

1926

KENYA

149

C. O.
12642
18 MAR 25

DATE

6 March/25

by affiches; Sir J. Bytton

CIRCULATION:--

Maxon Jishu dly penalty clauses
against Contractors

States reasons for delay in completing
construction and requests extension of time.
Suggests co-operation between Govt + Contractors
to finish the work as speedily as possible

Previous Paper

MINUTES within

6 A 11424

Subsequent Paper

6A
16045

W. Strachey

I enclose our papers, from which it will be seen that we have authorized the Consulting Engineers to show to the Contractors Col. Robertson's copy to the claims. This gives them a full chance of stating their case in the recognized way.

The Contract under the Consulting Engineers regulations, & the Government on its side is absolutely bound to accept their decision - even if they give *Ex-officio* Col. an extension to the Greek Islands. It is too much to expect that the Contractors on their side will show the terms of the Contract and not ~~ask~~ ^{ask} that to be treated with special favour?

Consulting Engineers are not biased in favour of the Govt - as the *Reliance* case (quoted) shows: we learned with some impatience the news of the extension given in that case (as) ^{form of Govt. discharge}.

We have discussed whether the
 Government could not take over
 the contract so as to recover the
 laying of the 10 miles of rails which
 is holding up the line to Uganda.
 Nothing has been done in the way of
 deliberating for months. The advisers
 are against this inasmuch as the work
 to be done (work of the contractors
 would meet the staff to their
honour proper) than the line to
 complete. They have, we understand,
 got 100,000 of the 400 compulsory
 customers which have been authorized.

*204/82

~~Notes~~
 is the relations of the Govt
 expressed to contractors' representatives
 I have in the office looked read the
 first three pages of a Memorandum
 letter of 15 Decr in 5803 (flagged).
 there are two more, 15th question.

I think that Sir J. Austin
 Griffiths, should be told that
 R.S. 48 cannot undertake to take
 the matter out of the hands of the
 Govt, who under the contract
 will be in all cases of this

kind, & say that his firm
 will have a full opportunity
 of stating their case, as the
 C.E. are referring to them (cf.
 Robertson's report & reply to
 their application for an extension
 of time.

copy of this
 to be sent
 to C.E.
 etc.

Recd 10 3 05
 C.S.
 Plan of the
 Mr. G.

TELEGRAMS
HONGKONG TELEGRAMS
VICTORIA 1948 & DATE

My dear Sir,
The letter has been sent by the
personal secretary to the
your name

152
ack
9/5

3. CENTRAL BUILDINGS.

WESTMINSTER, S.W. 1.

C. O.
12642
18 MAR 25

6th March 1925.

My dear Sir,

May I recall that soon after the war was over, we were asked to finance certain public works in Portuguese East Africa to the value of three millions sterling.

This coming on top of the war made me consult my banking friends with a view to seeing whether we should not concentrate on developing the resources within the British Empire before finding money for foreigners.

As a result, I approached you with reference to financing any scheme of the Crown Agents which might have been considered urgent at the outbreak of war.

We approached Nigeria first; but the Crown Agents decided they could finance their requirements themselves, and this was done.

Ultimately, however, I suggested we should finance the Uasin-Gishu Railway Extension up to £3,000,000, but I can assure you, in my innocence, I had no idea that in making suggestions I was butting up against the financial arrangements of the Crown Agents.

Resulting from this offer a committee with Lord Kylsant, then Sir Owen Phillips, as Chairman, sat from about January to June; the result of these meetings being that when the matter was referred to the Crown Agents, their financial advisers stated that they could get the money as cheaply as we could.

In view, no doubt, of the extensive time and labour we had put into this, your committee recommended that one of the two known African contractors should be asked to tender privately for the work. Messrs. Ladings, I believe,

offered to do the work for 10% and we offered to do it at 15%.

I am sure you will agree that if some of us in the House had not pushed for this development work to receive your attention, you, like all other Ministers of the Crown, were so concentrated on cleaning up war matters, that at least another year, if not two, would have gone by before these matters would have been gone into.

My efforts were not stimulated by any ulterior financial gain, and it was known that as soon as the matter was thought an unworkable system, I would have turned it over to an old African firm (with the consent of the Government), Messrs. Griffiths & Co. Ltd. Nairobi, who were subsequently entrusted with the work.

... through the Committee stages, you will remember, in committee of last year was mooted; we all agreed that this was a difficult problem, but that if we were able to turn some of our best men in various parts of Africa, we could probably overcome this difficulty and recruit the necessary labour.

An economical and safe form of schedule cost was entered into. Meetings over some six weeks took place to arrange for the various pipes and consider estimates. We had a long time to get down to actual true cost, this was done and the estimate was revised accordingly.

The contract was signed, and the contract was entered into and we set all out to do our level best to carry out the contract as well as we could. The contract was entered into, and the Government Resident Engineer, stated that he wished to see everything to make things go smoothly.

Things appear to have gone swimmingly until that twelve months. In July 1923 Col. Robertson wrote:-

"Messrs. Griffiths & Co. Ltd. a local firm, being engaged on the construction of railways in the colony and having a competent administrative and executive staff....." Since then there appears to have been a rooted objection from somewhere, and we became conscious of hostility, against the very existence of Griffiths & Co. Africa, and against anyone wishing to carry out any Government Railway construction in these parts.

As far as I am concerned, on our side, acting as Agents for Griffiths & Co. Ltd., here, I have done everything to make things go smoothly, and have always been treated in the most fair and helpful manner by the Crown Agents, your Consulting Engineers, and all others connected with this matter here.

The work, I care not what anyone says, started splendidly, the job has been well under way and in two years time the earthworks (which were very heavy) were completed, with the exception of some banks and cuttings which had subsided owing to unusual rains in the Spring of 1923. Labour was a difficult problem, but it was overcome partly with your help in allowing us to recruit in the adjacent Territory, where there was at that time a large number of unemployed natives.

In April, if the estimate amounts to the sum of £1,000,000, the cost of extra work since 1923, we still hope to complete for £1,000,000, as against the estimate of £1,500,000.

Just about a year ago owing to various reasons, the contract was cancelled, and the price of the contract was £1,000,000.

The policy of the Government of the Colony in encouraging the natives to grow cotton and realize on the reserves and not to go out to work.

- 2. The high price of maize and cotton.
- 3. The increased demand by planters and settlers for labour.
- 4. The starting by the Government of the country of the Thika line and other railway works requiring a large quantity of labour not only did the supply of labour dry up but tinned tools left the works, and in a few months the numbers available for the work fell from upwards of 18,000 to about 2,500.

Major Bailey, B.Sc., the Managing Director of Messrs. Griffiths & Co. Ltd., Nairobi, who had succeeded beyond expectations in recruiting and keeping up the number of labourers for the years from 15,000 to 17,000, in spite of every effort, found himself helpless.

The Government were again applied to for labour recruitment in the adjoining territory, but this time they declined.

Again the white staff, and petty sub-contractors, many of their natives with them, were attracted to the new Government works, where they were offered longer employment and many left Messrs. Griffiths & Co. in consequence, so that at this late stage with the work within a few months of completion, engineers have had to be sent out from England (some Messrs. Griffiths & Co's private expense).

The above is one of the principal causes of delay in completion of the works, on which an official application for extension of time has been asked. Others are:-

- 1. The abnormal rainfall in 1923, which washed established and new cuttings to fall in and, on one occasion washed down on the line.

The construction, on the instructions of the Resident Engineer, of cuttings and banks at slopes which are steeper and less than those provided for in the contract

of the Colony and your Resident Engineer should co-operate with the contractors in their endeavour to finish off the work as speedily as possible.

It only wants a little effort on both sides and we can clean up and finish the job in a few weeks.

I ask for no favours, but I do ask for fair play and equity, and I should not hesitate to say that if we were carrying this work out for a great railway Company they would at once grant Messrs. Griffiths & Company's requests, which we believe are eminently reasonable.

Please remember this work started in the upheaval resulting from the war. If we had asked for four years, I think that time would have been granted, and although somewhat over time yet a good portion of the railway has been taken over and the costs kept down, resulting in a saving as I have already stated.

I am sorry to worry you with this rather lengthy letter, but I feel that this statement outlining the initiation of the business might help towards the successful and happy completion of a Railway undertaking which is believed to be one of the most difficult of its kind to construct - at a higher altitude than any yet built within the British Empire.

Very sincerely yours
Walter Hall

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

10th March, 1925.

My Dear Gen. K.G.

I have now had time to consider your letter of the 6th and I write to say that I feel I cannot take the matter out of the hands of the Consulting Engineers. As you will appreciate, the Consulting Engineers are entirely unbiased and the Government equally with the contractor is bound by their decisions. It would, therefore, I think be improper for me as Secretary of State to intervene.

As the Consulting Engineers have been authorised to show the contractors in this case the reply made by Colonel Robertson to their claims, your firm will have a full opportunity of stating its case in support of its application for an extension of time.

I feel sure that you will appreciate the circumstances in which I feel it necessary to refrain from intervention.

Yours
 faithfully