway Administration argue their case from a different basis of calculation. This was the particular point you had mentioned to me, and as it is rather complicated, I think the best course would be to let you see our files which contain the relevant correspondence. I am, therefore, sending them to you with the material papers

flagged

SIR HENRY LAURENT, K.C.M.G., C.B.

no 65-1  
4220/30

clear

flagged "A" to "B". Briefly, the matter arose out of Clause 10 of the lease of the Railway to Lake Maradi (copy flagged "A" in 15565/29 Part I), which provides/revision of the rates of freight on soda goods every five years (Clause 10<sup>(a)</sup>); that notice of any such increase shall not be given unless the General Manager shall consider the same reasonable, having regard to the prevailing and probable costs of working the traffic and the selling price of the soda goods, or any of them (Clause 10(C)(iii)), and that after the service of any such notice, the lessees shall be furnished with a statement of the cost of working the traffic and the soda goods during the period of the first six months of the last year of the then current period of five years (Clause 10(C)(iv)). The periods of five years ran from the 1st November, 1924. Notice of revision was given to take effect from the 1st November, 1929. The Secretary of State telegraphed to the High Commissioner.

13

Commissioner on the matter on the 28th June, 1929 (flagged "B" in 15565/29 Part I), and the Magadi Soda Company wrote to the Colonial Office on the subject on the 12th July, 1929 ( see pages 4 et seq. of the letter flagged "C" in 15565/29 Part I). The High Commissioner for Transport dealt with the matter in his despatch of the 28th September, 1929, which is flagged "D" in 15565/29 Part II, and you will find enclosed with that despatch a copy of the statement which was prepared in accordance with clause 10 (c)(iv) of the lease showing the cost of working the Company's traffic during the first six months of 1929. Ultimately, the matter was thrashed out in East Africa between the Railway Administration and representatives of the Company, and the arrangements arrived at are briefly set out in the High Commissioner's telegram of the 22nd February, 1930 (flagged "E" in 15973/30).

14

I have recapitulated the course of events, <sup>July</sup> and I take it that the material papers from your point of view are the relevant portions of the letter from the Company of the 12th July, and the High Commissioner's despatch of the 28th September, 1929.

We shall be glad to have our files back as soon as convenient.

Yours sincerely,

JMM

10/16230/30  
Kenia

H

D.O. *IN Acc 13/8 f.*

- Mr.
- Mr.
- Mr.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Permt. U.S. of S.
- Partly. U.S. of S.
- Secretary of State.

*Handwritten scribbles*

20 Aug 1930

*12 July*

DRAFT.

*Crown Agents*

*Copy of the Memo. 159 on 10/16/30 - 2.8 NOV 1930*

Sent,

I have to transmit to you a copy of a despatch from the Dir. of Transport, Kenya & Uganda regarding the East African 200 mile working cycle.

It is understood as a result of semi official enquiries that you are willing to undertake the collection of the info desired by the Hon. Mr. Lord Pasfield.

*JPA No 96. 6 June 1930*  
*(101)*  
*6230*

*(Share copy of No 3 to be made)*

obtain if you would forward it  
to his Dept in due course  
in transmission to the  
H.C.

I. If you are not in  
a position to suggest the  
name of a suitable Dept  
<sup>General Services</sup>  
to whom the Pearce case  
be submitted Mrs. Jacobeld  
also be glad if you  
could undertake the  
nominations & forward her  
with your views with  
regard to them.

Samuel

3<sup>16</sup>

4, MILLBANK,  
WESTMINSTER,  
LONDON, S.W. 1.  
(VICTORIA 7730)

RECEIVED  
- AUG 1930  
COL. OFFICE

E. 283/1.

6th August, 1930.

H. T. Allen, Esq.,  
Colonial Office.

Dear Allen,

(No. 2.)

I have considered very carefully your letter No. 16230/30 of the 31st July and the enclosures accompanying it regarding the method of calculating working costs on the Kenya & Uganda Railway and the charges which should be made for the carriage of Government traffic, but I find it difficult to suggest the name of a suitable expert to whom the figures could be submitted.

We can, if you wish, examine carefully the General Manager's figures and collect the information required by the High Commissioner if you will refer the papers to us officially.

Yours sincerely,

(I have checked the figures)  
JWS  
7/8

O. O.

Mr. Eastwood 23/7  
Mr. Allen 29/7  
Mr. [unclear]

DOWNING STREET,  
29 JUL  
30 3, July 1930.

S.O. for Mr. Allen's signature.

Sir C. Bottomley.  
Sir J. Shackburgh.  
Sir G. Grindie.  
Persn. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

*Handwritten:* 26/7  
amb  
3

**DRAFT.**

J. W. SPILLER, ESQ.,  
CROWN AGENTS.

Dear Spiller,

I enclose duplicates

of two despatches (and enclosures) from the High Commissioner for Transport, xxx Kenya and Uganda, one about the method of calculating working costs and the other about the existence of special rates for Government traffic.

As regards the former, you will see that we are asked to arrange for the figures of ton mile costs to be examined by experts, and we are also asked to let the High Commissioner know the procedure adopted in other countries, and the principles on which this procedure is based. Can you help us with suggestions as to the best means of getting the information and advice

required?

~~High Comm. No. 95 5th June  
No. 1 on 16230~~

~~High Comm. No. 97 of 12th June  
No. 2 on 16230/30~~

A copy to go on  
16230/30

required?

As regards the second despatch, you will see that the High Commissioner also asks for information as to the practice in other countries in regard to rebates on Government traffic. Sir John Campbell, however, does not think it would be worth while to attempt to collect anything like world-wide information, as politics enter so largely into the matter that it would probably be impossible to draw any conclusion from the information obtained. He is therefore of opinion that enquiry <sup>in this branch</sup> should be limited to important Empire countries. P Sir John Campbell also suggests that so far as Indian and Dominion railways are concerned, the simplest plan would be to make enquiries semi-officially of Mr. Stantiall, the Government Adviser at the India Office, and of

the

the Offices of the High Commissioner  
for Australia, and New Zealand, and  
Canada.

~~Similar~~ Information  
could doubtless be obtained <sup>for</sup> from Iraq  
~~the~~ <sup>(the French is now in the country) / also for</sup> ~~the~~ <sup>the</sup> ~~British~~ Palestine, and the other  
important African Territories direct,  
by similar method.

The Ministry of Transport  
could presumably say at once what the  
practice is here. Also they might  
have information as to the practices  
elsewhere, which they could let us  
have; but for the general reason  
indicated above, Sir John Campbell does  
not think that they should be asked to  
make any effort to obtain it. These  
enquiries <sup>might</sup> ~~would~~, of course, cover the  
ton mile question also: *but in p*

*so far as the fact  
that Parkin is  
concerned*

*has case of weight be  
accepted to get info  
as to the practice on  
some leading foreign  
railways.*

We should be much obliged if  
we could have your views about this;  
and also to ~~know~~ <sup>all</sup> whether you think the  
desired information could most conven-  
iently be collected by your Office.

Yours sincerely,  
XXXXXXXXXX

(Signed) H. T. ALLEN



HIGH COMMISSIONER  
FOR TRANSPORT.

OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,  
GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

No. 96

RECEIVED  
-7 JUL 1930  
COL. OFFICE

June 1930.

My Lord,

I have the honour to state that during the recent negotiations with the Magadi Soda Co., vide correspondence ending with Your Lordship's despatches dated 24th April 1930, the question of the method of calculating working costs was of considerable importance since the Magadi Soda Company and the Railway Administration argued their case from a different basis of calculation. I accordingly asked the Railway Council to examine the whole question of ton mile working costs in detail.

2. The General Manager prepared for the Council a memorandum on this question, six copies of which are enclosed herewith, which was discussed by the Railway Advisory Council at their last meeting, when they recommended:

"That the Railway "Paying" rate of 2 cents per ton mile on construction traffic be reviewed and that the High Commissioner for Transport should state a case for the advice of the Secretary of State based on the experience and the principles adopted in other countries".

It will be observed from the General Manager's memorandum that the ton mile costs per mile are as follows:

	Cents
Working (excluding depreciation)	5.385
Working (including depreciation)	5.204
Loan	2.224
Total	8.428

(A statement showing in detail how the working costs of 5.385 cents per ton mile was assessed, is attached)

From...

THE RIGHT HONOURABLE  
LORD PASFIELD,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET S.W.1

(No. 1697) on  
Magadi Soda 1597/30  
24th JUL 1930  
Copy of mem to C.A.  
Copy of mem to Mr. Spiller 30.8.30

Amended - 130 on 2060/30 - 2 2 NOV 1930  
copy (of mem) - C.A. 9/10/30

From these figures it may be argued that all commodities carried at a rate of 8.428 cents per ton mile do not pay their full share of loan charges and to that extent the deficiency must be made up by other commodities.

3. The average receipts per ton mile are 10.321 cents and the actual out of pocket running expenditure costs, as estimated by the General Manager, per ton mile, are approximately 2.5 cents. The Administration charges 2 cents per ton mile for constructional material, a rate which is closely comparable with the maize rate, namely, 2.036 cents per ton mile and not very different from the calculated actual out of pocket running expenditure of 2.5 cents per ton mile.

4. On the Nigerian Railways it is understood that a rate of 2 cents per ton mile for construction material is charged and that the basis on which this rate was fixed was the out of pocket cost of carrying this traffic. If this is so, and the out of pocket cost is the right basis for calculating construction traffic costs, then the rate of 2 cents for construction material on this Railway when the out of pocket expenses are 2.5 cents means so small a difference that at the present time it would not appear to be advisable to make any change.

5. I trust however, that Your Lordship will arrange for these figures of ton mile costs to be examined by Technical Experts, and that I may be informed of their remarks and of the procedure adopted in other countries with regard to ton mile costs for construction traffic, in respect of both Government and privately owned Railways and the principles on which these costs have been worked out.

I have the honour to be,  
My Lord,  
Your Lordship's most obedient  
humble servant.

*Edward Gigg*

HIGH COMMISSIONER

RAILWAY ADVISORY COUNCIL

APRIL, 1930

Subject:

TON MILE STATISTICS.

Particulars

and

Remarks:

With reference to Minute 495 (2) III of the Meeting of Railway Council held in Nairobi on February 4th/6th, 1930, the High Commissioner has directed that the whole situation as disclosed by ton mile statistics shall be further investigated, together with the policy regarding rates charged for Railway traffic. The following information is therefore submitted to Railway Council for consideration:-

2. REVENUE.

Examination of Statement 3 "Revenue Account" of the Annual Report will show that Railway Revenue is earned under four main heads:-

- (i) Passenger Services, including Parcels and Luggage;
- (ii) Livestock;
- (iii) Goods;
- (iv) Miscellaneous, including Telegraphs.

(ii) and (iv) are comparatively minor heads, and for the purposes of this memorandum will be omitted from the discussion.

Figures for 1929 show the following results for the two remaining heads :-

	<u>Train Miles</u>	<u>% of Total.</u>	<u>Revenue Earned</u>	<u>% of Total (Passenger &amp; Goods)</u>
(a) PASSENGER SERVICES	662,394	22.93	£318,955	14.77
(b) GOODS SERVICES	2,225,870	77.07	£1,840,972	85.23
(c) AVERAGE RECEIPTS	Public and Railway Traffic per Goods ton mile are 10.321 cents			

NOTE:

In view of the extreme variation in our rates, the last figure must be used in all general rates comparisons with other countries.

3.

EXPENDITURE.

Reference to the Revenue and not Revenue Accounts shows that expenditure is made up of four main heads, viz:-

- (i) Working Expenditure - Abstracts A to G.
- (ii) Depreciation
- (iii) Loan Charges
- (iv) Miscellaneous

Of the above, (iv) being a small item may be neglected, while out of (i) and (ii) are deducted expenditure on Marine Services and other Services not included in the Railway earning section now under consideration.

Depreciation is, correctly speaking, a working expenditure, therefore (i) and (ii) will be amalgamated, leaving two main heads. For the year 1929 the figures for these two heads are as follows:-

	£	
(a) WORKING EXPENDITURE, including Depreciation at 2% .....	1,485,945	
(b) LOAN CHARGES (Railway only)...	514,843	
Total .....	£1,950,788	

Dividing these totals as between Passenger and Goods Services in the train mile ratio shown in paragraph 2 above, we get :-

PASSENGER SERVICES.

Train Miles	Working Cost		Loan Cost		Total Cost	
	Total	Per Train Mile	Total	Per Train Mile	Total	Per Train Mile
662,394	£ 329,319	s. 9.24	£ 118,074	s. 3.57	£ 447,393	s. 13.51

GOODS SERVICES.

Ton Miles	Working Cost		Loan Cost		Total Cost	
	Total	Per ton Mile	Total	Per ton Mile	Total	Per ton Mile
356,749,957	£ 1,106,626	s. 2.04	£ 398,269	s. 2.224	£ 1,503,395	s. 5.428

NOTE: Excluding Depreciation the Working Cost per ton mile is s. 5.385.

5. Dealing first with the PASSENGER SERVICES, find :-

Revenue earned.....	318,955	
at a Working Cost of...	329,319	
at a Loan cost of.....	118,074	
at a Total Cost of ....	447,393	£
That is, on a Working Cost basis we have lost .....		10,364
on a Total Cost basis we have lost .....		128,438

NOTE. It has always been recognised that our Passenger Service has been operated at a loss, but it is not clear that the extent of that loss has been fully realised.

Turning now to the GOODS SERVICES, we find :-

Revenue earned .....	1,840,972	
at a Working Cost of...	1,106,626	
at a Total Cost of ....	1,503,395	£
That is, on a Working Cost basis we have gained .....		734,346
and on a Total Cost basis we have gained .....		337,577

NOTE. In calculating the above costs the following ton mile figures have been taken :-

	Ton Miles
Public "paying".....	275,754,181
Railway "paying" .....	21,054,101
Railway "non-paying" .....	59,241,675
<u>Total .....</u>	<u>356,049,957</u>

Railway "paying" includes all construction traffic at 2 cents a ton mile.

Railway "non-paying" includes all "revenue stores" traffic, such as coal, fuel, etc. etc., from which no income is obtained.

Included in the cost figures are the cost of carrying Railway non-paying traffic and all the other costs on account of light running, shunting, etc. etc.

- 5 -

Examining now the ton-mile costs, we find :-

Working ton mile Costs (including depreciation)	6.204	per ton mile
Lean ton mile Costs ....	2.224	per ton mile
Total ton mile Costs....	8.428	per ton mile

From the above, we deduce that all commodities carried at a rate below 8.428 cents per ton mile do not pay their full share of Lean Charges and to that extent the deficiency must be made up by other commodities.

In this connection the following Table is of interest, as showing the Revenue obtained from the export of certain commodities and the initial loss to the Railway in carrying this traffic :-

## EXPORT TRAFFIC FOR THE YEAR 1929

1	2	3	4	5	6	7	8	9	10	11	12
Commodity	Export Rate Per Ton	Average Receipt per Ton Mile	Average Haul Miles	Estimated Ton Miles	Revenue	Working Cost excluding depreciation at 5.385 Cts. per Ton Mile	Working Cost including depreciation at 6.204 Cts. per Ton Mile	Total Cost of Transport at 8.428 Cts. per Ton Mile	Loss on Column 7	Loss on Column 8	Loss on Column 9
	Shs. 11/20	Cts. 2.036	Miles 550		£ 22,499	£ 59,509	£ 68,560	£ 95,137	£ 37,010	£ 46,661	£ 70,638
COTTON SEED	22/75	3.082	738	50,234,922	77,412	135,258	155,829	211,690	57,846	78,417	134,278
POTATOES	14/-	4.000	350	1,373,050	2,746	3,697	4,259	5,786	951	1,513	3,040
WATTLE BARK	17/92	5.120	350	1,116,500	2,858	3,006	3,463	4,705	148	606	1,827
WHEAT	18/50	3.000	450	1,470,150	2,205	3,958	4,560	5,195	1,765	2,255	3,990
TOTAL					107,720	205,422	236,671	331,513	97,766	120,951	213,793

Average receipts per freight ton mile (all traffic) Railways Cents 10.321.

8. In order that it may be possible to judge whether the loss in carrying these commodities, shown in the above Table, is made up in other directions, I have compiled the following Table from information received from the Commissioner of Customs, indicating the amount and value of the export trade in these commodities:-

Article	Unit of Quantity	Quantity	Value
Wheat	Cwt.	69,603	38,281
Maize	Cwt.	774,694	309,774
Potatoes	Cwt.	82,763	27,052
Cotton Seed	Ton	67,535	424,064
Wattle Bark	Cwt.	63,342	25,356

NOTE: The export of maize for 1929 was only 400,000 bags as compared with 1,200,000 estimated for 1930.

It is impossible to calculate how much of the total value of each commodity shown in the last Table comes back to the Railway in the form of profits that would not otherwise be earned, i.e. by the carriage of resulting imports at rates in excess of 8.428 cents per ton mile, but a study of the two Tables will allow of some judgment in the matter.

9. The extent to which other commodities are made to carry the burden may be judged by the following figures :-

Average Receipts per ton mile ..... 10.321 Cents.  
(as stated in paragraph 2(c).)

This, with the Passenger Service receipts and certain Miscellaneous receipts, together with receipts from Marine and Road Services, covers Total Costs (i.e. Working Costs plus Loan Costs) with some £160,000 to spare, (after meeting the loss on Port working) available for Betterments of a capital nature.

10. To earn this average, we have:-

- (a) A large tonnage of commodities carried below cost as shown in paragraph 8, i.e. all Export rates (except coffee, cotton and sisal) and many maximum rates;
- (b) An important tonnage of commodities carried at well above cost.

11. As an illustration of (b) above, it may be mentioned that Classes 1 to 3 range from Shs.1.45 per ton mile to Shs.0.37 per ton mile depending on distance and taper and that the income from these Classes approximates to £497,000 or 27% of the total Goods revenue.

12. When it is remembered for hauls up to 300 miles all these Classes come within the range of motor competition, the reason will be obvious for the anxiety of the Administration on this account. Any serious reduction in income derived from these three Classes will of necessity involve the raising of the rates on lower rated commodities. This fact alone should cause grave concern to the general public and should lead to a more definite movement towards providing relief from unfair motor competition than is at present noticeable.

13. There is one other cost figure to which attention may be drawn. It will be evident from the above explanations that Working Costs include not only depreciation, but also all charges for supervision and Headquarters administration, etc., i.e. charges frequently described as "overhead charges".

10. To earn this average, we have:-

- (a) A large tonnage of commodities carried below cost as shown in paragraph 8, i.e. all Export rates (except coffee, cotton and sisal) and many maximum rates;
- (b) An important tonnage of commodities carried at well above cost.

11. As an illustration of (b) above, it may be mentioned that Classes 1 to 3 range from Shs.1.45 per ton mile to Shs.0.37 per ton mile depending on distance and taper and that the income from these Classes approximates to £497,000 or 27% of the total Goods revenue.

12. When it is remembered for hauls up to 300 miles all these Classes come within the range of motor competition, the reason will be obvious for the anxiety of the Administration on this account. Any serious reduction in income derived from these three Classes will of necessity involve the raising of the rates on lower rated commodities. This fact alone should cause grave concern to the general public and should lead to a more definite movement towards providing relief from unfair motor competition than is at present noticeable.

13. There is one other cost figure to which attention may be drawn. It will be evident from the above explanations that Working Costs include not only depreciation, but also all charges for supervision and Headquarters administration, etc. i.e. charges frequently described as "overhead charges".

It is evident, therefore, that any reduction in ton miles carried will not bring about a full saving of 6.204 per ton mile, but only a proportion of that cost, equivalent to actual running costs on account of coal, oil, train crews, water and similar services. There is no exact method of calculating such costs and most authorities differ on the subject. It may, however, be assumed that for a working cost figure of cents 6.204 per ton mile, something in the neighbourhood of 2.5 cents per ton mile would be the actual out-of-pocket running expenditure and for our purposes this figure may be accepted as reasonable. A rate below this figure not only does not bear any share of overhead and loan charges, but the railway is actually out-of-pocket in carrying traffic at such a rate.

14. We may now examine our rates policy as compared with other countries. It may be stated in general terms that while some Railways do carry special traffic at rates below the total cost figure (i.e. in our case 8.425 cents per ton mile), it is not general Railway practice to carry any traffic below the working cost figure (i.e. in our case 6.204 cents per ton mile). In very exceptional cases, where special types of traffic are carried below this rate, the average is usually restored by a higher rate on the same commodity.

15. For example, taking the low-rated coal traffic in England, a few bulk coal rates are undoubtedly below working costs, but the average of the coal rates is well above the working costs. For the months of July and November (representative months), the average from the coal, coke and

patent fuel traffic (incidentally the lowest rated traffic in England) was 8.738 cents per ton mile. The latter figure is illuminating when compared with our practice.

16. A few other figures, taken at random, are also quoted and illustrate the fact that our rates are, on an average, low; in fact, from the figures shown above, they may be considered to be almost too low.

GREAT BRITAIN - JULY, 1929

	Cents.
Receipts per Public ton mile	12.14
Receipts per ton mile (Total, including free hauled traffic)	11.4

K.U.R. & H.

Receipts per "paying" ton mile	12.4
Receipts per Public ton mile	13.168
Receipts per ton mile (including free hauled Railway traffic)	10.321

NEW ZEALAND.

Receipts per Public ton mile	20.41
------------------------------	-------

AUSTRALIA.

Receipts per Public ton mile	14.02
------------------------------	-------

17. One other matter requires further discussion, i.e. the rates charged on construction traffic. It is evident that whatever costs are chargeable against construction votes add eventually to the interest charges to be borne by the Railway. For example, if, at the present rate of 2 cents per ton mile the transport costs for materials for any railway extension or Branch Line are £10,000, carrying rate of interest and Sinking Fund of 6%, the annual interest costs will be £600.

18. If, however, the rate is raised to 4 cents, the transport costs become £20,000 and the interest charges become £1,200 per annum, i.e. the Railway gains in one year £10,000 of additional revenue, but pays out for the next 40 years a total sum of £24,000 additional to what it otherwise would pay.

19. It is, therefore, usual practice for economic reasons to reduce charges to the lowest possible extent for construction material to avoid paying unnecessary Loan charges. Where Loan charges already bear a high proportion to total costs, as on this Railway, the lowest possible rates for construction material are economically sound. In these circumstances it would not be a wise financial policy to charge such traffic with a share of overhead and Loan charges.

20. As regards English practice, it may be stated that normally construction material is carried free, in the same way as "Revenue" materials are not charged.

In SOUTH AFRICA the charges for construction material is ..... 2 cents with minimum 15 pounds per ton. Per ton mile

In RHODESIA the charges for construction material is ..... 4 cents with exception of Beira - Bulawayo where 5 cents.

In NIGERIA the charge for construction material is ..... 4 cents.

20. On the Kenya and Uganda Railways we charge 2 cents per ton mile, a rate closely comparable with the maize rate, and obtained a revenue from this source for 1929 of £27,375.

21. It is hoped that the figures given in this Memorandum will be of assistance to the Railway Council in appreciating the full effects of our rates policy.

EF.1498  
General Manager's Office.  
Nairobi.  
31.3.1930.

GENERAL MANAGER.

Statement of  
workings

1. Total Ordinary Working Expenditure for Railways and Road Services.

Abstract A. Maintenance of Rail and Road	329,766
" B. Transformation Expenses	675,910
" C. Maintenance of Engines and Rolling Stock	240,214
" D. General Charges	116,968
" E. Steam Services	110,000
" F. Motor Services	14,805
" G. Miscellaneous Services	55,316

(Vide Statement No. 2, page 23 of Administration Report 1929)

2. Total Ordinary Working Expenditure, Railways and Road Services.

Abstract A. ....	329,766
" B. ....	675,910
" C. ....	240,214
Proportion of Abstracts D and E.	
Abs: $\frac{A+B+C+D+E}{A+B+C+D+E} \times \text{Abs: D+E}$	
= $\frac{1,145,880}{1,270,796} \times 174,274$	
	<u>157,145</u>
	<u>1,503,035</u>

3. Total Ordinary Working Expenditure, Railway Goods.

Total Railway Expenditure	1,503,035
Deduct an amount equal to Telegraph & Miscellaneous Earnings (Vide Statement No. 2, page 25 of Administration Report, 1929)	23,254
Telegraph Earnings	23,254
Miscellaneous Earnings (all services)	492,377
Less Miscellaneous receipts, steamers and Road services.	<u>28,820</u>
Total expenditure, Train Services	<u>254,361</u>

Train Mileage.

Passenger Trains	332,394
Goods Trains	2,225,977
(Vide Statement No. 43, page 104 of Administration Report 1929.)	<u>2,888,271</u>
Goods proportion of Expenditure	$\frac{2,225,977}{2,888,271} \times 21,246,450$
	= 9860,567.

4. Ordinary Working Expenditure per Goods ton mile.

Goods Ton Miles	
Public Traffic	275,754,361
Railway Construction Material (excluding traffic)	21,054,101
Railway Revenue Stores (non paying)	59,941,975
(Vide paragraph 71, page 23 of Administration Report 1929.)	<u>356,750,437</u>

$\frac{9860,567}{356,750,437} = 2.765$  cents - Ordinary working expenditure per Goods ton mile (excluding depreciation charges)

12 page copy

16230  
50

RAILWAY ADVISORY COUNCIL

APRIL, 1930.

Subject: TON MILE STATISTICS.

Particulars  
and

Remarks: With reference to Minute 495 (2) III of the Meeting of Railway Council held in Nairobi on February 4th/6th, 1930, the High Commissioner has directed that the whole situation as disclosed by ton mile statistics shall be further investigated, together with the policy regarding rates charged for Railway traffic. The following information is therefore submitted to Railway Council for consideration:-

2. REVENUE.

Examination of Statement 3 "Revenue Account" of the Annual Report will show that Railway Revenue is earned under four main heads:-

- (i) Passenger Services, including parcels and mail;
- (ii) Livestock;
- (iii) Goods;
- (iv) Miscellaneous, including Telegraphs.

(ii) and (iv) are comparatively minor heads, and, for the purposes of this memorandum will be omitted from the discussion.

34

Figures for 1929 show the following results for the two remaining heads :-

	<u>Train Miles</u>	<u>% of Total.</u>	<u>Revenue Earned</u>	<u>% of Total (Passenger &amp; Goods)</u>
(a) PASSENGER SERVICES	662,394	22.93	£318,955	14.77
(b) GOODS SERVICES	2,225,877	77.07	£1,840,972	85.23

(c) AVERAGE RECEIPTS

Public and Railway Traffic per Goods ton mile are 10.321 cents

NOTE:

In view of the extreme variation in our rates, the last figure must be used in all general rate comparisons with other countries.

EXPENDITURE.

Reference to the Revenue and not Revenue Accounts shows that expenditure is made up of four main heads, viz:-

- (i) Working Expenditure - Abstracts A to G.
- (ii) Depreciation
- (iii) Loan Charges
- (iv) Miscellaneous

Of the above, (iv), being a small item may be neglected, while out of (i) and (ii) are deducted expenditure on Marine Services and other Services not included in the Railway earning section now under consideration.

- 8 -

Depreciation is, correctly speaking, a working expenditure, therefore (i) and (ii) will be amalgamated, leaving two main heads. For the year 1929 the figures for these two heads are as follows:-

(a) WORKING EXPENDITURE, including Depreciation at 2% .....	£	1,435,945
(b) LOAN CHARGES (Railway only)...		514,843
		1,950,788
Total .....	£	1,950,788

Dividing these totals as between Passenger and Goods Services in the train mile ratio shown in paragraph 2 above, we get :-

PASSENGER SERVICES.

Train Miles	Working Cost		Loan Cost		Total Cost	
	Total	Per Train Mile	Total	Per Train Mile	Total	Per Train Mile
862,394	£ 329,319	s 9.94	£ 116,074	s 3.57	£ 445,393	s 5.11

GOODS SERVICES.

Ton Miles	Working Cost		Loan Cost		Total Cost	
	Total	Per ton Mile	Total	Per ton Mile	Total	Per ton Mile
356,749,957	£ 1,106,626	Cts. 6.804	£ 396,769	Cts. 2.534	£ 1,503,395	Cts. 8.428

NOTE: Excluding Depreciation the Working Cost per ton mile is Cts. 6.385.

8. Dealing first with the PASSENGER SERVICES, we find :-

Revenue earned.....	31,955	
at a Working Cost of...	329,319	
at a Loan cost of.....	118,074	
at a Total Cost of ....	447,393	
		f
That is, on a Working Cost basis we have lost .....		10,364
on a Total Cost basis we have lost .....		128,438

NOTE. It has always been recognised that our Passenger Service has been operated at a loss, but it is not clear that the extent of that loss has been fully realised.

Turning now to the GOODS SERVICES, we find :-

Revenue earned .....	1,840,978	
at a Working Cost of...	1,106,626	
at a Total Cost of ....	1,503,395	
		f
That is, on a Working Cost basis we have gained .....		734,346
on a Total Cost basis we have gained .....		337,577

NOTE. In calculating the above costs the following ton mile figures have been taken :-

	<u>Ton Miles</u>
Public "paying" .....	276,754,181
Railway "paying" .....	21,064,101
Railway "non-paying" .....	89,341,676
	387,160,058
	356,749,967

Railway "paying" includes all construction traffic at 2 cents a ton mile.

Railway "non-paying" includes all "revenue stores" traffic, such as coal, fuel, etc. etc., from which no income is obtained.

Included in the cost figures are the cost of carrying Railway non-paying traffic and all the other costs on account of light running, shunting, etc. etc.

- 5 -

Examining now the ton mile costs, we find :-

	Cts.	
Working ton mile Costs (including depreciation)	6.204	per ton mile
Lean ton mile Costs	2.224	per ton mile
Total ton mile Costs	<u>8.428</u>	per ton mile

From the above, we deduce that all commodities carried at a rate below 8.428 cents per ton mile do not pay their full share of Lean Charges and to that extent the deficiency must be made up by other commodities.

In this connection the following Table is of interest, as showing the Revenue obtained from the export of certain commodities and the initial loss to the Railway in carrying this traffic :-

REPORT TRAFFIC FOR THE YEAR 1929

1	2	3	4	5	6	7	8	9	10	11	12
Commodity	Export Rate per Ton	Average Receipt per Ton Mile	Average Haul Miles	Working Cost excluding depreciation at 5.865 Cts. per Ton Mile	Working Cost including depreciation at 8.428 Cts. per Ton Mile	Total Cost of Transport at 8.428 Cts. per Ton Mile	Loss on Column 7	Loss on Column 8	Loss on Column 9		
MAIZE	11/30	2.036	550	59,509	68,560	95,137	37,010	46,561	70,638		
COTTON SEED	22/75	3.082	738	136,858	155,829	211,690	57,846	78,417	134,878		
POTATOES	14/-	4.000	350	3,697	4,259	5,786	951	1,513	3,040		
HATTLE BARK	17/92	5.120	350	3,500	3,463	4,705	148	608	1,927		
WHEAT	13/50	3.000	450	2,958	4,560	6,195	1,754	2,355	3,990		
TOTAL				205,428	236,671	321,513	97,708	128,941	213,793		

Average receipts per ton mile for rail (all traffic) Railways Cents 10.321.

8. In order that it may be possible to judge whether the loss in carrying these commodities, as shown in the above Table, is made up in other directions, I have compiled the following Table from information received from the Commissioner of Customs, indicating the amount and value of the export trade in these commodities:-

Article	Unit of Quantity	Quantity	Value £
Wheat	Cwt.	69,603	38,281
Maize	Cwt.	774,894	309,774
Potatoes	Cwt.	82,763	27,052
Cotton Seed	Ton	67,535	424,064
Wattle Bark	Cwt.	83,342	25,336

NOTE: The export of maize for 1929 was only 400,000 bags as compared with 1,200,000 estimated for 1930.

It is impossible to calculate how much of the total value of each commodity shown in the last Table comes back to the Railway in the form of profits that would not otherwise be earned, i.e. by the carriage of resulting imports at rates in excess of 8.428 cents per ton mile, but a study of the two Tables will allow of some judgement in the matter.

9. The extent to which other commodities are made to carry the burden may be judged by the following figures:-

Average Receipts per ton mile ..... 10.321 Cents.  
(as stated in paragraph 8).

This, with the Passenger Service receipts and certain Miscellaneous receipts, together with receipts from Marine and Road Services, covers Total Costs (i.e. Working Costs plus Loan Costs) with some £150,000 to spare, (after meeting the Loss on Port working) available for Betterments of a capital nature.

10. To earn this average, we have:-

- (a) A large tonnage of commodities carried below cost as shown in paragraph 8, i.e. all Export rates (except coffee, cotton and sisal) and many maximum rates;
- (b) An important tonnage of commodities carried at well above cost.

11. As an illustration of (b) above, it may be mentioned that Classes 1 to 3 range from Shs.1.45 per ton mile to Shs.0.37 per ton mile depending on distance and taper and that the income from these Classes approximates to £497,000 or 27% of the total Goods revenue.

12. When it is remembered for hauls up to 300 miles all these Classes come within the range of motor competition, the reason will be obvious for the anxiety of the Administration on this account. Any serious reduction in income derived from these three Classes will of necessity involve the raising of the rates on lower rated commodities. This fact alone should cause grave concern to the general public and should lead to a more definite movement towards providing relief from unfair motor competition than is at present noticeable.

13. There is one other cost figure to which attention may be drawn. It will be evident from the above explanations that Working Costs include not only depreciation, but also all charges for supervision and Headquarters administration, etc., i.e. charges frequently described as "overhead charges".

It is evident, therefore, that any reduction in ton miles carried will not bring about a full saving of 6.204 per ton mile, but only a proportion of that cost, equivalent to actual running costs on account of coal, oil, train crews, water and similar services. There is no exact method of calculating such costs and most authorities differ on the subject. It may, however, be assumed that for a working cost figure of cents 6.204 per ton mile, something in the neighbourhood of 2.5 cents per ton mile would be the actual out-of-pocket running expenditure and for our purposes this figure may be accepted as reasonable. A rate below this figure not only does not bear any share of overhead and lean charges, but the railway is actually out-of-pocket in carrying traffic at such a rate.

14. We may now examine our rates policy as compared with other countries. It may be stated in general terms that while some Railways do carry special traffic at rates below the stated working figure (i.e. in our case, 8.428 cents per ton mile), it is not general Railways practice to carry any traffic below the working cost figure (i.e. our case, 6.204 cents per ton mile). In a few exceptional cases, where special types of traffic are carried below this rate, the average is usually restored by some other rate on the same commodity.

15. For example, taking the low-rated coal traffic in England, a few bulk coal rates are undoubtedly below working costs, but the average of the coal rates is well above the working costs. For the months of July and November (representative months), the average from the coal, coke and

COPYED BY ALLYSON

patent fuel traffic (incidental to the lowest rated traffic in England) was 8.738 cents per ton mile. The latter figure is illuminating when compared with our practice.

16. A few other figures, taken at random, are also quoted and illustrate the fact that our rates are, on an average, low; in fact, from the figures shown above, they may be considered to be almost too low.

GREAT BRITAIN - JULY, 1929

	Cents.
Receipts per Public ton mile	12.14
Receipts per ton mile (Total including free hauled traffic)	11.4

K.U.R. & H.

Receipts per "paying" ton mile	12.4
Receipts per Public ton mile	13.168
Receipts per ton mile (including free hauled Railway traffic)	10.321

NEW ZEALAND

Receipts per Public ton mile	20.41
------------------------------	-------

AUSTRALIA.

Receipts per Public ton mile	14.62
------------------------------	-------

17. One other matter requires further discussion, i.e. the rates charged on construction traffic. It is evident that whatever costs are chargeable against construction votes add eventually to the interest charges to be borne by the Railway. For example, if, at the present rate of 2 cents per ton mile the transport costs for materials for any railway extension of Branch Line are £10,000, carrying rate of interest and Sinking Fund of 8%, the annual interest costs will be £800.

18. If, however, the rate is raised to 4 cents, the transport costs become £3,000 and the interest charges become £1,200 per annum, i.e. the Railway gains in one year £10,000 of additional revenue, but pays out for the next 40 years a total sum of £24,000 additional to what it otherwise would pay.

19. It is, therefore, usual practice for economic reasons to reduce charges to the lowest possible extent for construction material to avoid paying unnecessary Loan charges. Where Loan charges already bear a high proportion to total costs, as on this Railway, the lowest possible rates for construction material are economically sound. In these circumstances it would not be a wise financial policy to charge such traffic with a share of overhead and Loan charges.

20. As regards English practice, it may be stated that for railway construction material is carried free, in the same way as "Revenue" materials are not charged.

In SOUTH AFRICA the charge for construction material is ..... with minimum 15 pence per ton.

In RHODESIA the charge for construction material is ..... 4 cents with exception of Beira - Umhlangwe 6 cents.

In NIGERIA the charge for construction material is ..... 4 cents.

20. On the Kenya and Uganda Railways we charge 2 cents per ton nilo, a rate closely comparable with the maize rate, and obtained a revenue from this source for 1929 of £27,375.

21. It is hoped that the figures given in this Memorandum will be of assistance to the Railway Council in appreciating the full effects of our rates policy.

PUBLIC RECORD OFFICE

CO 533/400

END

TOTAL EXPOSURES →