

1924

KENYA

308

C. O.
60927
31 DEC 24

DATE

30th Decr 1924.

MORTON GRIFFITHS AND CO.

CIRCULATION:—

Mr.
Mr.
Mr.

UASIN GISHU RAILWAY CONSTRUCTION.

Ast. U.S. of S.

Mr. Stagg

Enclose copy of letter from Griffiths and Co as to cost per mile in comparison with other works, and claiming to have saved £423,598.

Perm. U.S. of S.

Part. U.S. of S.

Secretary of State.

Previous Paper

MINUTES

*S. A. 601670
m m 0*

*Acc. not. (weekly) + acc. when
pp. are available.*

31.12.24

3 JAN 1925

*I do not think it is necessary
to go into this. Mr. Kelly did
not say that the "contractors'
expenditure" would be £1,800,000;
he would be the first to say that
one of the defects of the Uasin Gishu
form of contract was the heavy
"Government expenditure" which
it involves.*

*at all costs, £1,800,000 is
the correct figure to be
paid*

Subsequent Paper

*Gov. 739
24/25*

MINUTES.

MINUTES NOT TO BE WRITTEN
ON THIS SIDE.

his comparison with
the Florida-Tampa River
line; as General Manager

of the Open line he is
concerned with the
amounts on which he has
to find the debt charges.

The two cases, of course
are different as regards

- (a) difficulty of construction
- (b) use of new and
second hand track
- (c) distance of haulage of
material, and the
contractors are quite
entitled to point this
out. We have not
the material to complete
the comparison - I
believe the second hand
track is charged up at
 $\frac{2}{3}$ of the cost of new
track, but as we are in
the dark on the other
points I have not
attempted this.

I doubt if any
further action is necessary.

On this letter - it will not be
long before we know exactly
what the Miami Eastern Rly. has
cost

? Partly used
5.1.25.
C.S.P.
Kona

TELEGRAMS
JOSBORNS, LONDON
TELEPHONES
VICTORIA LEAS & BISS

copy abrd

310

3, CENTRAL BUILDINGS,

WESTMINSTER, S.W.1.

Personal

30th December 1924.

The Rt. Hon. L.C.M.S. Amery, P.C., M.P.,
Colonial Office,
DOWNING STREET,
WHITE HALL.

UASIN GISHU RAILWAY.

Dear Sir Amery

First, to send all good wishes for a happy and prosperous New Year, not only to you and your family, but to you as a Minister of the new Government which I trust will run its full term.

Next, to send you a copy of a letter I have sent officially to the Colonial Office. You will see that we still claim to be saving - as far as we can see at the present time - £423,598, of which only £170,000 is due to the fall in prices of material. When we realise that this is one of the most difficult Railways ever built in the British Empire, besides being the highest, I think, under the circumstances, it is satisfactory.

I am sending this to you personally as it was through your action as Colonial Minister in setting up the Committee, of which Lord Kilsant was the Chairman, that Messrs. Griffiths & Co. of Africa were entrusted with the work.

It would appear that in carrying out this work, the Contractors have bumped up against a certain amount of opposition not emanating from the Colonial Office nor from the Crown Agents, but from what I think may be termed local antagonism of a few disgruntled people. I hope, however, that we shall see the work completed in the near future, and though late, it is through no fault of the contractors.

Of course, only the final accounts can settle exactly what the actual saving is, but I am satisfied that these will show that Messrs. Griffiths & Company's figures are approximately correct.

ENCLOSURE

Yours sincerely
Winston Churchill

20th December 4.

The Secretary of State for the Colonies,
Colonial Office,
DOCKING STREET,
WHITEHALL.

Sir,

UASIN GISHU RAILWAY.

In view of the notice which appeared in the "Times" of the 21st October, copy of which we enclose, we have pleasure in enclosing copy of a letter on this matter which we understand was sent to the Editor of the "East Africa Standard".

You will see from this that Messrs. Griffiths claim to have saved £423,398, of which £170,000 only is due to the fall in price of material.

We have the honour to be, Sir,

Your obedient servants,



OCT 21ST 1924

RAILWAY PROGRESS IN EAST AFRICA.

COST OF CONTRACT BUILDING.

(FROM OUR NAIROBI CORRESPONDENT.)

The ability of the Railway Administration to produce increasing revenue with decreased expenditure continues to be one of the most remarkable features of the Kenya economic policy. Unusual interest attached to the Budget statement recently made by the manager, Mr. C. L. N. Felling, in consequence of his recent visit to the Colonial Office.

Mr. Felling recalled that in 1924 the administration had taken over the Voi-Kahe line and the Lake Albert marine and connecting motor services. Dealing with 1925 estimates, he pointed out that that railway was now handling approximately 200 miles of additional open lines for the whole of the year and 104 miles for portions of the year, meaning an additional open mileage of 30 per cent. Yet there was only provision for a 6 per cent. increase in expenditure. The decrease in expenditure was due entirely, he said, to the increased use of Africans, in pursuance of the policy of training natives, and there are now in the workshops not only African apprentices, but Kenya-born European boys as well.

From the beginning of 1925 the railway will accept full responsibility for the interest charges on the Uasin Gishu Railway and the Mombasa Harbour works, and he could only hope that future railway and harbour extensions would be less expensive. In the meantime, the railway would probably have to introduce *ad valorem* charges at the coast to recoup the administration to some extent for the interest charges.

Mr. Felling stated that the Uasin Gishu line now being built by Messrs. Norton Griffiths and Co., which was not under his control, might not be completed by the contract date. The figures submitted to him showed that the cost would probably amount to £1,900,000, or in the neighbourhood of £13,000 per mile. After adding interest paid from capital and other charges, the line would ultimately stand in the capital account of the Uganda Railway at not much less than £15,000 per mile, which would mean an annual interest and sinking fund debit of approximately £1,000 per mile—a very heavy burden for young Colonies. From a railway point of view, he added, the sooner the branch became a through line the better. (In this connexion attention may be drawn to the popular request made by the Convention of Associations for an inquiry into the construction of the line.)

The Thika-Tana line was being built departmentally by the employment of small local contractors, and he anticipated that the cost would not be much more than £8,000 per mile, while on the 58 miles there would be saving on the original estimates of at least £1,200 per mile. For the Kitale and Solai branches a number of tenders had been received, but they compared unfavourably with the amount at which the Railway Department could do the work, and it had therefore been decided that the method of construction would be that adopted in the Thika-Tana line. He anticipated commencing the Solai and Kitale branches in January, and he thought the work would be sufficiently advanced by the end of next year to carry the traffic for the 1925-26 season.

He had also recommended that the extension to Uganda be built departmentally on the small contract system, but for the portion from Turbo to the border tenders would be first called for in England and prices compared with the departmental estimate before construction was authorized.

P.O. Box 34,

N. I. D. O. R. T.

R. F. Mayer, Esq.,
The East African Standard, Ltd.,
N A I R O B I :

22nd November, 1934.

Dear Mayer,

My attention has been called to certain statements, apparently made in a speech by Mr. Felling, as to the cost of the Uasin Gishu Railway, a comparison being made with the estimated cost of the work now being done on the Thika-Tana line.

I think myself that the statements made, although perhaps not inaccurate as regards ascertained facts, yet are not entirely unbiased, and for your private information I propose in what follows to subject them to some analysis.

First as to the total cost which was stated to be £1,800,000, this includes Government expenditure, and as this latter does not pass through my Company's books I cannot give you exact information, but the total is very approximately made up as follows:-

Contractor's expenditure	£1,500,000
Government expenditure:	
Freight charged by Uganda Railway for Construction material over their line	120,000
Resident Engineer's staff, etc	90,000
(exclusive of quarters, which are in Contractors expenditure	
Compensation for land	15,000
Original survey	42,000
Contractor's Head Office Charges	22,000
Profit	75,000
Bundry expenses	36,000
	<u>1,809,500</u>

From the foregoing you will see that a very large proportion of the expenditure is outside the control of the Contractors altogether, further, the estimated Contractor's expenditure at the time of signing the Contract was £1,521,000, so that a reduction in this item of £227,000 has been realized in spite of the fact that the actual quantities of formation are 15% in excess of those contemplated by the Contract.

Of this reduction £170,000 only is due to the fall in prices of material since the date the Contract was signed, and the Government receive the benefit of the whole of this sum.

It is interesting to note that the estimated Government expenditure was £309,000 and in actual result £400,000 approximate, the freight charges over the Uganda Railway having exceeded the estimate by 50%

If the Government expenditure on this Railway is £400,000, which it must be on Mr. Felling's figures, the cost per mile for this alone is £2,760.

Next as to the comparison with the estimated cost of the Thika-Tana Construction.

There is no section on this line in any way comparable with the magnitude of the works required on the Uasin Gishu Railway between Miles 30 to 90, as any person who has travelled over the two lines is aware.

A fair comparison would be say the section Nakuru-Sabatia, which includes some very heavy work near Sabatia, the cost of this section to the Contractors was £7,000 per mile, to which must be added Government expenditure.

A further point, the track for the Thika-Tana line is all being obtained from the material released from the re-laying of the main line to Embasa, whereas the whole of the track for the Uasin Gishu line is new, and this material alone cost £2,600 per mile at Embasa.

I am not aware what the Thika-Tana construction is being charged for this secondhand track, but it is not likely to exceed the cost of new track, and further, has not to be hauled from the coast to Nakuru, but only from the point where it was picked up to Thika, or on an average some 200 miles less, thus reducing further whatever may be charged by the Uganda Railway to the Construction.

I think you will agree after reading the above, that said statements that the Uasin Gishu line cost £23,000 per mile, and another is estimated to cost £6,000 per mile, can very easily prove misleading, and something more than this is necessary if fair comparisons between the cost of Contract and Departmental work are to be drawn.

In conclusion, I see the old statement that the work is being done by Norton Griffiths & Co. Ltd. of London, is repeated; as you know, the Contract is with Griffiths & Co. Ltd. of Nairobi, a very different thing.

I am, yours very sincerely,
G.A. Breeze.

1st January 1928

Dear Sir,

I have to acknowledge the receipt of your letter of the 30th of December regarding the construction of the Uasin Gishu Railway, and to say that your letter will be laid before the Secretary of State upon his return to England in the middle of January.

He is, until then, in Switzerland.

Yours very truly,

Sir John Norton-Griffiths, Bart., KCB., DSO.

NORTON GRIFFITHS & CO. LTD.

TELEGRAMS:
JONORGRIF, LONDON.

TELEPHONES:
VICTORIA 7542 & 8128

3, CENTRAL BUILDINGS,

316

WESTMINSTER, S.W.1.

30th December 1924.



The Secretary of State for the Colonies,
Colonial Office,
DOWNING STREET,
WHITEHALL.

Sir,

UASIN GISHU RAILWAY.

In view of the notice which appeared in the "Times" of the 21st October, copy of which we enclose, we have pleasure in enclosing copy of a letter on this matter which we understand was sent to the Editor of the "East Africa Standard".

You will see from this that Messrs. Griffiths claim to have saved £423,598, of which £170,000 only is due to the fall in prices of material.

We have the honour to be, Sir,

Your obedient Servants,
NORTON GRIFFITHS & CO. LTD.

As Agents for Griffiths & Co.

Director.

RAILWAY PROGRESS IN EAST AFRICA.

COST OF CONTRACT BUILDING.

(FROM OUR NAIROBI CORRESPONDENT.)

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Of this reduction £170,000 only is due to the fall in prices of material since the date the Contract was signed, and the Government received the benefit of the whole of this sum.

It is interesting to note that the estimated Government expenditure was £389,000 and in actual result £400,000 approximate, the freight charges over the Uganda Railway having exceeded the estimate by 50%.

If the Government expenditure on this Railway is £400,000, which it must be on Mr. Felling's figures, the cost per mile for this alone is £2,700.

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I think you will agree after reading the above, bald statements that the Uasin Gishu line cost £13,000 per mile, and another is estimated to cost £6,000 per mile, can very easily prove misleading and something more than this is necessary if fair comparisons between the cost of Contract and Departmental work are to be drawn.

In conclusion, I see the old statement that the work is being done by Norton Griffiths & Co.Ltd. of London, is repeated; as you know, the Contract is with Griffiths & Co.Ltd. of Nairobi, a very different thing.

I am, yours very sincerely,

(sgd) C.A. Breeze.

N. 60927/24 Kenya

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O. D.
1 JAN
02

[Handwritten signature]

[Handwritten signature]

DRAFT.

3 Jan. 1925.

Mr. Norton Piffiths & Co., Ltd. Gentlemen,

MINUTE.

Mr. Benn Decr 31.

Mr. Jeffries 1/1

Mr. J. Shackburgh.

Sir G. Davis.

Sir G. Grindle.

Sir J. Mauleston Smith.

Lord Arnold.

Mr. Thomas.

I am to act the part of your letter of the 30th of Decr, forwarding an extract from the Times

& a copy of a letter from Messrs Piffiths & Co., Ltd., regarding the cost of the Masina Pishu Railway & the Thika Tanna line, respectively. etc

(Signed) W. G. BOTTOMLEY.