

DOMESTIC

EAST AFR. PROT.

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No. 19503

19503

Re-  
File 30 MAY 68

Individual

008

Various Paper

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(Subject.)

Railway

- 1. Provident Fund
- 2. Leave Rules

1. Submit scheme with estimate. Suggests that scheme works on tentative basis - at first, & revised after (say) five years.
2. Approves.

(Minutes.)

W. Head.

This seems to me the fair straight forward & I think that we might accept all the suggestions made in the body of the letter, bearing however the question of the Bank's security - the death in the incorporation agreement with the general question of local balances.

Some of the suggestions in the enclosed document are good & I think -

I have sent out the letter & must have said in the letter that the scheme is

Request Paper

approved subject to the objects of their  
trusts in this letter & subject being  
modification required after the coming  
of the points of detail raised in the  
Enclosure, with which the L.S. Comtee  
generally;

As regard para 6. say that  
this matter can be dealt with in  
conjunction with the general question of  
local balances & that the scheme can  
be put in operation in advance of a  
settlement with the Bank.

Ask him to consider whether  
any legislation will be necessary (see  
L. S. Comtee's minutes on 40056/07)

(D) 25/7

There appears to have been going on in some way  
with some & needs.

Yours for consideration

at once.

A. J. R.

25/7

9503 256

30 MAY 08  
TREASURY CHAMBERS

4617 08

Sir,

The Lords Commissioners of His Majesty's Treasury have carefully considered Mr. Antrobus's letter (40056/1907) of the 28th November last and its enclosures in regard to the Provident Fund and the leave rules of the Uganda Railway and I am to request you to submit to the Earl of Crewe the following reply.

Provident Fund.

2. The scheme for the Provident Fund has been worked out in full detail by the Manager of the Railway, and My Lords note that on the basis of the existing sanctions the total cost to Railway funds of the Institution is estimated at Rs. 62,100 (£4,140) for the first year, as against Rs. 36,000 (£2,333) now paid as bonus of 5% on salaries: while the maximum cost in any one of the next ten years is estimated at Rs. 120,000 (£8,666) as against Rs. 65,000 (£4,333) on the 5% basis.

3. Dealing first with the specific points to which attention is directed by the Secretary of State, I am to say that in view of the considerations urged by Mr. Currie My Lords agree that the third (or final) bonus to depositors shall not be less than one quarter of the compulsory deposit although the total amount of such bonus may exceed one per cent

Secretary of State.

cent of the net earnings for the year in question. It appears however to Their Lordships that the rule on this point suggested by the Manager is not altogether clear, and they suggest that it should be amended somewhat as follows:-

\* . . . a third bonus not being less than one quarter of the total compulsory deposits made on his behalf during the whole year: provided that if the aggregate amount payable by way of third bonus to all depositors, at the rate of a quarter, is less than one per centum of the net earnings of the railway for the year, calculated before &c. . . . working expenses, the third bonus may be increased so as not to exceed in all one half of the compulsory deposits made on behalf of the depositor during the whole year, subject to the condition that the aggregate amount thereof shall not exceed one per centum of net earnings, so calculated.

4. As regards the 5th paragraph of the letter under reply I am to say that prima facie My Lords see no reason why the National Bank of India should not be required to give security in respect of the monies to be held by it on behalf of the Provident Fund, on the analogy of the practice which, as They understand, prevails in the case of balances held by Banks on behalf of Colonial Governments. Should the Secretary of State concur in this opinion he will doubtless take steps accordingly.

5. The Secretary of State does not invite an expression of Their Lordships' views as regards other features of the scheme prepared by Mr. Currie, but My Lords may perhaps be allowed to offer, for the consideration of the Earl of Crews, some observations on certain points which an examination of the Rules suggests.

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cent of the net earnings for the year in question. It appears however to Their Lordships that the rule on this point suggested by the Manager is not altogether clear, and they suggest that it should be amended somewhat as follows:-

" . . . a third bonus not being less than one quarter of the total compulsory deposits made on his behalf during the whole year; provided that if the aggregate amount payable by way of third bonus to all depositors, at the rate of a quarter, is less than one per centum of the net earnings of the railway for the year, calculated before &c. . . . . working expenses, the third bonus may be increased so as not to exceed in all one half of the compulsory deposits made on behalf of the depositor during the whole year, subject to the condition that the aggregate amount thereof shall not exceed one per centum of net earnings, so calculated."

4. As regards the 6th paragraph of the letter under reply I am to say that prima facie My Lords see no reason why the National Bank of India should not be required to give security in respect of the monies to be held by it on behalf of the Provident Fund, on the analogy of the practice which, as They understand, prevails in the case of balances held by Banks on behalf of Colonial Governments. Should the Secretary of State concur in this opinion he will doubtless take steps accordingly.

5. The Secretary of State does not invite an expression of Their Lordships' views as regards other features of the scheme prepared by Mr. Currie, but My Lords may perhaps be allowed to offer, for the consideration of the Earl of Crewe, some observations on certain points which an examination of the Rules suggests.

6. It is not clear from Mr. Currie's despatch in what form, and for what period, the undertaking has been given by the National Bank of India to allow the specified rates of interest on deposits held by it. It would be advisable to enter into a formal agreement with the Bank.

7. Their Lordships are of opinion that the rates of interest to be allowed to depositors should be lower than the rates allowed by the Bank by so much as will provide a sum sufficient to cover all the working expenses of the scheme when in full operation. For the present, assuming that the Bank will allow a constant rate of 4% on 12 months deposits, Your Lords see no objection to the proposal that interest of 3% should be allowed to depositors in respect of compulsory deposits and bonuses. But They suggest that it is inadvisable at the outset to allow to depositors the full rate of interest (3%) which voluntary deposits will earn from the Bank. There seems no sufficient reason why in the latter case as in the former a small deduction (say 1%) should not be made in respect of working expenses, pending further experience. If these rates prove more than enough to cover the working expenses, they can be reconsidered hereafter: but at the beginning it seems preferable to err on the side of caution, especially as the calculations of the Manager do not allowance for withdrawals.

8. It is to be desired that, in addition to or in substitution for the incidental provisions contained in paragraphs 11 and 13, it should be clearly stated that interest will be allowed on deposits compulsory and voluntary, and on bonuses: on the same scale and it may be convenient

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convenient not to specify in the rules the precise rates which will be allowed (as is done in rule 64), but to reserve to the competent authority power to fix or vary the rates, subject to the condition that the rates so fixed shall be publicly notified.

9. I am to suggest for the consideration of the Secretary of State that, if practicable, the scheme should only be approved and inaugurated on a tentative basis in the first instance, and that it should be revised in the light of actual experience at the end of (say) five years.

10. Some minor points are noted in the enclosed memorandum.

Leave Rules.

11. As recommended by the Secretary of State My Lords approve the new leave rules proposed by the Manager.

12. My Lords much regret that it has not been found possible to deal with this matter in time for bringing the scheme into effect at the beginning of the present financial year.

I am,

Sir,

Your obedient Servant,



NOTES ON DRAFT SCHEME FOR UGANDA RAILWAY  
PROVIDENT INSTITUTION.

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19503

(Pl. 30 MAY 08

The wording in places (e.g. the use of the words "will" "must" "should" instead of "shall" ) leaves it doubtful whether certain paragraphs are intended as final rules, or merely as suggestions. It may be desirable to amend the Rules in this respect, if not immediately, at any rate when further experience of their working has been gained.

The scheme as drafted contains a number of paragraphs (e.g. paragraph 35, and most of those which follow) dealing with purely accounting points, which are of no special interest to the depositor. Such paragraphs might perhaps be omitted from the main body of the rules and be relegated to an appendix, or be issued separately to the Accountant Staff.

It might be advisable to make clearer how far conditions I to V are cumulative or alternative.

The reference should apparently be to paragraphs 1 to 11.

"Time of audit presumably means occasion of payment of salary.

"Subscription" and "compulsory deposit" are used as convertible terms: but "subscription" is not expressly defined



graph.

defined. It might be convenient to adhere to one word throughout. The use of the words "subscription" and "deposit" in the scheme of 1900 has doubtless been considered.

It is presumed that interest will only accrue from the dates on which any arrears are paid.

The purpose of this rule is not altogether understood.

"Deposits" at the beginning of the third sentence should apparently read "Such deposits". In the same sentence it should be made clear what Government Savings Banks are referred to, as there are none at present in East Africa.

It will doubtless be considered whether as the paragraph is now worded condition II, vizt. that no compulsory deposit or bonus should be withdrawn except "on his leaving the Public Service" is consistent with paragraph 47 which deals with cases of depositors who cease to be "servants" but still remain in Government employ.

A 26.

The provisions of these paragraphs are more liberal, e.g. to the employe who leaves the Railway voluntarily and not on medical certificate, than the scheme of 1900 (see paragraph 20 thereof).

It should be considered whether bonus and interest withheld from a dismissed depositor ought not to be credited to Revenue. Cf. rule 48.

Should security deposits and line funds be  
banked with the Institution?

Treasury Chambers

29 May 1908