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KENYA  
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18 APR 21

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CROWN  
AGENTS

KILINDINI HARBOUR WORKS

1921

TENDERS FOR CONSTRUCTION

16TH APRIL

previous Paper:

Encloses four tenders with letter from Messrs Hoode  
Matthews Fitzmaurice & Wilson. Are of opinion lowest tender  
(2925,463.11.6.) from Messrs Pauling & Co. Ltd should be  
accepted subject to incorporation in contract of conditions  
to cover certain points mentioned in S.E.'s letter.

107  
1852/21

Copy comes from 825 23 May 21 CA/2047/21

Mr. H. Hoode

When certainly have out of  
account the two highest tenders.

Thus Pauling's offer may be  
illustrated thus

|                                 | (1)             | (2)             |
|---------------------------------|-----------------|-----------------|
| Actual cost                     | £850,000        | £425,463.       |
| 5% profit                       | 42,500          | 46,273          |
|                                 | <u>£892,500</u> | <u>£471,736</u> |
| Estimate                        | 971,726         | 911,736         |
| Saving                          | 79,286          | uc              |
| half saving                     | £39,643         | uc              |
| Total cost to Govt<br>(incl 5%) | £932,118        | £971,736        |
| Pauling's profit                | £82,118         | £46,273         |

subsequent Paper:  
CA/2247/21

B. H. Hoode

13 If not water cascaded:—

|                                     | (1)        | (2)        |
|-------------------------------------|------------|------------|
| Actual cost                         | £1,000,000 | £1,200,000 |
| Maximum percentage profit - as A(1) | 46,273     | 46,273     |
| Total cost to Govt                  | £1,046,273 | £1,246,273 |
| Profit, if 1st                      | £46,273    | £46,273    |

The contract not being awarded by  
 either of them, it is the Govt's offer  
 is better for the Govt than Jackson's,  
 & it is equally certain that Pauling's  
 will avoid the expense of the same.

In paragraph 10 of the report that  
 Pauling's might be induced to  
 make a firm offer, but the C.A.  
 do not take this up & I do not  
 think and the suggestion is being  
 12 & 13 of the C.A. I think should  
 be considered.

In view of Govt/3152 I think  
 we are bound to take up both the  
 nature of the two offers and to say  
 that subject to the above the  
 proposed contract Pauling's offer  
 is the better & beginning made at  
 all - and should be a very early

Clearly  
 J.P.

reply

G. Oct. 1874

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Sir G. Fiddes.

Subject to any terms which  
 Mr. J. Stevenson may have to make,  
 proceed as proposed  
 J. P.  
 17/10/74

Sir J. Stevenson

I think we may regard the plan  
 Estimate as nearly put in proposed.  
 It seems to be between Pauling's &  
 Jackson's. - It may be suggested that  
 it is not quite playing the game - for  
 these contractors to accept an offer not  
 corresponding to the conditions of tender.  
 On the other hand my recollection of  
 Jackson's - connection with a Singapore  
 contract would not back in my answer.  
 Pauling's dealings with him and Pauling's  
 proposal ought to work as fairly on both  
 sides. Will you pass the P.V. with  
 your observations? P.S. 17/10/74

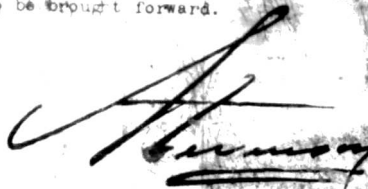
S. of S.

I have the strongest possible objections to accepting an offer which does not conform to the condition of tender. It is unfair to the other Contractors. I would be all in favour of accepting a firm offer for a large work of this nature. Otherwise there are sure to be complications and difficulties. Fluctuating conditions entail correspondingly fluctuating arrangements and the line of least resistance is to get a reputable firm to be held to their engagements.

Other things being equal, my inclination would be to accept the lowest firm offer, but, of course, I have not had the experience of the Colonial Office as to Jackson's works, and my judgment would be biased by past experience.

I would suggest that Paulings should be given an opportunity of quoting a firm price within a few days. Meanwhile, the Governor might be informed by telegram what is proposed, whilst it might be well for the Colonial Office to have the experience of Jacksons to be brought forward.

20.4.21.



*As proposed at the  
The Conference when all firms  
are in view  
20.4*

283/23A

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

TELEGRAMS "CROWN, LONDON"  
TELEPHONE 7750 VICTORIA



C O  
16568  
REC'D  
18 APR 21

MILLSBANK,

WESTMINSTER,

LONDON, S.W. 1.

214

16th April 1921.

Sir,

I have the honour to enclose, for the information of the Secretary of State four tenders for proposed new works at Kilindini Harbour, with a copy of a letter of the 11th instant from Messrs. Coede Matthews Fitzmaurice & Wilson containing their recommendations on them.

2. We have carefully considered this matter and are of the opinion that the lowest tender, that of Messrs. Pauling and Co. Ltd. should be accepted, subject to the incorporation in the contract of conditions to cover the points mentioned in paragraphs 12 and 13 of the Consulting Engineers' letter.

I have the honour to be,

Sir,

Your obedient Servant,

*W. S. Paton*

for Crown Agents.

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

Messrs. Coode Matthews Fitzmaurice & Wilson to Crown Agents  
(CHIEF ENGINEER)

Westminster Chambers,  
9, Victoria Street,  
London S. W.

11th April 1921.

KENYA COLONY - KILINDINI HARBOUR 215

Sir,

We have to acknowledge the receipt of your letter E.283/23a, dated 5th instant, forwarding for our consideration and recommendation, four tenders for the above works, with covering letters, which you have received from Messrs. Sir John Jackson Ltd., Messrs. Pauling & Co. Ltd., Messrs. S. Pearson & Son, and Messrs. Topham Jones and Railton Ltd.

2. Clause 20 (b) of the Contract provides that a sum equal to 5% of the total amount shown on the schedule of prices shall be added by way of provision for extra work. The sums given under the description "Total amount of tend" on page 142 of the Contract, and which do not include the 5% provisional sum above referred to, have therefore been taken for the purpose of comparison.

3. On the above basis the tenders in ascending order of cost are as follows:-

|                              |                  | Time for<br>completion |
|------------------------------|------------------|------------------------|
| Messrs Pauling & Co. Ltd.    | £ 925,463.11.6.  | 3 years                |
| " Sir John Jackson Ltd.      | £1,045,873.14.1. | 3 1/2 "                |
| " S. Pearson & Son.          | £1,139,333. 3.1. | 3-5/6 "                |
| " Topham, Jones &<br>Railton | £1,463,327. 0.0. | 4 "                    |

The estimate of £1,000,000 given in our letter of 11th May 1920 included £50,000 for special plant, so that our estimate, for the sake of comparison with the above tenders, is £950,000.

4. Messrs. Pauling's tender, though the lowest in accordance with the actual amount, is not a firm offer. As explained in the letter accompanying their tender, their proposal is that they should be paid the actual cost of the work plus 5% profit as remuneration until the sum so paid reached the amount entered in their tender. Any excess cost beyond the amount so entered is to be paid by the Government, but the contractors will receive no percentage of profit as remuneration upon such excess. On the other hand should the actual cost of the work, plus 5% profit, be less than entered estimated cost, the saving effected is to be divided equally between the Government and the contractors.

5. Messrs. Sir Jean Jackson's tender is a definite and firm offer with no conditions attached. The amount, viz: £1,045,873 exceeds Messrs. Pauling's estimate by £120,410.

6. Messrs. S. Pearson and Son's tender, £1,139,330 £213,870 higher than Messrs. Pauling's estimate, and is moreover subject to conditions with regard to the excavation and the rate of exchange, which might materially affect the ultimate cost of the work.

7. Messrs. Topham Jones and Railton's tender, viz: £1,463,327, is £537,864 in excess of Messrs. Pauling's estimate. It is moreover subject to numerous conditions depending upon fluctuations in the cost of native labour, fuel, stores, materials, etc. and also requires advances to be made by the Government such as would relieve the contractors of 80% of their outstanding liabilities.

8. It will be seen from the above that the tenders received from Messrs. Pearson and Messrs. Topham Jones and Railton are considerably higher than the remainder and have

many conditions attached, and need not be further considered.

9. Messrs. Sir John Jackson's tender is the lowest firm offer, and is not subject to special conditions. This tender is of £95,875 above our estimate, but having regard to the fluctuations in prices which have occurred since that estimate was prepared 12 months ago, the uncertainty of exchange, and the present unsettled state of affairs, it cannot be considered unfavourable.

10. On the other hand Messrs. Pauling's estimate is £24,537 below our own, but has the disadvantage, when compared with Messrs. Sir John Jackson's, of not being a firm offer. In this connection we would point out that, with regard to the main items of construction, including all work in connection with the formation of the quays and reclamation, and amounting to £692,288, Messrs. Pauling's estimate is only about £8,000 below Messrs. Sir John Jackson's price for the same items. It is in the case of the railways, sheds and warehouses that the greatest differences occur. These items will not be required until the work generally has been considerably advanced, to which it is quite possible if not probable, that prices will have appreciably fallen.

11. We have had an interview with Messrs. Pauling's representative, when it was explained that their estimate of £925,473.11.6. for the total amount of tender (for £971,736.15.1. if the provisional sums for extra work are included) covers all charges in connection with the execution of the work, including material, plant, labour, establishment and staff at Kilindini, passages, freightage, etc. and Head Office charges, together with 5% for profit.

12.

12. The difficulties about contracts carried out on the basis proposed by Messrs. Pauling and Co. are nearly always due to questions about (1) Head Office charges in London and (2) allocations of cost of plant to the work. As regards Head Office charges in London, it is always <sup>218</sup> difficult to separate items for one contract from those for other work done in the Office, and of course questions of proportion of rent, taxes etc. have to be dealt with. We consider that the only way of dealing with such an item is to agree that Head Office charges shall be a definite percentage on the cost of the work at the site, and we have always considered  $2\frac{1}{2}\%$  as a fair charge. We have discussed this matter with Messrs. Pauling and Co. and understand they would be prepared to accept  $2\frac{1}{2}\%$  as the percentage to be taken for London Head Office charges.

13. With regard to plant, contractors as a general rule have to place both old and new plant on a work. The value of the new plant can of course be obtained, but the value of the old plant must be estimated. On the conclusion of the work the value of all plant remaining over must be ascertained, and the contractors must allow a credit for such plant. There are always disputes on both points, and in our opinion the only way to deal with these questions is to arrange with the contractors that the Engineers' valuation of the plant going on to a new work at its value at the end of the job, shall be final. If Messrs. Pauling and Co's tender is considered, we think the arrangements which we suggest as regards Head Office charges and plant should form part of the contract.

14. From what we have stated it will be noted that the tender of Messrs. Sir John Jackson Ltd. is the only tender which /



which is strictly in accordance with the terms on which firms were asked to tender, and we should therefore, under ordinary circumstances, consider that this tender should be accepted. The circumstances, however, to-day are not ordinary, and we suggest that it might be well to ask Messrs. Pauling and Co. whether they would be willing to reconsider their tender and give a firm price. From what we gathered at our interview with them, they are very much afraid of the difficulties of exchange, a matter on which we are not able to express an opinion, but on which you may be able to give them some information. Even in the event of Messrs. Pauling not being able to give a firm price we consider that, owing to their local experience, it might still be worth while to consider their tender although it is not in accordance with the terms on which they were asked to tender.

We are etc.

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(SGD) COODE MATTHEWS FITZMAURICE & WILSON.

P.S. The four tenders received with your letter under reply are herewith returned.

(Intld) C.M.F.W.

CA 18568/21 King

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Proceedings [initials]

24 Apr 1921

Dear Gentlemen,

I am in back the  
rest of your letter  
of 18/2/21 of the 16<sup>th</sup>  
of April, enclosing to me  
for the proposed new works  
at Victoria Harbour.

DRAFT.

A. for the City

Recd 20/2/21

MINUTE.

- Mr. Astbury 21/4/21
- Mr.
- Mr.
- Mr. Grindle.
- Sir B. Lambert.
- Sir H. Read.
- St. G. Fiddes.
- Col. Amery.
- Lord Milner.

CA 52471/21  
Copy for 825 23 May 21

2. The Chamberlain doubts  
whether, in fairness to the  
other firms, an offer should  
be accepted that does  
not conform both conditions  
of tender, and he will be  
glad if you will write  
James Pauling & Co., as  
suggested by the Consulting  
Engineer, in para 14 of  
their letter of the 11<sup>th</sup>  
of April, to reconsider

From original letter  
to Curdson.

Revised to work

He is tender and give a

some price

3. I hope to present under  
policy terms Parling & Co.

kindly we request to reply  
as soon as possible to your  
correction.

At the original letter and

enclosures enclosed in your letter

are returned because they have

been requested that copies of

the letters may be furnished

with your reply.

?

(Signed) H. J. READ

(Note to  
Parling  
letter is  
attached)

Col. Carman  
is very much  
about these  
originals.