

1921

KENYA

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43819
2 SEP 21

AGENTS

DATE
1ST SEPTEMBER 1921

REGULATION

SUBJECT

403

UASIN GISHU RAILWAY

Grindle

H. Lambert

H. Raft

G. Fiddes

Wood

Churchill

Encloses copy of letter signed by Mr Gailley as a Director of Messrs Griffiths & Co. from which it will be seen he has on behalf of Coy approved of amendments in print of Construction Contract, has signed copy of that Contract for identification and undertakes to secure its execution so soon as re-printed. Promises proof 2nd Sept. Enquires number of copies required.

Previous Paper

MINUTES

CO
4. 31

food I have to see P. J. ...
r h's Wood.

L. S. ...
to go ...
in a ...

WMB

2. 12. 21

See ...
16. 7. 21

16. 0. 4. 2021

Subsequent Paper

CA
45148.

~~1957~~ O. A. G. Kenya

Publish following statement,
Construction of Plateau Railway
approved on lines recommended
by Robertson work will be
commenced at once -

It is hoped that provision
will be made later for
other essential public works -

NORTHNEY -

463

E.416/5



43819

2 SEP 21

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

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
AGENTS FOR THE COLONIES,
THE ABOVE REFERRED AND THE
OF THIS LETTER BEING QUOTED.

TELEGRAMS: "CROWN, LONDON"
TELEPHONE: 7750 VICTORIA

September 1st, 1921.

H. F. Batterbee Esq., C.M.G., C.V.O.,
Colonial Office,
S.W.1.

My dear Batterbee,

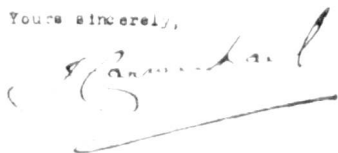
As promised you on the telephone, I enclose herewith copy of a letter signed by Mr. Gailey as a Director of Messrs. Griffiths & Co. Ltd., from which you will see that he has, on behalf of that Company, approved the amendments contained in the print of the Construction Contract for the Uasin-Gishu Railway, and has signed a copy of that contract for purposes of identification, and has also undertaken to procure the execution of the contract as soon as it has been re-printed in its present amended form by or on behalf of Griffiths & Co. Ltd.

I hope to have some printers' proofs of the contract tomorrow, and will send you one copy in case you wish to refer to it. You will remember of course that there may be some printers' errors in it, but as soon as the final print has been made I will send you copies, and will be glad to know how many you will require. We will also send out copies to the

Colony as soon as they are ready.

I arranged with Robertson to take over two copies of the contract and a copy of the letter signed by Guiley, which I enclose to you now, to Sir Edward Northey today at lunch-time, and am hoping to hear from him that he has received them safely.

Yours sincerely,



LONDON,

1st September, 1921.

470

The Crown Agents for the Colonies,

4, Millbank,

Westminster, S.W.1.

Gentlemen :-

UASIN GISHU RAILWAY

On behalf of Messrs. Griffiths & Co. Ltd.
Nairobi I APPROVE of the amendments contained
in the print of the Construction Contract for the
above Railway signed for purposes of identification
by me on behalf of Messrs. Griffiths & Co. Ltd.,
which amendments have been discussed between us
this morning.

I hereby UNDERTAKE to procure the
execution of the Contract, as soon as it has been
re-printed in its present amended form, by or on
behalf of Griffiths & Co. Ltd.

I am, Gentlemen,

Yours faithfully,

(SIGNED) J. H. GAILLEY

Director.

64
J.H.G.

Stamp

LONDON,

1st September, 1921.

470

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Westminster, E.W.1.

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I am, Gentlemen,

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(SIGNED) J. H. GALLEY

Director.

64
J.H.G.

Stamp



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

TELEGRAMS "CROWN, LONDON"
TELEPHONE 7780 VICTORIA

411

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

2nd September, 1921.

H. F. Batterbee Esq., C.M.G., C.V.O.,
Colonial Office,
Downing Street,
S.W.1.

My dear Batterbee,

As promised in my note to you yesterday, I send you a copy of the printer's proof of the contract for the construction of the Uasin-Gishu Railway. As it is a printer's proof there may be some printers' errors in it, but it will no doubt serve your purpose until we get the fair proofs.

Robertson delivered the two copies of the contract together with the letter signed by Mr. Gailey on behalf of Messrs. Griffiths & Co. to the Governor yesterday, but I have not had an acknowledgment of them yet. I hope however to do so before he leaves.

Yours sincerely,

MEMORANDUM ON THE PROPOSED UASIN GISHU RAILWAY,
FROM NAKURU TO MUMIAS IN THE E.A.P.

472

1. Character and objects of the line

The present Uganda Railway, 584 miles long, arose out of Art. I of the Brussels Conference of 1890, being intended as a means of counteracting the slave trade. Construction was commenced in 1896, with Indian Coolie labour, under the direction of a Committee in England, which, when it dissolved in 1904, had spent out of Parliamentary grants £5,317,000 (9,105 a mile). The capital expenditure had increased by 1910 to £5,637,333 (9,653 a mile). The line is of 1 metre gauge (39.37 in. rails 50 lbs. a yard (flat footed) with steel sleepers 75 lb. each, 2112 to the mile, and a maximum gradient of 2 per cent. It runs from the sea at Mombasa and its port Kilindini to Kisumu or Port Florence on Lake Victoria, whence there is communication by steamer across the lake to Uganda.

2. The route of the proposed line, 205 miles long, leaves Nakuru (at mile 448 on the Uganda Railway, height 6,070 ft.) in a north-westerly direction, and at about mile 40 (say 6,800 ft) reaches the large Uasin Gishu Forest. A steep climb then begins and the route reaches its highest level (8,520 ft.) at mile 76½. Eldoret, the Capital of the Uasin Gishu plateau, which is a large centre of European settlement, is at mile 122 (6800 ft). From here the line bears westward and south-westward gradually falling to the terminus at Mumias (mile 205, 4270 ft.) in the progressive North Kavirondo district. The area of European settlement ends and that of native cultivation begins at or beyond mile 135.

3. The line will of course be, like the Uganda Railway, of 1 metre gauge.

4. The route was surveyed in 1914-1915 under the direction

direction of Mr. Church, Chief Engineer of the Uganda Railway, and a paper location has been laid down on a contoured plan prepared from a carefully staked out traverse. The projected line runs within a few hundred feet from the traverse, and, except between miles 41 and 50 where heavy work is necessary, will require little fitting and can be quickly staked out. The maximum gradient taken (with compensation for curvature) was 1.50 per cent in some parts and 1.00 p.c. in others. The time required for construction is estimated at 3 years, with a constant supply of at least 12,000 labourers recruited from the Kavironda district (where it is plentiful), artisans from India, and higher staff from home.

5. The whole plateau north of Eldoret is already settled, with a good deal of the Trans-Nzoia district, and some hundreds of thousands of acres of the latter have now been allotted under the Government soldier settlement scheme. The Nzoia River at its nearest point to Eldoret lies about 25 miles to the N.W. of that town, and its height is there about 5,800 ft. Thence the country rises very gradually to the foot hills of Mt. Elgon. Geographically this Trans-Nzoia district is part of the Uasin Gishu plateau. Settlement of the plateau has been in progress for 10 or 11 years, but has been hampered by lack of communication.

6. The new railway will, if constructed, become in due course part of the main line to Uganda proper.

II Estimates of Cost

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7. On the results of the survey of 1914-1915 the Uganda Railway authorities estimated the cost of the line at pre-war rates at £1,127,799 (= £5,550 a mile) on the following basis:-

Line to be equipped with sufficient plant to deal with initial traffic, but to be worked by rolling stock from the Uganda Railway.

Line to be laid with 60 lb. rails taken from the Uganda Railway main line, the lower part of which it has been proposed to relay with heavier 80 lb. rails to cope with the increased traffic that might be expected to accrue from further railway extensions in the Protectorate.

By adopting certain diversions with a higher maximum gradient of 2 p.c., and by postponing ballasting pending increase of traffic, this estimate was reduced to £1,012,016 (= £4,937 a mile).

8. The estimated cost must now be amended in the following respects :-

(i) the Uganda Railway rolling stock, as now being increased, at an estimated cost of £500,000, will not be sufficient to meet the additional requirements of the new line, as part of the new rolling stock is required for the special Magadi soda traffic.

(ii) Owing to the increased cost of the other works to be met out of the authorized £3,000,000 Treasury loan, the Governor does not now propose to proceed with the scheme for relaying the Uganda Railway with heavier rails.

(iii) Allowance must be made for the higher cost of materials and staff from England.

(iv) Allowance must be made for the higher sterling cost of local and Indian labour and local purchases due to the rapid rise in the exchange value of the Indian rupee (which has hitherto been the standard unit in the U.A.P.) during the last four months (the rate is now 1s 6d to Rs. 4½).

9. Messrs. ... who have offered to build the line for a commission of 5 per cent on cost, estimate the cost (25th November 1919) at about £3,750,000, without rolling stock. Allow an amount for rolling stock, this will be increased to about £4,000,000.

10. The Uganda Railway management have made an estimate of £2,440,000 at post-war prices on the previous basis, i.e. without rails or rolling-stock, and allowing for exchange at rates 10 to the £.

11. Materials from England may be rated roughly at 2½ times the pre-war cost. In the case of the projected extension of the Shire Highlands railway in Nyasaland, from the River Luchenza to Lake Kyasa, the Consulting Engineers in England, who estimated the cost on a pre-war basis at £714,328, have recently revised the estimate to £1,395,963, an increase of about 95 per cent.

III Financial

III. Financial Prospects of the Line

12. Only general information can be given, since no estimates have been received as to the traffic and revenue which may be expected from the proposed line, or as to the cost of maintenance. The Colonial Office have recently telegraphed instructions that such estimates should be prepared.

13. About April 1919 the District Commissioner at Eldoret prepared certain statistics relating to the Usain Gishu Plateau and Trans-Nzoia, a copy of which is appended (APPENDIX I). They are not very definite but it is clear that development in the Usain Gishu is going ahead and that the development of Trans-Nzoia depends on a railway to the Usain Gishu.

14. The Acting Governor, Sir C. Bowring, visited the plateau in March 1919, and refers to the prospects of the line in a despatch dated May 13th. He says (para 9)

"Considerable areas on the Plateau have already been put under sisal and coffee and will be in full bearing before the line can be completed. Very large production of wheat may be expected, and this being an annual crop will be ready for export a very short time after being planted, and there will also very likely be a considerable accumulation of produce waiting the completion of the line before it can be moved."

He also refers in this paragraph to the possibility that local wheat and maize may be able to compete in the world markets. At present the only outlet for produce from the plateau is by means of oxen along a road which runs from Eldoret to Londiani, the Uganda bullock cart road, impassable for several months in the year because of heavy rains, while towards the end of the dry season there is risk of the grazing being insufficient for the stock apart from the risk of outbreaks of disease. At the meeting of the Acting Governor held at Eldoret on March 25th (paragraph 11)

"The various speakers laid stress on the disabilities from which they were suffering in the matter of transport. It was stated that while such products as sisal, wheat and coffee could perhaps be exploited for profit even

"under existing conditions, the heavy cost of wagon-transport severely handicapped the Plateau in competition with more fortunately situated districts. Also that the economic production of the commodities mentioned necessitated the investment of large amounts of capital in machinery, supervision, et cetera. The production of wheat and maize, as well as the dairying industry and in fact all farming open to the small man, was made impossible because of the lack of facilities for bringing the produce to the market. Attention was drawn to the enormous number of oxen required to move the produce, which oxen could be more economically employed in ploughing the land."

(paragraph 12)

"The speakers expressed the willingness of the Plateau settlers to be specially taxed so as to provide interest and sinking fund on the loan, and suggested a land tax at the rate of 30 cents per acre which they considered would be sufficient. It was, however, clear that the question of finance had not been gone into in any detail even from the point of view of the Plateau alone."

After leaving Eldoret Sir C Bowring made a three days tour of the plateau and says :- (paragraph 17)

"I was greatly impressed by the productivity of the area visited, and by the development which was being undertaken by the more wealthy settlers. The possibilities of sisal and flax production appeared limited only by the availability of machinery. There were no labour difficulties. Coffee and citrus also flourished, and these appeared to be great possibilities for the future of the stock industry. Great things are expected of wheat growing, but the cost of transport militates against this product being placed on the world's markets, while as regards maize only sufficient for local requirements on the Plateau can be produced economically. I was unable to spare the time to visit the Trans-Nzoia District or the Western Usuin Gishu in the vicinity of the Nandi border, but I believe that these areas are no less fertile than that between the Sergoit and Nzoia Rivers. What can be seen of the Plateau proper from the main road south of the Sergoit River is not so alluring. But little development has taken place, and, though much of it is doubtless suitable for the production of maize, the cost of transport makes it impossible for it to compete with other settled areas or with the native reserves, and until this cost can be very materially decreased it will be impossible for the land to be developed to its fullest extent."

15. The Aldama forest (commencing about mile 45 on the line) appears from official reports received in 1907 to be of very great value.

16. The Northern Kavirondo district to be tapped by the line beyond the Usuin Gishu plateau is very fertile and is occupied by a very large intelligent and industrious native population which has taken up agriculture with great energy, and even with present communications

(i.e. a road to Kisumu at the lake terminus of the Uganda Railway) has produced much sis-sis etc. for export.

17. The new line will undoubtedly, as already stated, become in due course part of the main line to Uganda and will carry the cotton and other produce of that Protectorate.

18. The results of the working of the Uganda Railway (with branches and steamer services) since it was opened for public traffic are given as follows in the Administration Report for 1917-18:-

Year	Net earnings £	Percentage of earnings on total outlay.
1903-04	Loss 50,101	
1904-05	2,639	
1905-06	56,678	
1906-07	76,768	
1907-08	64,713	
1908-09	64,838	
1909-10	65,867	
1910-11	98,519	
1911-12	131,371	
1912-13	209,045	
1913-14	213,483	3.39
1914-15	180,600	2.82)
1915-16	287,300	4.13) Military
1916-17	361,825	5.41) traffic during
1917-18	208,986	3.21) war included.

19. In making any inference from these figures as to the prospects of the new line, it should be remembered that the main line was not a purely economic line and was constructed in advance of settlement; that it runs for a good portion of its length through poor country, and that in the case of a Government-owned line account should be taken of indirect profits in the shape of increased general revenue resulting from the development of the country. On the other hand, while the cost of the main line was just under £10,000 a mile, the new line is estimated to cost at least £12,000 - £15,000 a mile, and the rate of interest to be paid now on borrowed capital is much higher.

20. The export traffic to be carried by the new line will have to bear the charges of transport along 450 miles of the main line. Its ultimate development depends upon the improvement of the port facilities at Kilindini, but the completion of the harbour works scheme, when money can be found for it, will probably take a longer time than the construction of the Usini Gishu railway. The acting Governor, in the despatch already quoted, has expressed the opinion that until the deep-water scheme can be taken in hand the financial aspect of the construction of the line must be approached from the point of view of the ability of the local markets to absorb the bulk of the produce from the area it will serve.

If possible

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IV possible

21. The ordinary course taken by the Government of a Colony desiring to construct a new railway or other large capital work is to issue a public loan, usually in London through the Crown Agents, on the security of its general revenues. These loans are trustee securities under the Colonial Stock Act 1900, and stamp duties on transfer can be compounded by an initial payment. Whatever may be the moral obligation of the Imperial Government to back up a Colony in financial difficulties, it is necessary to state in the prospectus of every loan issued under the Colonial Stock Act, that the Treasury is in no way liable in respect of it. Nevertheless it is probable that the investing public recognises the obligation. Nigeria has just issued in this way a £6,200,000 inscribed stock 6 per cent loan at par, which was fully subscribed by the public.

22. In considering the question of issuing a loan of this kind for the East Africa Protectorate it is necessary to remember (1) that the Colonial Stock Act 1900 does not apply to a Protectorate, that a Protectorate loan would therefore not be a trustee security, and that this could only be remedied either by procuring the necessary amendment of the Act to cover a Protectorate, or by annexing a portion (however small) of the territory; and (2) that the financial position and prospects of the East African Protectorate are not nearly so assured as those of Nigeria and that the existing Treasury loans would form a prior charge.

23. To remove this prior charge it would be necessary to repay to the Treasury the amounts already advanced from the Exchequer, and to issue a loan covering the whole of the public debt. The advances already paid amount to £687,000 mostly at 3½ per cent (with an addition of 1 or 1½ per cent per annum for repayment of principal), future advances being at a sum of £585,000 already applied for with 6 per cent interest. The

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total cost of the loan works already carried out with this money and of those projected for the future, including the Uasin Gishu Railway, would be about £5,000,000. It would, however, be disadvantageous to repay the advances made at a low rate of interest.

24. The following is a statement of the total revenue and expenditure of the East Africa Protectorate (including railways) during the last nine years:-

<u>Year</u>	<u>Revenue</u>	<u>Expenditure</u>
	£	
1911-12	729,078	744,425
1912-13	952,525	889,914
1913-14	1,102,533	1,051,375
1914-15	964,141	1,129,174
1915-16	1,136,682	1,045,681
1916-17	1,501,698	1,163,528
1917-18	1,338,191	1,470,418
1918-19 (est.)	1,542,051	1,542,051
1918-20 (")	1,605,049	1,732,549

(x Includes £120,000 railway revenue from surcharges which it is desirable to remove as soon as possible).

25. Where a Colonial Government is not prepared itself to pay for the construction of a new railway, an alternative is to grant a "railway concession" to capitalists willing to undertake it; and questions then arise as to the rights of expropriation to be reserved, the degree to which control of working should be retained by the Government, and also as to land grants, guarantees of interest, subsidies, and the grant of privileges of one kind or another such as the remission of taxation. In considering these questions much might depend on whether the new railway was to be a main artery of the territory, a branch line required for general development, or a line required for the service of the property of a single company or a group of companies though possibly capable of contributing sooner or later to general development. A few instances of recent "railway concessions" in the Colonies may be useful.

26. The Magadi Railway is a 90 mile branch of the Uganda Railway, running mostly through infertile country to the Magadi Soda Lake. A lease of the lake was granted in.

in 1911 to the Nagadi Soda Co., and a railway agreement made at the same time that the Company should construct and pay for the railway, but that the Uganda Railway administration should provide rolling stock and work the line fixing all fares and rates except those specially agreed for the company's traffic. Half the net profits were to be paid to the Company. There was no land grant beyond the lease and the land required for the railway itself. The property in the railway reverts to the Government on the expiration of the lease of the lake, or the Government could purchase it at any time before.

27. In Nyasaland the line from Port Herald to Blantyre (the main line of the protectorate) was constructed and paid for by the Shire Co. under contracts of 1902 and 1908. The agreements provided that the railway should be the absolute property of the company, and should be worked entirely by them, subject to inspection by a government engineer for purposes of public safety, and subject to a covenant for continuous working which specified the minimum number and average speed of trains to be run daily. Rates and fares were to be subject to the approval of the government so long as the net receipts exceeded 7 per cent of the rental value of the railway. No competing line was to be constructed in the Protectorate for 25 years. Timber, earth and fuel from government land were to be taken free, and plant and materials were to be imported free of duty. After 25 years the government could purchase the railway, or tear it all down. Land was to be granted at the rate of 0.5 sq. miles for each mile of line constructed, for 11 miles this amounted to 5.5 square miles.

28. In 1910 a further agreement with the British Central Africa Co. (which took over from the Shire Co.) provided for extension southwards (41 miles) to the east in Portuguese territory. Maximum rates and fares were fixed in a schedule subject to periodic revision by the Company and the

and the Government. No preferential rates were to be given except to Government. The promise of land grants in the agreement of 1902 was revoked and commuted to a subsidy of £180,000 (at the rate of 10s. an acre on 565 square miles) The Government guaranteed to make up the net earnings of the new railway to 4 per cent on capital cost not exceeding £500,000. The option of purchase by Government was extended to the new line.

29. In August 1919 a contract was made for the construction, by a new Company to be formed, of a line entirely in Portuguese territory from the terminus of the existing railway on the North bank of the Zambesi to Beira on the coast. The Company was to be an English Company with a nominal share capital of £600,000, and was to issue 6 per cent debentures (redeemable by sinking fund within 45 years) up to £1,800,000, the estimated cost of the line. The Nyasaland Government guaranteed to make advances to bring up the net earnings for 25 years up to the amount required for interest on the debentures. No dividends were to be paid on share capital until all advances made by the Government under the guarantee had been repaid with interest at 5 per cent. The Govt. was to receive one quarter of the shares without payment.

30. In British Guiana there was in existence a railway along the coast, which belonged to the Demerara Railway Co. In 1896 it was decided to extend this line in both directions, and an agreement was made with the Company under which the Government guaranteed to make up the net earnings of the new railways to 4 per cent on £1,500,000, the estimated cost of their construction, for which preference stock was to be issued. Half of the profits in a year were to be devoted to repayment of the advances previously made under the guarantee. These are the only railways constructed at present in British Guiana, development having hitherto been almost entirely confined to the coastal region.

31. As regards the proposed Usin Bishu railway, various proposals have been made for obtaining the funds required otherwise than by the direct issue of a Government loan. Baron Erlanger, who is associated with Messrs Pauling's offer to carry out the construction of the line, has suggested in conversation:-

(1) that bearer bonds of the Protectorate Government should be handed, as the work progressed, to the contractors, who would arrange with Messrs. Erlanger for the bonds to be issued to the public at a suitable moment; or

(2) that a Company should be formed, of which the Government might well be the sole shareholder, and should issue debentures under a guarantee of interest by the Government.

The first of these alternatives would involve the issue by the Government of a non-trustee security; the second is theoretically free from this objection, but it would be equally necessary, no doubt, to offer liberal terms to the debenture holders. Under either alternative the Government would retain full control of the railway.

32. Sir J. Norton Griffiths has also suggested in a letter dated the 22nd. December, two alternatives, the latter of which is rather similar to Baron Erlanger's second alternative, but is worked out in considerable detail. A copy of the whole letter is therefore attached. It may be noted here that Sir J. Norton Griffiths' scheme bears some resemblance to that proposed by the Hon. Gideon Murray in regard to British Guiana.

33. A third course from which a suggestion is available (though hardly perhaps applicable or intended to be applied to the construction of a railway) is the report, dated March 1919, of an "Economic Commission" appointed by the late Governor of the East Africa Protectorate in 1917 to consider inter alia the means by which the resources of the Protectorate should be developed and consisting partly of official and partly of unofficial members. They recommend -

(a) the setting up in the Protectorate of a standing "Board of Economic Development" comprising on the one hand all the Heads of Government departments on whose activities economic development depends, and on the other representatives of the producing interests, industries, and trades - this Board to have no executive power except as regards the management of its own affairs and any specific matters in which the Legislative Council might assign to it a limited initiative; and

(b) the incorporation by Royal Charter of a "Chartered Bank of East Africa", with a directorate consisting of the Treasurer as Chairman, four other official and five unofficial members of the Board of Economic Development and up to five additional co-opted members. This institution would be financed either privately, or preferably by Government with a capital of say £2,000,000. Its principal function would be "to apply its capital to the working of schemes holding promise of economic advantage to the Commonwealth, as for instance any scheme for settling soldiers on the land; and in particular, schemes involving initial investigation and research (e.g. schemes for establishing fisheries, manufacture of industrial alcohol). It would not of course concern itself with the schemes not offering a direct cash return, however desirable in themselves (e.g. geological and hydrographical surveys). It would work in conjunction with the Board of Economic Development. Proposals approved after preliminary investigation would be forwarded for further investigation by the Board to the Bank. The services of the scientific officers of the Government would be at the disposal of the Bank for the conduct of all necessary enquiries. Where the result of investigation was satisfactory, the Bank would float a company, call for subscribers and take up shares itself. It would reserve to itself a number of seats on the Board of the new Company. The knowledge that the prospects of the Company were favourably regarded and in part controlled by a powerful public institution would of course have a strong effect in securing the confidence of the investing public". The outstanding principle of this scheme, viz. "The undertaking of responsibility by the Bank for industrial issues", is derived from the German system, but it is not proposed that the Bank, which is to be a Development Bank, should as in Germany interfere or compete with the existing deposit system.

34. One of the Commissioners qualifies the above recommendations with the opinion that any large sums of capital which may be available for public purposes in the Protectorate appear to be required for communications, and that, until sufficient capital is forthcoming to satisfy this need up to the extent of the existing development, it is premature for the Government to look for capital for such undertakings as that of a Development Bank.

APPENDIX I.Statistics of the Usin Gishu Plateau and Trans NsoiaAcreage under cultivation.

Maize	9816	acres
Coffee	2296	"
Flax	4800	" (This is being largely increased)
Sisal	3500	"
Corn	2048	" (Includes wheat, oats & barley)
Various	690	"
Total	22,150	acres

Average yield per acre.

Wheat	16	bushels
Maize	one	ton

Numbers of cattle 25,000 (approx).

Transport oxen	10,000	"
Breeding Stock	5,000	"
Native Stock	18,000	"
Cattle dips number	40	
Flax Mills	14	
Sisal Mills	1	
Saw Mills	4	the capacity of whose output is 16 tons per diem.
Coffee Mill	1	

I consider that the increase of acreage on the Plateau will range this year from 25 to 50 per cent.

Land is in great demand and a great deal of it has changed or is changing hands. The Turbo Flax Syndicate has now been sold and is in course of re-construction with a large increase of capital.

White Population.	Adult Males	Females.	Children.
(last census)	372	292	438
At the Front	200		

District Commissioner,
Eldoret.

SIR J. NORTON GRIFFITHS TO COLONIAL OFFICE.

22nd December, 1919.

Sir,

Uasin Gishu Railway.

On behalf of myself and the financial groups who are prepared to go into this business with me, I beg to submit the following proposals for the construction of the above railway.

There appear to be three main methods by which the proposed extensions to the Uganda Railway can be carried out.

(1) The Protectorate Government can carry out the work itself, raising a government loan to finance the cost of construction and operation.

This method has the merit of simplicity, but does not decentralise construction which I understand is in some respects desirable. Nor does it enlist outside financial and commercial interests which would be useful in the future to encourage schemes of development by which the railway would benefit.

(2) The Protectorate can sell the existing railway system to a company in which it would retain a controlling interest, and finance further extensions on the security and prospects of the existing system.

This method would have the advantage of retaining the whole railway in one organisation but would

entail

entail certain political and working difficulties and reorganisation of personnel. In addition, it would have the disadvantage of necessitating a sale at a considerable capital loss, and would be a more expensive method of raising the additional capital required.

(3) There remains a third method which, while somewhat novel, would appear to be the best solution, and I therefore propose to enter into this method in detail.

I presume that the Protectorate Government will desire

- (1) To retain control of the new Railway
- (2) Itself to operate this railway in conjunction with the present system.

I should therefore suggest

That a company should be formed with an authorized capital of say £1,000,000 in 1,000,000 shares of £1 each for the purpose of constructing the proposed Uasin Gishu line and any further extensions which the Protectorate may from time to time determine to make. An agreed proportion of these shares should be immediately issued to the Protectorate to represent the value of the present concession and necessary facilities. Of which an agreed number should be allotted to the group finding the necessary money for the construction of the new system, but so that the Protectorate will maintain complete control over the line and the future policy of the Company, including the balance of its unissued capital.

It is suggested that the Government should be represented on the Board by three Directors -

including the Chairman and the Group of
Directors.

The money necessary for the construction of the line and for the overhead and administrative expenses of the company should be found by the issue of say £3,000,000 - at £3,500,000 of debentures which would be guaranteed by the Protectorate.

When the line is completed it would be leased to the Government for a period equal to the term of the Debenture issue at an annual rental equal to the amount necessary to cover the service of the debentures, i.e. interest plus sinking fund. The Government would thus not only practically own the line but would also operate it without any outside control.

The head office of the company would be in London and might also serve as a semi-official information bureau and centre of propaganda and would thus fulfil a most necessary and useful function in promoting the development of the Protectorate, while the inclusion of important financial and commercial interests as shareholders in the company and on the Board would facilitate future finance and encourage their assistance in the development of the resources of the Protectorate from which the railway would be the first to profit.

Finance.

With regard to the debentures, these could either be issued in one lump or in say three yearly instalments, but my financial colleagues are of opinion that the whole amount required to finance the construction of the proposed system and the interest during construction and say one year thereafter together with a small surplus to cover

administrative

administrative and overhead expenses should be issued at once because

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- (1) the rate for money will probably rise during the next three or four years,
- (2) a partial issue is not popular with the public;
- (3) a saving would be effected in advertising and other expenses,
- (4) the money could always be profitably employed on short term mortgages and otherwise in the Protectorate.

In the present uncertain condition of the money market it is impossible to state definitely at what rate the issue could be made, until the approximate date of issue is fixed. Nor until such time is it possible to say how much should be devoted to interest and how much to redemption since fashion varies in this respect.

The ratio in value, however, between this issue and the average Colonial Trustee stock will remain constant and it should therefore be possible forthwith to agree upon a formula on this basis.

It should be noted however that this issue would be too solid to attract the more speculative investor, and that it is precluded from relying upon the enormous resources in the hands of Trustees, and some allowance must be made for this fact.

The following terms are therefore suggested:-

- (1) The Debentures should be guaranteed as to principal and interest by the Protectorate and the interest and sinking fund secured by the terms of the Lease above referred to.

- (2) The date of redemption should be the year 1950, the sinking fund to come into operation in the year 1923, by which date the line should be in operation and to be applied to the redemption of the debentures either by annual drawings at par or by purchase on the

market, whichever is most favourable to the
Company.

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(3) The Debentures to be issued on terms which would give the public a return in interest of $\frac{3}{4}\%$ per annum more than the cheapest Colonial issue at the time, and at a price calculated to give a redemption yield of $\frac{3}{4}\%$ per annum assuming the bonds are drawn at par at the average date of redemption (in this case 1937) and after deducting 5% which would probably cover the expenses of the issue including the cost of advertising and underwriting (unless it were considered advisable for political reasons to issue a portion in Africa).

struction.

My group will undertake the construction of the Railway on the basis of the revised estimate for a contractor's profit of 5% on the approximate cost of two and a half millions, shown on such estimate. Should any saving be effected on that estimate, 75% thereof will belong to the Railway Company and 25% thereof will be the Contractor's bonus for such saving and an agreed bonus for any saving of time based on a similar proportion.

In the event of the costs as shown on the revised estimate being exceeded, the contractors shall receive no profit on such excess.

Figures to be based upon a fixed rate of exchange.

It is understood that facilities will be given by the Protectorate through the Crown Agents and otherwise for the purchase and transport of material, labour and use of rolling stock, the price of rate of hiring being of course agreed and included in the revised estimate.

The

The facilities given will have a great bearing upon the time that will be necessary for the construction of the work and consequent saving of interest during construction.

It is understood that construction will be carried out under the supervision of the Government Engineers on behalf of the Protectorate.

I am, Sir,

Your obedient servant,

J. NORTON GRIMMIS.

Dated

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NYA COLONY AND PROTECTORATE

RAILWAY.

CONTRACT

FOR THE

CONSTRUCTION OF A RAILWAY

From

To

Rendel Palmer & Tritton,
Consulting Engineers,
13 Dartmouth Street,
Westminster, London, S.W.1.

E. F. Turner & Sons,
Solicitors,
115 Leadenhall Street,
London, E.C.3.

KENYA COLONY AND PROTECTORATE

This Indenture made the _____ day of _____ 19____ Between **THE CROWN AGENTS** acting for and on behalf of the Government of Kenya Colony (hereinafter called "the Crown Agents") of the one part and **GRIFFITHS & CO. LIMITED** of Nairobi in Kenya Colony and Protectorate (hereinafter called "the Contractors") of the other part

Whereas these presents are supplemental to an Agreement (hereinafter referred to as "the Survey Agreement") made the 18th day of June 1920 between the Crown Agents of the one part and the Contractors of the other part whereby the Contractors agreed for the consideration therein mentioned forthwith to despatch Survey parties for the purpose of locating and surveying the line of a proposed Railway from Nakuru to the vicinity of Soy in Kenya Colony and Protectorate (then the East Africa Protectorate) ~~and it was therein provided that the proposed Railway should be divided into four sections, viz: -~~

- ~~First Section.—The Nakuru-Bidayat Pass Section.~~
- ~~Second Section.—The Bidayat Ravine Station Section.~~
- ~~Third Section.—The Ravine Station-Elgeyo Section.~~
- ~~Fourth Section.—The Wasin-Gishu Plateau Section.~~

And whereas by letters dated the 28th day of July 1920 from the Crown Agents to the Contractors and the 5th day of August 1920 from the Contractors to the Crown Agents it was agreed that the alignment of the proposed Railway might be altered as therein mentioned

And whereas it was provided by the Survey Agreement that immediately upon completion of the Survey of each Section the Contractors should prepare with all convenient speed:—

- (A) Plans sections and specification for the construction of each section.
- (B) Priced Bills of Quantities of the work required to be executed in the section and the estimated cost thereof brought to a total including:—
 - (1) A Schedule of the several materials and the cost thereof.
 - (2) A Schedule of the several kinds of labour and the cost thereof.

Prices estimated therefor; and also showing particulars of the girder bridges, culverts, permanent way, stations and other works and things which according to the estimates made in accordance with the terms of the Survey Agreement are required to be constructed or supplied for the purposes of this Contract, and of the respective prices estimated therefor

And whereas it has been agreed that these presents shall be entered into by way of Contract and that the Contractors shall secure the due performance of this Contract by the joint and several bond of the Contractors and Underwriting Members of Lloyds in the sum of £10,000.

Should not this amount be now increased?

Now this Indenture witnesseth that the Contractors, so far as the provisions of this Contract are to be performed or observed by or on the part of the Contractors, do hereby covenant and agree with the Crown Agents, and also as a separate covenant with the Government of Kenya Colony, and the Crown Agents as the Agents of and so as to bind the said Government so far as the said provisions are to be complied with by them (but not so as to impose any personal liability on the Crown Agents or any of them, or on any member or officer of the said Government or of the Crown Agents) do hereby covenant and agree with the Contractors in manner following that is to say—

and include all

1. In this Contract and in the Specification and the Bills of Quantities and Prices the following words and expressions shall have the following meanings that is to say—

(A) "The Colony" means Kenya Colony and Protectorate.

(B) "The Government" means the Government for the time being of the Colony.

(C) "The Crown Agents" means the persons for the time being authorised to act and acting as Crown Agents in England for the Colonies and any or either of such persons.

(D) "The Colonial Secretary" means the Colonial Secretary for the time being of the Colony or the person for the time being acting as such, or such other person as may be appointed by the Governor of the Colony to perform such acts and things as are to be performed by the Colonial Secretary under the terms of this Contract.

(N) (6) "The actual date of completion" means the date as at which the Consulting Engineers shall certify that the whole of the works have been completed to their satisfaction and in accordance with the provisions of this Contract.

(7) (8) "Month" means calendar month.

2. This Contract shall include the whole of the works of every kind, whether permanent or temporary, which are described in or implied by the specification or shown upon the drawings herein referred to or which may in the opinion of the Engineer be required for the full completion of the Railway from *Turbo* to *Turbo* other than the supply of Rolling Stock for Public Traffic purposes. The Specification and the Bills of Quantities and Prices shall be deemed to form part of this Contract, and shall be taken together with this Contract and the said Plans, Sections and Drawings, as descriptive of the extent and character of the works hereby agreed to be executed by the Contractors. In case any particular works or portions of works shall be shown on the drawings without being mentioned in the Specification, or shall be described only in the Specification without being shown on the drawings, such works or portions of works shall nevertheless be held to be included in this Contract in the same manner as if they had been expressly shown on the drawings and described in the Specification also.

3. A Certificate signed by the Colonial Secretary shall be conclusive evidence of every order, decree, determination, direction, opinion, or appointment of the Government mentioned in such Certificate, and everything done in execution of this Contract under the authority of the Crown Agents as expressed in any writing under the hands or hand of them or any one of them shall be deemed to have been done by the Government.

4. All notices to be given to the Contractors for the purposes of this Contract shall be in writing under the hand of the Colonial Secretary or of the Crown Agents, or any of them, or of the Consulting Engineers, or one of them, or of the Resident Engineer or some person authorised by him, and shall either be delivered to the Contractors personally or left for them with one of their Agents or foremen at the works or with such person and at such place as they shall name and appoint in the Colony and London respectively for the purpose, or, failing such appointment, at the usual or last known place of business of the Contractors in London or the Colony.

than the Colony, such or so many competent and responsible engineers, inspectors and foremen shall from time to time require and approve, to whom applications may be made and directions given in all matters relating to the Railway or the construction thereof, and also such number of experienced, fit and proper agents and overlookers for the efficient construction of the Railway as shall in the opinion of the Engineer be required, and the Contractors shall at all times employ as much labour of every description as the Engineer shall deem necessary. In executing the works the Contractors shall conform to all local usages and laws. The Government will provide all necessary medicine and medical attendance for all persons engaged upon the works, and the Contractors shall conform to and observe all instructions which may be given to them from time to time by the Medical or Sanitary Authorities of the Colony. *All European and Chinese Contractors engaged in this engagement have been examined and certified to be competent in the Colony by a Government Medical Officer appointed by the Government.*

8. The Contractors shall execute the works under the immediate inspection and control of the Engineer, and in such order and manner as he shall from time to time direct, and to his entire satisfaction, and, in particular, so as to ensure the completion of the Railway as one continuous line at the earliest possible date, the construction of the several portions of the railway shall be carried on concurrently. *The Contractors shall submit to the Engineer his assistants and inspectors works with all labour, materials, tools, implements and stores which they may require to be provided for the works with reference to the progress of the works.*

Works to be executed under control of Engineer

9. The Government will provide and give the Contractors possession of the land and property which shall, in the opinion of the Engineer, be required by the Contractors for the site or lines of the Railway, stations and sidings to be constructed under this Contract, and for road approaches to such stations, and for permanent works of the same, and for side cuttings, borrow pits and spoil banks. The Government shall also provide such land as the Engineer may consider necessary for temporary roads, paths, residences, coolie lines and stop yards, and for ballast pits and quarries: Provided that the Contractors shall give to the Government written notice stating the quantity and situation of any land to be provided under this Clause at least three months before possession of such land shall be required. The cost of any land provided under the provisions of this clause shall not be included in the cost price.

Land for permanent works of Railway and for temporary purposes to be provided by Government

Land for water supply
 4 and 5 other provisions
 subject to three months notice to be given by Contractor

10. The Contractors shall not enter upon, occupy, or use any land to be provided by the Government without the previous sanction in writing of the Engineer. *The Contractors shall maintain a register of all land occupied with such entries as may be required by the relevant authorities and shall be liable for the cost of such entries and also*

Land not to be entered upon without sanction of Engineer

otherwise than for the use of the European agents or employees of the Contractors, and upon and subject to such rules as may from time to time be made by the Government.

17. The Contractors at all times during the continuance of this Contract shall in all their dealings with natives for the time being employed on or in connection with the Railway or the construction or maintenance thereof or any waterborne traffic connected therewith have due regard to all native festivals and religious or other customs of whatsoever kind and all disputes, matters and questions arising between the Contractors and any of their Agents on the one hand and any natives or native on the other hand with respect to any matter or thing in anywise connected with this Contract shall be decided by the Government whose decision shall be final and binding on all parties.

Festivals etc. of natives to be recorded

18. The rations accommodation mode of recruiting and payment of all native labour employed by the Contractors for the purposes of this Contract shall at all times be subject to the approval and control of the Native Affairs Department of the Colony.

Provision as to native labour

19. The wages paid by the Contractors to their Staff employed on the works (other than native labour) shall be on such a scale as shall enable them to secure fully qualified men for the purposes for which they are engaged, and to carry out the works in an efficient, expeditious and economical manner, and shall be subject to the approval of the Consulting Engineer.

Wages to Staff

20. The Contractors shall not sell or otherwise dispose of or remove, except for the purposes of this Contract, the sand, stone, clay, ballast, earth, rock, or other substances or materials which may be obtained from any excavation made for the purposes of this Contract, or any buildings or produce upon the site of the works at the time of the delivery of the possession of the land, but all such substances, materials, buildings, and produce shall be the property of the Government: Provided that the Contractors may, with the permission in writing of the Engineer, use any of the same for the purposes of the works.

Contractors not to dispose of soil, etc.

21. All gold, silver, and other minerals of any description, and all precious stones, coins, treasure, relics, antiquities, and other similar things which shall be found in or upon the site of the Railway, shall be the property of the Government, and the Contractors shall duly preserve the same to the satisfaction of the Engineer, and shall from time to time deliver the same to such person or persons as the Government may from time to time appoint to receive the same.

Gold, silver, minerals, relics, etc. found on site of Railway to be the property of the Government.

26. All materials which the Contractors may desire to purchase in the Colony shall be submitted for the approval of the Resident Engineer as regards quality and price.

Materials purchased in the Colony to be approved by Resident Engineer

27. The Contractors shall test and weigh all materials required to be tested or weighed by the Engineer or by any person deputed or authorised by him to supervise the works and shall test each part of the works and the whole in such manner and at such time or times as may be directed by the Engineer or any such person.

Testing

28. Should the Engineer or any person deputed or authorised by him to supervise the works consider it necessary for the purpose of enabling tests to be made to verify or ascertain the quality of any part of the works or of any materials, the Contractors shall, if and when required by the Engineer or any such person as aforesaid, open up the work or materials for inspection, pull down or cut into any part of the works, and make such openings into, under or through any part of the works, as may be directed, and the Contractors shall make the whole good to the satisfaction of the Engineer.

Opening out of work for inspection of materials and workmanship

29. All materials plant and machinery manufactured in or derived from any country other than the Colony, and to be provided and shipped by the Contractors to the Colony for the purposes of this Contract, shall be submitted to the Consulting Engineers for their approval as regards quality and price and shall before being removed from the places at which they are prepared, be submitted to their inspection and approval and the Contractors shall give not less than twenty-one days' notice before removing any such materials plant or machinery for shipment.

Materials, etc. shipped from other countries to be first approved by Consulting Engineer

30. If any such materials plant and machinery are manufactured or prepared in any country other than the Colony expressly for the purposes of this Contract, the Consulting Engineers may from time to time inspect the same during the course of manufacture or preparation, and the Contractors shall give not less than twenty-one days' notice in writing of the time of commencement of the manufacture or preparation of such materials and things, and therein specify the place of manufacture or preparation, and shall from time to time send to the Consulting Engineers such report of the progress of manufacture or preparation as they may require.

Consulting Engineers may inspect manufacture of materials in other countries

31. All materials plant and machinery (other than materials purchased in the Colony) shall, unless with the written consent

Materials to be bought in British Empire and to British Engineering Standards

the commencement of the work, use their utmost efforts to the satisfaction of the Engineer, to hasten the construction of the Railway, and to expedite the completion thereof.

37. If the act of God, war, insurrection, rebellion, non-possession ~~or~~ land (unless caused by any default on the part of the Contractors in giving such notice as ought to be given under the provisions hereinbefore contained) the execution of additional work, or any extraordinary or unforeseen circumstances which in the opinion of the Consulting Engineers may be beyond the control of the Contractors, shall in the opinion of the Consulting Engineers cause unavoidable delay in the completion of the Railway, or any part or section thereof, the Consulting Engineers shall extend the estimated date for completion by such period as they may in their uncontrolled discretion think reasonable.

Extension of time

38. Any and every extension of time shall be deemed to be in full compensation and satisfaction for and in respect of any and every actual or probable loss or injury sustained or sustainable by the Contractors in respect of the cause or causes giving rise to such extension, and shall in like manner exonerate the Contractors from any claims or demands, as provided in Clause 51 hereof on the part of the Government for or in respect of the delay occasioned by the cause or causes in respect of which any such extension of time shall have been made, but not further or otherwise, nor for any delay continued beyond the time mentioned in the writing authorising such extension.

Extension of time to be full compensation

39. If the Government so desire the Contractors shall when and where practicable carry goods traffic over any portion of the Railway, notwithstanding that the whole of the Railway may not have been completed, upon terms to be agreed between the Contractors and the Manager of the existing Railway, or failing such agreement upon such terms as may be fixed by the Government.

Goods traffic may be carried notwithstanding Railway not complete

40. The Government may, if they shall think fit, from time to time enter upon any lands which may be in the possession of the Contractors under this Contract, for the purpose of executing any works not included in this Contract which may in the opinion of the Government be required in connection with the Railway, and may execute such works respectively by themselves or their agents or by other Contractors at their option, and may for the purposes of transport, use any rails or accessories which may have been laid down or constructed temporarily or permanently by the Contractors or any portion of the Railway which may still be in the Contractors' possession.

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In case of the receipt of a notice of any work to be done by the Government, the Contractor shall be bound to do the same as herein provided to the best of his power as herein required.

of the costs and expenses and the Head Office charges referred to in Clause 47 only, but not, except as hereinafter mentioned, in respect of profit which will be payable as hereinafter provided. For this purpose a credit will be opened by the Government at a Bank at Nairobi and by the Crown Agents at a Bank in London in favour of the Contractors. The Contractors shall from time to time prepare statements showing the said costs and expenses to date in the Colony and in London respectively and the sums which they will require for their future said costs and expenses in the Colony and in London respectively, together with the allowance for Head Office charges calculated in respect thereof and the dates when they will require such sums and the sums so required (provided they are certified by the Resident Engineer as necessary to keep the Contractors in funds so far as regards payments to be made in the Colony and by the Consulting Engineers so far as regards payments to be made in London) shall be paid to the Contractors' account by the Government or the Crown Agents as the case may be not later than the dates required. The Certificates to be given under this clause shall not be unreasonably withheld.

45. A progress measurement of the work done shall be prepared and agreed every month by the Resident Engineer and the Contractors jointly, and the certificate to be given by the Resident Engineer under the provisions of the last preceding Clause shall be based upon such measurements.

Monthly progress measurements

46. The cost price, the final revised estimate and the final amount payable under the balance certificate as hereinafter mentioned shall be ascertained in sterling, for which purpose the fixed rate of exchange of 10 florins (Kenya currency) to the £ shall be taken in each case.

Fixed rate of exchange

47. Subject to the provisions of this Contract there shall be paid to the Contractors by way of consideration for the works to be executed by them under the terms of this Contract all costs and expenses reasonably incurred by them in executing such works together with one and one-half per centum on such costs and expenses to cover all head office charges and together with five per centum on the total amount so arrived at for profit. Such costs and expenses shall include the following provided that in every case the expenditure shall be submitted to and approved by the Consulting Engineers, videlicet:—

Remuneration of Contractors

(A) The costs and expenses actually incurred by the Contractors in carrying out the provisions of the Survey Agreement as certified by the Government Consulting Engineers appointed under that Agreement.

(B) Salaries, ^{and travelling} ~~travelling~~ expenses and ~~other legitimate expenses~~ of the Contractors' staff and skilled workmen engaged upon the works (other than Head Office charges) not already included in sub-clause (A).

(C) Payment of steamer passages out and return for the Contractors' staff and skilled workmen whose services may with the consent of the Engineer be engaged whilst in countries other than the Colony traveling to and from the Port in the Colony to or from which they may be directed to sail and salary at half rates during the voyages not already included in sub-clause (A).

(D) The net cost (after deducting all discounts rebates or commissions) insurance freight and delivery of all plant and materials purchased and the net cost of hire of all beasts temporary rolling stock plant and materials hired for use or employment on or for any of the purposes of the Railway and works.

(E) The fair and reasonable current value of any plant supplied by the Contractors from their own stocks.

(F) Any other expenditure properly incurred directly in connection with the works including cables telegraph services insurance of staff employes and workmen, provided that all such cables to and from the United Kingdom shall be forwarded through the Crown Agents.

Provided always that from the payment to be made to the Contractors under the provisions of This Contract there shall be deducted the total amount of all sums paid to the Contractors under the provisions of the Survey Agreement.

Table in Clause 11

No payment in respect of the 5 per centum for profit shall be made to the Contractors before the issue of the balance certificate hereinafter mentioned unless and until the Consulting Engineers shall certify that such profit amounts to £50,000, in which event the Contractors may thereafter include in their statements of future costs and expenses to be prepared by them under Clause 44 hereof, 5 per centum for profit on the aggregate of such costs and expenses and the allowance for Head Office charges in respect thereof.

The purchase of temporary plant by Contractors

48. The Contractors shall, if the Government so require, re-purchase all or any plant purchased or supplied from the Contractors' own stocks when the same is no longer required for the works, and will pay for the same the price originally paid by or charged to the Government for such plant less an allowance

(B) Salaries, ^{and travelling} expenses and other legitimate expenses of the Contractors' staff and skilled workmen engaged upon the works (other than Head Office charges) not already included in sub-clause (A).

(C) Payment of steamer passages out and return for the Contractors' staff and skilled workmen whose services may with the consent of the Engineer be engaged whilst in countries other than the Colony traveling to and from the Port in the Colony to or from which they may be directed to sail and salary at half rates during the voyages not already included in sub-clause (A).

(D) The net cost (after deducting all discounts rebates or commissions) insurance freight and delivery of all plant and materials purchased and the net cost of hire of all beasts temporary rolling stock plant and materials hired for use or employment on or for any of the purposes of the Railway and works.

(E) The fair and reasonable current value of any plant supplied by the Contractors from their own stocks.

(F) Any other expenditure properly incurred directly in connection with the works including cables telegraph services insurance of staff employes and workmen, provided that all such cables to and from the United Kingdom shall be forwarded through the Crown Agents.

Provided always that from the payment to be made to the Contractors under the provisions of this Contract there shall be deducted the total amount of all sums paid to the Contractors under the provisions of the Survey Agreement.

Take in Clause 11

No payment in respect of the 5 per centum for profit shall be made to the Contractors before the issue of the balance certificate hereinafter mentioned unless and until the Consulting Engineers shall certify that such profit amounts to £50,000, in which event the Contractors may thereafter include in their statements of future costs and expenses to be prepared by them under Clause 44 hereof, 5 per centum for profit on the aggregate of such costs and expenses and the allowance for Head Office charges in respect thereof.

Re-purchase of
temporary plant
by Contractors

48. The Contractors shall, if the Government so require, re-purchase all or any plant purchased or supplied from the Contractors' own stocks when the same is no longer required for the works, and will pay for the same the price originally paid by or charged to the Government for such plant less an allowance

R I D E R A .

Provided further that no payment shall be made to the Contractors either in respect of Head Office charges or for profit on the cost of any services rendered by the Colony or any Department or service thereof including therein, by way of example and not of limitation (a) freight charged by the Uganda Railway for carriage of materials and stores required in connection with the works (b) the cost and expenditure incurred by the Telegraph Department in the provision and operation of any Telegraph and Telephone lines and apparatus alongside or in connection with or for the purposes of construction of the Railway; and (c) the cost of any works executed or services rendered by the Public Works and Medical and Sanitary Departments directly or indirectly in connection with the construction of the Railway. And no such costs shall be included in the Final Revised Estimate or the cost price as herein defined.

for use of the same at the rate of 2 per cent. of such original price per month from the first date of user on the works in the case of plant purchased and from the date of despatch from the Contractors' depots in the case of plant supplied from stock to the date in each case of despatch from the works and at the rate of one per cent. per month from the last mentioned date to the date of arrival at the Contractors' depots.

49. The Contractors shall keep both in London and in the Colony such books of account invoices vouchers and accounts and in such form as the ^{Contractors to keep accounts} Accountant shall direct or require and the amount of such costs and expenses shall be ascertained from time to time by the ^{Contractors to keep accounts} Accountant who shall have access at all reasonable times to the books invoices vouchers and accounts of the Contractors so far as they relate to the works. The Contractors shall whenever required furnish full details particulars information and explanations to the ^{Contractors to keep accounts} Accountant and or the Resident Engineer and or the Consulting Engineers in respect of the said costs and expenses as he or they may from time to time require.

50. As soon as practicable after the Engineer shall have given certificate of completion of the whole of the works, the Consulting Engineers shall give their certificate of the actual costs and expenses incurred by the Contractors in accordance with the terms of Clause 47 hereof (herein called the cost price) and they shall further certify the amount of the final revised estimate calculated in accordance with the provisions of this Contract

51. Should the cost price as certified by the Consulting Engineers in accordance with the provisions of the last preceding Clause hereof be less than the final revised estimate as certified by them or should the date of actual completion be earlier than the estimated date for completion there shall be paid to the Contractors in the events hereinafter mentioned, in addition to the sum payable under Clause 47 hereof, the following further sums namely:—

(A) If the amount by which the final revised estimate exceeds the total cost price (hereinafter called "the saving") does not exceed 5 per centum of the final revised estimate, a sum equal to 10 per centum of the saving

(B) On any saving beyond 5 per centum of the final revised estimate, and not exceeding a further 5 per centum of the final revised estimate, a sum equal to 20 per centum of such further saving.

(C) On any saving beyond 10 per centum of the final revised estimate, and not exceeding a further 5 per centum of the final revised estimate, a sum equal to 33 1/3 per centum of such further saving.

(d) On any saving beyond 15 per centum of the final revised estimate, a sum equal to 50 per centum of such further saving.

(e) A sum equal to 1 1/2 per centum, on the difference between the final revised estimate and the cost price together with 5 per centum on the aggregate of such difference and 1 1/2 per centum thereon; and

For expenditure

(f) If the actual date of completion shall be earlier than the estimated date for completion, or such extended date as the Consulting Engineers shall have allowed in accordance with the provisions hereof, 25 per centum of an amount equal to interest at the rate of 6 per centum per annum on the cost price for the period between the actual date of completion as certified by the Engineer and the estimated date for completion, or such extended date as aforesaid.

Finally to be paid

30. In the event of the cost price exceeding the final revised estimate no amount for head office charges or profit shall be paid to the Contractors under the provisions of Clause 47 in respect of such excess and an amount equal to 10 per centum of the excess shall be deducted by the Government from the amount payable to the Contractors for profit. Further in the event of the actual date of completion being later than the estimated date for completion (or such extended date as aforesaid) there shall be deducted from the amount payable by the Government to the Contractors for profit a sum equal to 25 per centum of an amount equal to interest at the rate of 6 per centum per annum on the cost price for the period between the estimated date for completion or such extended date as aforesaid, and the actual date of completion.

Balance certificate

31. The Consulting Engineers shall as soon as the final amount hereinafter mentioned has been ascertained by them issue a Certificate therein called "the Balance Certificate" showing the final amount due by or from the Government after making all necessary adjustments in accordance with the terms of the Contract, and after allowing for all payments already made (including all payments made under the provisions of the Survey Agreement) and the final amount shown by such Balance Certificate after making all necessary and proper adjustments as aforesaid shall be forthwith paid by the Crown Agents to the Contractors or by the Contractors to the Crown Agents as the case may be.

Contractors to
submit to the
Railway a Bill
of Materials

32. As and when the Railway shall have been completed fit to be opened for public traffic to the satisfaction of the Engineer and in accordance with this Contract, he shall give to the

(D) On any saving beyond 15 per centum of the final revised estimate, a sum equal to 50 per centum of such further saving.

(E) A sum equal to 1½ per centum, on the difference between the final revised estimate and the cost price together with 5 per centum on the aggregate of such difference and 1½ per centum thereon; and

(F) If the actual date of completion shall be earlier than the estimated date for completion, or such extended date as the Consulting Engineers shall have allowed in accordance with the provisions hereof, 25 per centum of an amount equal to interest at the rate of 6 per centum per annum on the cost price for the period between the actual date of completion as certified by the Engineer and the estimated date for completion, or such extended date as aforesaid.

For expedition

Penalty for excess cost

In the event of the cost price exceeding the final revised estimate no amount for head office charges or profit shall be paid to the Contractors under the provisions of Clause 47 in respect of such excess and an amount equal to 10 per centum of the excess shall be deducted by the Government from the amount payable to the Contractors for profit. Further in the event of the actual date of completion being later than the estimated date for completion (or such extended date as aforesaid) there shall be deducted from the amount payable by the Government to the Contractors for profit a sum equal to 25 per centum of an amount equal to interest at the rate of 6 per centum per annum on the cost price for the period between the estimated date for completion or such extended date as aforesaid, and the actual date of completion.

and for delay

Balance certificate

52. The Consulting Engineers shall as soon as the final amount hereinafter mentioned has been ascertained by them issue a Certificate (herein called "the Balance Certificate") showing the final amount due by or from the Government after making all necessary adjustments in accordance with the terms of this Contract, and after allowing for all payments already made (including all payments made under the provisions of the Survey Agreement) and the final amount shown by such Balance Certificate after making all necessary and proper adjustments as aforesaid shall be forthwith paid by the Crown Agents to the Contractors or by the Contractors to the Crown Agents as the case may be.

Certificate of completion of Railway to be given

53. As and when the Railway shall have been completed fit to be opened for public traffic to the satisfaction of the Engineer and in accordance with this Contract, he shall give to the

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It is hoped that provision

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Manuscript
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