

1932.

Kenya

No. 18134.

SUBJECT

C0533/424

Railway Rates Policy.

- Financial Position. K. U. R.

Previous

17332/31.

Subsequent

see 17402/31 (K.U.R. Ests.)

18297/32 (K.U.R. Ests.'33.)

1 H.Cr. for Transport Conf. 31.3.1932 2
Compares Railway revenue up to 1.3.1932 pointing out that it is £29,657 above the proportionate average estimate for that period. Encloses Gen. Manager's Memo dated 26th July '31, his Minutes on Rates Policy, and copies of Rly C'cil's minutes when the question of Tariff revision and export rates for maize were discussed.

Para 1 ~~with~~^{is} dealt with on the estimate file 17402/31 below. In approving the estimate for 1932 at 5 on that file the S.G.S. ~~was~~ informed the Governor then returned to interested to learn what steps had been taken as a result of consideration of the G.M.R.'s memorandum (enclos 1) a copy of which had been received previously see Mr Allen's summary on 17332/31 Kenya.

Enclos 4 contains the discussion of the Railway Council regarding the increase of fares and rates, with the final decision in para 12 to impose increases amounting to £80,642 which have been incorporated in the estimate side X of para 9 of 1 in 17402/31. These increases are briefly

(a) those in classes 9 and 10 as shown in Enclos 3 but the Council did not accept the proposed alteration or abolition of maximum charges. The reasons adduced by G.M.R. at Y on page 2 of Enclos 3 seem sound.

(b) specific increase of rates in the case of Maasai and as regards petrol. The Council did not accept the proposal to increase the rate on Kawachi.

Para 1 ~~with~~ dealt with on the estimate
file 17402/31 below. In approving
the estimate for 1932 at 5 on that
file the S of S ~~was~~ informed the
Governor that he would be interested
to learn what steps had been taken
as a result of consideration of the
G.M.R.'s memorandum (enclos 1) a
copy of which had been received previously
see Mr Allen's summary on 17332/31
Kanga.

- Enclos 4 contains the discussion
of the Railway Council regarding the
increase of fares and rates, with the
final decision in para 12 to impose
increases amounting to £80,642
which have been incorporated in the
estimate vide X of para 9 of 1 in
17402/31. These increases are briefly
- (a) those in classes 9 and 10 as shown in
enclos 3 but the Council did not
accept the proposed alteration or
abolition of maximum charges. The ar
reasons adduced by G.M.R. et Y on
page 2 of enclos 3 seem sound.
- (b) specific increase of rates in the case of ~~some~~ ~~of~~
and an ~~increase~~ ~~of~~ ~~rates~~. The Council did
not accept the proposal to increase the rate on
Kangra.

and (c) fares and minor rates.

As regards fares the Council's decision at memo 4a is interesting.

They do not accept they do not propose to adopt the recommendation for a fare by an equal flat rate but have applied a C.R. to suggest a method of meeting fares to be carried on special over conditions to which Class "2" rates will apply (See paras 45-46 of memo 1). The rate approved is sufficient to cover the working cost of 2.612 cents per ton mile which was the actual cost of fares carried below peak traffic in 1930 vide statements B and C attached to memo 1.

It will be observed from the Chairman's introductory remarks memo 4a that the Council anticipated that Mr. Gibb will deal with the question of rates.

No action is necessary pending the receipt of Mr. Gibb's report, except to ask, presumably that the question will be referred to him.

J.B. M.S. M

25/4/32

All this is essentially a matter for Mr. Gibb to do at least possible that H.C. has sent a duplicate to him in substance, in accordance with the suggestion made in 4 of 34-6 on 27/3/32.

As proposed

F. Hamilton

I agree - at 60 c. Bottomley, may like to see the last card (clamped) in the file. Rough idea recent history

J.B. M.S.

26/4/32

Sir Hamilton

The 4th volume of the position (vol. 1) is a valuable contribution to our knowledge, and I gather, with me, had to be done earlier. We must have some figures, etc.

F. Hamilton

26/4/32

Sir R. Hamilton
You should see. I think there is no need to bother the Sec of State with this now & that we can wait

for Mr. Gibbs's Report

G.H.G.

3.6.32

Yes

11/11/32

6.5.32

above

Mr. Puckman to see 5/11/32-7/15

Put by (The Allen papers)

W. H. Allen

13/11/32

W.H.

2. H.C.R. Transport Conf. 15th June, 1932

Trs. copy of memo by General Manager showing the revised estimates of revenue and expenditure for this year and reports that the Rly Advisory C'ttee after discussing the memo agreed that the position did not call for any drastic measures of further economy. Submits obscons on the memo. A further report on the first half year will be submitted at end of July.

Recd on 17/4/31 K.H.R. Ests. 1932

Dist. of the deep attached file also received

To H.C.R. Transport Conf - 7/1/32 on 17/4/31 K.H.R. Ests.

4. H.C.R. Transport Conf - 10/8/32

Re. an ad interim appreciation of the financial position of the K.H.R. as it appears from the figures available at end of July. A detailed deep. will be forwarded after the next meeting of the Railway Council in September. Also that an advance copy of Mr. Gibbs's report may be sent to him.

Recd on 17/4/31 K.H.R. Ests. 1932

Deep copy to be attached

See action on 17/4/31

for Mr. Gibbs's report

G.H.G.

3.6.32

Yes

W.H.H.

6.5.32

above

Mr. Puckman to see 5/11/32

Put by (The Alder agrees)

W.H.H.
13/32

W.H.H.

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Read on
17/402/31
K.H.H. Ests.
1932

Duplicate
sent
attached
file
received
W.H.H.

To H.C. Transport Conf - 7/1/32
on 17402/31
K.H.H. Ests.

4. H.C. Transport Conf - 10/8/32

As an ad interim appreciation of the financial position of the R.R. as it appears from the figures available at end of July. A detailed deep. will be forwarded after the next meeting of the Advisory Committee in September. Also that an advance copy of Mr. Gibbs's report may be sent to him.

Recd on
17402/31
K.H.H. Ests.
1932

See action on 17402/31

Deep
copy to
attached
W.H.H.

1740 2/31 Kenya

4
3

TRANSPORT

DOWNING STREET,

KENYA

7 July, 1932.

CONFIDENTIAL

Sir,

I have the honour to acknowledge the receipt of your confidential despatch of the 15th June on the subject of the present financial position of the Kenya and Uganda Railways and Harbours.

I desire to express my thanks for this report which I have read with interest. I will defer comment until I am in receipt of the further report, promised in the final paragraph of your despatch under reply, based on the working of the first half year.

I have the honour to be,

Sir,

Your most obedient

humble servant,

THE HIGH COMMISSIONER

FOR TRANSPORT

KENYA UGANDA.

17402/31 Kenya

4
3

TRANSPORT

DOWNING STREET,

KENYA

7 July, 1932.

CONFIDENTIAL

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I desire to express my thanks for this report which I have read with interest. I will defer comment until I am in receipt of the further report, promised in the final paragraph of your despatch under reply, based on the working of the first half year.

I have the honour to be,

Sir,

Your most obedient

humble servant,

THE HIGH COMMISSIONER
FOR TRANSPORT
KENYA UGANDA.

5
2
BY AIR MAIL

CONFIDENTIAL

15th June, 1932.

Sir,

I have the honour to refer to my Confidential despatch dated 21st March, 1932, on the financial position of this Administration, and to inform you that the Railway Advisory Council at their last meeting held on 21st May - 2nd June discussed in detail the present financial situation of the Railway in the light of a memorandum by the General Manager based on the results of the first four months' working this year.

1. I enclose herewith a copy of this memorandum which gives a statement on this basis of the revised estimate of revenue and expenditure for this year. It will be observed that working on the experience gained from the first four months of this year the estimated balance deficit of the Administration at the end of the year is £120,000 instead of £225,000 budgeted for in the approved Estimates; that is to say, a deterioration of only £105,000 is anticipated.

2. The Railway Advisory Council after a full discussion of the question agreed that the position at the moment did not call for any drastic measures of further economy, and that what the General Manager was making steady progress in carrying in every possible direction, and as a major item in this respect could only suggest the closing of certain old stations, a question which is very being dealt with.

C. B. S. M. S. M. P.

4. I desire to invite attention to certain of the more important figures in the General Manager's memorandum. The total decrease on estimates of the railway earnings for the year is £94,010 but this is offset by an estimated further saving in expenditure of £100,000, so that on the railway figures alone there is a slight improvement on the approved estimates. With regard to the port, however, a shortfall of £63,500 on the estimated revenue is now anticipated while a further saving of £37,805 is being made in expenditure, leaving a total anticipated loss of £63,000. Bearing in mind the fact that full provision has been made for interest and sinking fund charges while £350,564 has been credited to renewals and an allowance made for the unanticipated loss of £40,000 which it is estimated may be caused by motor competition and which it was hoped would have been eliminated, it appears to me that if these revised estimates are realised in spite of the difficult conditions which exist in East Africa the results will be very satisfactory.

5. There are especially in present times great difficulties in the way of preparing reliable estimates. It is quite impossible to foretell in the general worldwide depression what stocks merchants will be prepared to hold, and the locust infestation is also a very disturbing factor in this respect; not only is it impossible to foresee what amount of crops will be destroyed but the presence of locusts in this and the surrounding Territories and the knowledge that the amount of damage they will cause cannot be foretold exercises a generally depressing influence in the territories, and probably has a deterrent effect on importers. As you are aware, it is on the import rates that most of the railway revenue is earned.

6. Normally, the takings during the first three and last two months of the year are much higher than in the middle months and in accordance with precedent the total receipts during the first four months have been above the annual monthly average to the extent of £50,000. Stocks of all imported goods are low, and not only is a big coffee crop anticipated but it is hoped

that.....

that the cotton and other native crops may be at least average ones, so that during the latter months of this year the flow of imports may be expected to increase, especially if as a result of the forthcoming conferences at Lausanne and Ottawa a general spirit of confidence and hope in the future is engendered. I can, of course, give no guarantee that these estimates of receipts will be realised, but they are put forward after full consideration by the General Manager on the information then available and supported by the Railway Council after every endeavour to arrive at the most accurate forecast possible has been made; since their preparation, however, receipts have during the last two weeks deteriorated, and it now appears that the revenue estimate is on the optimistic side.

7. The position is being watched very closely and to achieve economy certain smaller stations have been closed down and services curtailed and other economies effected; the General Manager ^{has} also examined the possibility of making further savings by closing certain branch lines or even a portion of the main line, but it does not appear at the moment that any economy comparable to the very great interference with the general life and development of the two Colonies which would be caused by such action could be effected by this means. The whole question of making additional savings on the expenditure side while at the same time maintaining or even increasing in every way possible the revenue is continually under review, and I hope that by next year a substantial increase in revenue may be effected by the elimination of wasteful motor transport, which at the present time is a cause of great anxiety to me.

8. From such information as I have been able to obtain of the results achieved at present by the Railways in other parts of the world and also ^{by} those in the neighbouring Territories of Tanganyika and Rhodesia, it appears to me that the present

financial.....

4.

financial position of this Railway is in comparison not unsatisfactory.

As, however, the promise of the first four months may not materialise, and in view of the very rapid fluctuations of conditions now general, a further report on the position will be submitted at the end of July when the first half year's figures will be available.

I have the honour to be,

Sir,

Your most obedient, humble servant,

(Sgd.) J. M. DIRNE.

HIGH COMMISSIONER.

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT: REVISED ESTIMATES OF REVENUE AND EXPENDITURE 1923.

PARTICULARS AND REMARKS: 1. The position of the Railways and Harbours Revenue and Expenditure for the period for which figures are available viz. January to April, is as follows:-

Railways.

Revenue.

Earnings.

Miscellaneous receipts on Net Revenue Account.

Levy on Salaries and Wages.

	<u>Actuals</u>	<u>As per Estimate</u>
Earnings.	695,406	645,847
Miscellaneous receipts on Net Revenue Account.	5,170	5,335
Levy on Salaries and Wages.	2,522	2,147
	<u>703,108</u>	<u>653,329</u>

Expenditure.

Ordinary Working Expenditure.

Depreciation credited to Renewals Fund.

Interest and Loan Redemption charges.

Ordinary Working Expenditure.	545,425	581,276
Depreciation credited to Renewals Fund.	108,174	108,174
Interest and Loan Redemption charges.	207,240	207,240
	<u>860,839</u>	<u>896,690</u>

Loss 156
Surplus. 25,849 41,458

Harbours.

Revenue.

Earnings.

Levy on Salaries and Wages and Miscellaneous transactions.

Earnings.	99,616	112,848
Levy on Salaries and Wages and Miscellaneous transactions.	245	201
	<u>100,061</u>	<u>113,049</u>

Expenditure.

Ordinary Working Expenditure.

Depreciation credited to Renewals Fund.

Interest and Loan Redemption Charges.

Ordinary Working Expenditure.	45,425	52,736
Depreciation credited to Renewals Fund.	8,420	8,420
Interest and Loan Redemption Charges.	79,042	79,042
	<u>132,887</u>	<u>140,198</u>

RECOMMENDATION:

Loss 22,312 12,456

2. Sufficient data is now available to indicate that it is not probable the estimate of Railway Revenue for 1923, viz. 65,32,929, will be realized.

It will be observed that the 1923 Estimate of Revenue is almost equivalent to the actual 1921 earnings.

K. T. RAJAN

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL

SUBJECT: REVISED ESTIMATES OF REVENUE AND EXPENDITURE
1932.

- 2 -

PARTICULARS
AND
REMARKS

It is, therefore, significant to note that for the period 1st January, 1932, to the 7th May, 1932, Railway Earnings are £124,939 below the actuals for the corresponding period of last year.

3. Unless something unforeseen arises, there is little possibility of this amount being made up during the rest of the year; on the contrary, as far as can be seen this figure will increase slightly to the end of June, 1932.

4. From July to December, 1932, it is anticipated that Revenue can safely, at this stage, be expected to exceed the corresponding 1931 figures by about £28,500. This revised estimate of the earnings for the second half of the year takes into account increase cotton seed traffic and the full benefit of rate increases adopted as from January this year etc.

5. On the foregoing assumptions, it is estimated that the 1932 Railway Revenue will be as follows:-

Approximate earnings 1st January to 7th May (equal to a 15% decrease as compared with 1931 actuals.)	2.
	728,010
Estimated traffic receipts 8th May 1932, to 30th June, 1932.	277,282
Estimated earnings from July to December, 1932.	635,756
	1,634,632
As against the Budget for year of	1,280,662
Decrease	94,010

RECOMMENDATION: 6. The comparative statements attached, showing tonnage of goods carried under Class Rates, tonnages of principal commodities on which Class Rates were altered as from 1.1.32 and cotton and cotton seed traffic etc; will be of interest to members of Railway Council.

Attention is drawn to the considerable decrease in goods tonnage from the Coast this traffic being 22,772 tons less than for the corresponding quarter of last year.

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL

SUBJECT REVISED ESTIMATES OF REVENUE AND EXPENDITURE
1932.

- 3 -

PARTICULARS
AND
REMARKS:

Maize railed for Export was only 11,730 tons for the first 4 months of this year as compared with tons 88,996 for the corresponding period of last year.

7. Every avenue of reducing expenditure is being continually explored, and it is anticipated that for the year 1932, a saving of not less than £100,000 on the estimated ordinary working expenditure, will be effected, including the savings on account of the Leave Meratorium.

8. On this basis, the Railway Ordinary Working Expenditure for the year 1932 will be £1,045,824 as compared with the Estimate of £1,143,824.

9. If these revised Estimates are realized, the position of the Railways for the year 1932, will be:-

Revenue		£1,636,322
Ordinary Working Expenditure.	£1,045,824	
Depreciation credited to Renewals Fund.	£324,822	
Loss charges and Miscellaneous transactions on Not Revenue Account.	£594,859	£1,932,606
	<u>Railway Loss</u>	<u>£315,973</u>

10. On the information available, it is estimated that the result of working the Post for 1932, will show a loss of approximately £63,000 made up as follows:-

	<u>Revised</u> <u>Estimate.</u>	<u>As per</u> <u>Printed Est.:</u>
	L.	L.
<u>Revenue.</u>		
RECOMMENDATIONS		
<u>Savings.</u>	253,255	355,645
<u>Expenditure.</u>	9,126	
<u>Levy on Salaries.</u>	1,524	1,500
	<u>322,645</u>	<u>357,145</u>

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT REVISED ESTIMATES OF REVENUE AND EXPENDITURE1932.

- 4 -

PARTICULARS AND REMARKS:	<u>Revised Estimate.</u> L.	<u>As per Printed Est.</u> L.
<u>Expenditure.</u>		
Ordinary working expenditure.	121,208	158,209
Depreciation credited to Renewals Fund.	26,042	26,042
Interest and Loan Redemption Charges.	209,395	210,199
	<u>356,645</u>	<u>394,450</u>
Less transferred to Railway.	63,000	37,305

11. Summarising the position of revenue and expenditure of the Railways and Harbours the following figures compare the (i) Total Ordinary Railway Working Expenditure (ii) the provision for Depreciation (iii) the Railway Net Revenue Account and (iv) the combined (Railways and Harbours) Net Revenue Account as printed in the 1932 approved Estimates and as now expected to result from the years operating:-

Railways Revenue Account.

	<u>As per Estimate.</u> L.	<u>As per Printed Estimate.</u> L.		<u>As per Estimate.</u> L.	<u>As per Printed Estimate.</u> L.
(i) Total ordinary Working Expenditure.	1,043,224	1,145,224	Total earnings.	1,836,632	1,930,642
(ii) Depreciation.	324,222	324,222			
Total.	<u>1,367,446</u>	<u>1,469,446</u>			
Railways Net earnings carried to Net Revenue Account.	469,226	469,226			
RECOMMENDATION:	<u>21,224,632</u>	<u>1,930,642</u>		<u>21,224,632</u>	<u>1,930,642</u>

K. P. & Co.

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

Subject

REVISED ESTIMATES OF REVENUE AND EXPENDITURE

1932.

- 5 -

Particulars

and

Remarks

As Rev.
revised.
£.

Yide print-
ed estimate.
£.

As Rev.
revised.
£.

Yide print-
ed estimate.
£.

(iii) Railways Net Revenue Account.

Interest & Loan Redemption Charges.	£19,259	£24,754			
			Balance from Revenue Account.	468,286	462,296
			Misc: receipts.	10,000	10,000
			Levy on Salaries & Wages.	25,000	27,500
			Balance carried to combined Net Revenue Account.	118,973	124,988
	£619,259	£624,754		£619,259	£624,754

(iv) Combined Net Revenue Account.

Balance from Net Revenue Account Railways.	118,973	124,988			
			Balance (deficit)	178,973	162,263
Balance from Net Revenue Account Harbours.	£3,000	£7,305			
	£178,973	£162,263		£178,973	£162,263

RECOMMENDATION:

12. For the information of the Council it may be stated that the revised estimate of the balances on 31.12.32 of the various Funds shown on page 79 Appendix 1 of 1932 estimates are as follows :-

C. I. & D. 11

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL

SUBJECT

REVISED ESTIMATES OF REVENUE AND EXPENDITURE

1938.

- 6 -

PARTICULARS

Railway including Motor and Marine Services.

AND

REMARKS

Renewals.	£1,049,148	
Betterment.	£124,459	
Insurance.	£26,042	£1,199,629

Harbours.

Renewals.	£91,472	
Betterment.	582	£92,054

Total of all Funds. £1,291,683

AS COMPARED WITH THE
TOTAL IN THE 1938
PRINTED ESTIMATES OF

£1,126,426

RECOMMENDATIONS

The General Manager's Office,

Haikohi.

22th Mar. 1938.

**TONNAGE CARRIED AT CLASS RATES DURING
JANUARY, FEBRUARY & MARCH, 1938 COMPARED WITH
THE CORRESPONDING PERIODS FOR 1937.**

	<u>1937.</u> <u>1938.</u>	<u>1937.</u> <u>1938.</u>	<u>Decrease.</u>	<u>Increase.</u>
Class Rate 1.	2,145	2,501	-	218
" " 2.	1,218	790	428	-
" " 3.	1,426	859	603	-
" " 4.	2,310	8,130	-	5,820
" " 5.	9,229	1,049	8,180	-
" " 6.	4,901	3,826	1,157	-
" " 7.	9,966	8,630	1,336	-
" " 8.	23,238	20,398	2,850	-
" " 9.	26,808	30,021	-	3,213
" " 10.	48,731	34,890	13,841	-
Exempt Rates	36,045	36,593	-	528
Export "	<u>118,129</u>	<u>69,821</u>	<u>58,299</u>	<u>-</u>
	<u>294,821</u>	<u>207,376</u>	<u>87,444</u>	<u>2,772</u>
			<u>Total Decrease</u>	<u>74,915</u>

Differences in Tonnage of Commodities on
which class rates were altered in 1938.

<u>Class Rate.</u>	<u>1937.</u> <u>1938.</u>	<u>New Rate.</u>	<u>1937.</u> <u>1938.</u>	<u>Decrease.</u> <u>1938.</u>	<u>Increase.</u> <u>1938.</u>
Class 3 Cement c.c.h.p.	879	Class 7.	275	806	-
" 10 "		" 9.	2,418	4,597	-
10 tons & over.	7,016	" 9.	2,418	4,597	-
Class 8 Corrugated Iron.	224	" 6.	227	-	33
Class 10 -4-	1,320	" 8.	802	818	-
" 3 Petrol.	2,610	" 4.	6,612	2,192	-
	<u>12,279</u>		<u>10,892</u>	<u>2,619</u>	<u>33</u>
			<u>Total Decrease</u>	<u>2,524 Tons.</u>	

Total Tonnages sailed from:-

	<u>1937.</u> <u>1938.</u>	<u>1937.</u> <u>1938.</u>	<u>Decrease.</u> <u>Tons.</u>
Mombasa.	8,071	8,757	114
Kilindini Harbour.	51,798	25,197	26,601
" Station.	<u>12,421</u>	<u>12,515</u>	<u>6,076</u>
	<u>72,290</u>	<u>46,469</u>	<u>25,793</u>

STATEMENT OF COTTON AND COTTON SEED,
CONVEYED TO THE COAST DURING 1932 COMPARED
WITH THE CORRESPONDING PERIOD OF LAST YEAR.

	1931.		1932.	
	<u>Cotton</u> <u>1931.</u>	<u>Cotton Seed</u> <u>1931.</u>	<u>Cotton</u> <u>1932.</u>	<u>Cotton Seed</u> <u>1932.</u>
January.	488	488	281	74
February.	2,267	761	2,909	2,788
March.	6,767	2,362	7,996	12,042
April.	7,607	9,684	8,279	15,680
Total to date.	17,129	16,295	19,465	31,584

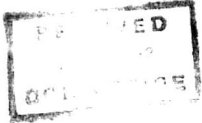
1931.		1932.	
<u>Actual Receipts.</u>		<u>Estimated Receipts.</u>	
Cotton	24,395 Tons.	Cotton	24,000 Tons
Cotton Seed.	49,611 "	Cotton Seed.	72,000 "



OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,
GOVERNMENT HOUSE,
NAIROBI,
KENYA.

HIGH COMMISSIONER
FOR TRANSPORT.

CONFIDENTIAL.



31st March 1932.

Sir,

I have the honour to refer to your confidential despatch TRANSPORT KENYA-UGANDA dated 14th January 1932 giving general approval to the estimates of this Administration for 1932, and to inform you that I am keeping a constant watch on the financial position. At the present moment it is too early to form an opinion as to whether the Estimates will be realised or not, but I am arranging for the whole question to be examined at the next meeting of the Railway Council in May; in the meantime the Railway Revenue up to 12th March, 1932, is £29,657 above the proportionate average estimate for this period.

Nos on 17407/31 (KUR. Ests)

2. With reference to paragraph 5 of your despatch, I enclose herewith two copies of the General Manager's memorandum dated 25th July, 1931, in which the question of the low-rated commodities of maize and cotton seed is especially dealt with; two copies of the General Manager's minutes on Railway Rates Policy; Tariffs 9 and 10, and Maximum and Export Rates, and two copies of the Railway Council minutes Nos.679 and 680 when the questions of Tariff revisions and the export rate for maize were discussed. The Tariff revisions which were brought into force as a result of the recommendations of the Railway Council were included in Correction Slip No.4 to the Kenya and Uganda Official Tariff Book No.14 forwarded with my despatch TRANSPORT No.3 dated 14th January, 1932.

enclos 1

Enclos 2, 2a

enclos 3

enclos 4 (57)

4A (200)

Nos on 1742/31

I have the honour to be,
Sir,
Your most obedient, humble servant,

THE RIGHT HONOURABLE
MAJOR SIR P. CUNLIFFE-LISTER,
G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE
COLONIES,
DOWNING STREET, S.W.1.

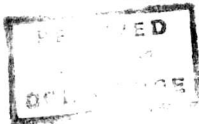
HIGH COMMISSIONER.



HIGH COMMISSIONER
FOR TRANSPORT.

No. CONFIDENTIAL.

OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,
GOVERNMENT HOUSE,
NAIROBI,
KENYA.



31st March 1932.

Sir,

I have the honour to refer to your confidential despatch TRANSPORT KENYA-UGANDA dated 14th January 1932 giving general approval to the estimates of this Administration for 1932, and to inform you that I am keeping a constant watch on the financial position. At the present moment it is too early to form an opinion as to whether the Estimates will be realised or not, but I am arranging for the whole question to be examined at the next meeting of the Railway Council in May; in the meantime the Railway Revenue up to 12th March, 1932, is £29,657 above the proportionate average estimate for this period.

2. With reference to paragraph 5 of your despatch, I enclose herewith two copies of the General Manager's memorandum dated 25th July, 1931, in which the question of the low-rated commodities of maize and cotton seed is especially dealt with; two copies of the General Manager's minutes on Railway Rates Policy; Tariffs 9 and 10, and Maximum and Export Rates, and two copies of the Railway Council minutes Nos. 679 and 680 when the questions of Tariff revisions and the export rate for maize were discussed. The Tariff revisions which were brought into force as a result of the recommendations of the Railway Council were included in Correction Slip No. 4 to the Kenya and Uganda Official Tariff Book No. 14 forwarded with my despatch TRANSPORT No. 3 dated 14th January, 1932.

I have the honour to be,
Sir,
Your most obedient, humble servant,

HIGH COMMISSIONER.

THE RIGHT HONOURABLE
MAJOR SIR P. CUNLIFFE-LISTER,
G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE
COLONIES,
DOWNING STREET, S.W.1.

*Nos on
17407/31
(KUR. Bts)*

*2 copies of
estimate
sent*

enclos 1

enclos 2, 2a

enclos 3

enclos 4 (57)

4 A (60)

*Nos on
1742/31*

RAILWAY RATES POLICY.

INTRODUCTORY.

Council is aware that during the past two years the Railway Management has become increasingly anxious regarding the continued suitability of the existing Rates Policy as demonstrated by the general trend of the working results of the Railway.

2. It is obvious that in a matter of such importance, concerning, as it does, the very existence of many struggling and developing industries, changes cannot be made without the most mature deliberation, nor without full consideration of every possible factor. In fact, the mere suggestion of any radical alteration in rating policy is sufficient to cause consternation, difficulty and trouble in many quarters.

3. Difficulties of this nature, however, cannot be avoided and are of minor importance compared with the effect of the catastrophe that would occur should a policy be continued after its usefulness has disappeared, or where its continuance under altered conditions would lead to financial disaster.

4. It is true that a State Railway is backed and guaranteed by the whole resources of the State, but it will no doubt be realised that under the particular conditions in force here, should the Railway Administration fail to meet its obligations, it is more than probable that the State would not be in a position to come to its assistance. The Administration can not, therefore, contemplate for a moment accepting any policy which might lead to such a position.

5. In view of the extreme importance of this question to the two territories served by this Administration, I have considered it advisable during the past two years to collect all possible data bearing on the matter.

6. My Annual Report for 1929, my two memoranda on Ton Mile Statistics, issued in 1930 and 1931, and, finally, my Annual Report for 1930 have been drafted in great detail with the express object of exposing to full public criticism and discussion such facts as I have been able to collect. These Reports deal in more detail with the facts and figures of the operation and financial results of working the services than any other published Railway Report that has come to my notice.

7. It is true that we still lack certain information, notably in connection with Commodity Statistics. Arrangements are, however, in hand, whereby the collection of such statistics with the aid of Hollerith machines will commence at the beginning of 1932. By the end of that year, therefore, very valuable information will be available which will be of great assistance in considering any detailed alteration of the rates structure in future.

8. In the meantime, however, sufficient information is now available in the Annual Report for 1930 to justify my putting the position, as I see it, before Council for their consideration.

9. It is assumed that Council will be actuated solely by a desire, firstly to arrive at facts, secondly, to consider their implications and meaning, and, finally, having considered these two points, to decide what steps, if any, must be taken to rectify the position.

10. It is hoped that the following analysis of the position as it appears to me will be of assistance to Council in their consideration of this important matter.

A REVIEW OF THE FACTS.

11. As my Report for 1930 contains the latest figures at our disposal and is even more complete in detail than my Report for 1929, the later Report is referred to in the following notes. In order not to confuse the issue, figures relating to the Harbour have not been included unless definitely so quoted.

Summary of Earnings.

12. An examination of the Summary of Earnings, as disclosed in Statement 23 on page 102 of the Report, shows that since 1904 the Railway earnings have never failed to cover Working Expenditure, exclusive of Depreciation.

Renewals Fund

13. The principle of crediting sums to a Renewals Fund on account of Depreciation on a fixed basis was first introduced in 1924, i.e. 23 years after the opening of the Railway to Kisumu. On no occasion since the introduction of this fund has the Railway failed to meet its full commitments in this respect, as laid down from time to time.

Balances.

14. Statement 41, on page 116 of the Report, shows the balances that have been available from Railway working for meeting Loan Charges and credits to Betterment and Reserve Funds, after allowing full provision for Renewals from 1924 onwards.

The following table for the years 1921 to 1930 shows how these balances have been allocated:-

Year	Balance of Receipts over Expenditure.	Loan Charges	Betterment	Reserve Account.
	£	£	£	£
1930	464,675	525,901	-	Loss £85,210
1929	794,259	526,533	187,367	100,000
1928	732,279	481,892	255,638	-
1927	711,824	327,446	328,471	-
1926	625,332	434,742	207,795	-
1925	719,363	373,119	368,774	-
1924	587,143	169,048	438,139	-
1923	415,351	63,746	300,910	R. & B. -
1922	139,705	77,964	56,785	R. & B. -
1921				
(9 months)	46,031	23,271	15,883	R. & B. -

Reserve Account

It will be noted that, with the sole exception of 1930, the balances of receipts over expenditure have been sufficient to meet all charges and to contribute handsomely to a Betterment Fund and in 1929 to make a first (and to date only) contribution to a much needed Reserve Account.

For the first time, in 1930, it was found necessary to draw on the Reserve Account, just established, to the extent of £85,210 to meet Loan Charges. No contribution to the Betterment Fund during that year was possible.

Rates Policy effective.

15. From a study of these facts, it would appear that the Rates policy in force during the past 10 years has been completely satisfactory from the point of view of its effectiveness in providing sufficient revenue to pay for the transportation services rendered. In fact, the growth of the activities of the Administration during this period may be considered remarkable.

Growth of Services.

16. The effort necessary to increase the capital value of Railway assets alone from £7,245,526 to £17,834,658; gross receipts from £1,052,489 to £2,214,229 and at the same time to contribute so handsomely to Reserve and Betterment Funds was immense. That such phenomenal growth was achieved in a satisfactory manner constituted a tribute, not only to the Railway Council and Railway Administration, but also to the energy and activity of the peoples of the two territories served by the Administration. It is also to some extent a vindication and justification for the Rating Policy in force during that period, although criticism of that policy was not entirely absent.

A Boom Period.

It cannot be denied, however, that this was a boom period, not only in these territories, but throughout the world. It was a period of high prices and enormous development, involving heavy importations.

17. The steady growth of trade passing through the Port, as illustrated by the Port Manager's figures in the Annual Report clearly demonstrates this fact. The following comparison of values of Imports and Exports, taken from the Annual Reports of the Commissioner of Customs also shows the magnitude of the import trade:-

Year	Imports	Exports	Excess of Imports over Exports	Percentage of Imports to Exports
	£	£	£	£
1930	8,197,730	5,483,024	2,714,706	149.51
1929	10,359,814	7,020,668	3,339,146	147.56
1928	10,482,500	6,861,873	3,620,627	157.36
1927	9,136,230	5,397,216	3,739,014	169.28
1926	9,192,835	6,010,386	3,182,449	152.95
1925	12,547,254	7,821,844	4,725,410	160.41
1924	10,839,168	6,137,009	4,702,179	167.62
1923	4,085,241	3,996,432	86,809	102.17
1922	6,260,864	2,780,998	3,479,866	225.13
1921				

The above figures include the value of Goods imported on Government and on Railway account, but exclude the value of Goods transhipped in the Harbour, or imported for the Port of Mombasa and so not carried over the Railway system. The very considerable excess in value of Imports over Exports should be noted.

Imported
Capital.

In other words, during this period of high prices and intensive development, we have been living largely on imported capital. Our rates, being designed particularly to tar import traffic, were, therefore, highly successful in their operation.

Rolling
Stock
Supply

18. As the supply of wagons, locomotives, train crews, etc., largely depends upon tonnages, it may be stated that, until comparatively recently, the high rated import traffic has largely controlled the situation in this respect. Moreover, it is also clear that, speaking generally, during the boom period trucks had to be run down to the Coast empty to bring back imports. Hence, during this period, it was financially sound to encourage the export of commodities by quoting specially low rates so as to obtain a return load.

Low
Export
Rates.

Such a policy in the development stages has two main advantages: it fills empty trucks as already explained, and, at the same time, helps the general development of the country by enabling new industries to become established during the initial periods of the struggle for existence.

One
Danger.

Such a policy has, however, one great danger. If the rates quoted are so low as not to cover costs under all conditions and if the export tonnages of such low rated commodities increase so rapidly as eventually to dominate the situation, and, in fact, to call for further capital

and working expenditure to deal with them, then, unless an adjustment is made in rates, the Transport Administration runs the danger of becoming seriously embarrassed financially.

Export
Tonnages
Increased.

19. An examination of the diagram shown later in this report does in fact show that export tonnages have so increased (as they were designed to do) and, as a consequence, the position is reversed and trucks are now hauled empty from the Coast up country to bring down exports.

Now
Regulates
Rolling
Stock Distri-
bution.

Furthermore, the supply of rolling stock and train crews become regulated not by the incidence and volume of high rated imports as formerly, but by the insistent demands of the low rated export commodities which are not in a position to pay for the extra costs thereby incurred.

Development
Expected.

20. There is, of course, nothing new or unusual in this process. It follows the history of all other new and developing countries and calls for the adjustments in rating policy that have usually been found necessary in such circumstances.

High Prices
not likely
to return.

21. While the facts are as shown above, there may be room for argument as to their meaning. It is stated, for example, that the present world depression, with its abnormally low prices, is itself sufficient temporarily to depress imports. This, of course, is quite true, but, at the same time, it is unlikely that prices will now go back to their previous high level, or that now capital for development purposes will ever again (unless minerals are discovered) dominate the position to the extent it has in the past.

Boom
Period
Over

22. It would appear, therefore, that the boom period in prices is definitely over; that the period of intensive development on the scale recently experienced cannot be continued, but that we must now anticipate the steady growth of internal industries, resulting in a corresponding increase in exports, while the value of imports will tend to drop to the level of the value of the exports, resulting in a much lower Import tonnage in proportion to Exports than has hitherto been the case. In other words, it is now of the utmost importance that losses should not occur in carrying our heavy export traffics, as it will be less and less possible in future to make up such losses from profits on imports. It is necessary, therefore, to see whether our rates are suitable to meet the changing conditions.

Drop in
Freight Ton
Mile Receipts

23. There are other signs of a definite change over as indicated above. Examination of the very important figures of freight ton miles receipts given on page 8 of my Report reveal a disturbing state of affairs.

24. While it is the hope and endeavour of every Railway Administration to provide better service at ever decreasing cost to the public, the rate of decrease reflected in these figures constitutes a veritable avalanche, which no Administration could stand without being dashed to pieces on the rocks of bankruptcy.

Rate
Reductions

25. The reasons for this extremely rapid decrease are clearly given in the Report. Rate reductions are partly responsible. There is no doubt that too much has been given away in the past. Lack of accurate commodity statistics partly accounts for this.

Rapid growth
of Low Rated
Traffic.

But the main decrease in Ton Mile Receipts is due to the rapid growth of low rated traffic.

The following table will make this clear:-

Year	MAIZE		COTTON SEED		WHEAT		BARLEY		Total in millions of Ton Miles
	Tonnage	Ton Miles	Tonnage	Ton Miles	Tonnage	Ton Miles	Tonnage	Ton Miles	
1930	119,766	65,871,300	35,910	26,501,580	10,786	4,853,700	412	185,400	97.4
1929	40,185	22,101,750	68,069	50,234,922	3,267	1,470,150	1240	558,000	74.3
1928	44,648	24,556,400	45,845	33,833,610	6,838	3,077,100	(Barley not separately classified prior to 1929.)		61.4
1927	89,383	49,160,650	29,957	22,108,266	16	7,200			71.2
1926	46,499	24,644,470	35,563	26,245,494	3	1,350			50.9
1925	61,236	31,231,380	22,309	16,464,042	29	13,050			47.7
1924	59,336	29,074,640	21,155	15,612,390	92	41,400			41.7
1923	43,735	20,695,450	10,014	7,390,332	9	4,050			28.1
1922	19,856	9,935,200	2,520	1,859,760	27	12,150			10.8

Export Ton
Mileage
Doubled.

26. It will be noted that Export ton mileage of low rated commodities has doubled during the past 5 years and now constitutes the enormous proportion of 32% of the total public ton mileage. It will be readily realised that even should the revenue obtained from this traffic cover direct out-of-pocket costs, it still leaves all overheads, depreciation and loan charges to be borne by the remaining 2/3rds of the total paying traffic on the Railway. Should there in fact be an actual loss, i.e. insufficient revenue to cover out-of-pocket costs, then the adverse financial effect becomes seriously magnified.

Results
follow from
Policy.

27. As the figures shown in the above table reflect the results looked for from the Rates Policy in force, they do not come in any way as a surprise. The only point that now requires emphasis is that the achievement of this objective and the consequent alteration in conditions and in the proportion of low rated to high rated traffic must involve consequential adjustment to the new conditions.

Decreasing
Ton Mile
Receipts.

28. It will be obvious that the process of transporting an increasing ton mileage with a ton mileage receipt decreasing at the rate it has been shown to be doing during the past four years, cannot be allowed to continue. It will be noted that the corresponding drop in revenue over the 1927 rate is no less than £435,545. Such a decrease could be carried only if it were possible to decrease working costs equally rapidly.

Costs.

29. This brings us to an examination of the whole question of costs.

It is clear that the only possible way to obtain a clear impression of the position as regards costs is to consider first of all average figures, and from these to proceed later to the consideration of how costs of carrying certain special commodities differ from the average figures.

Average
Cost re-
quire
Analysis

30. It is important to realise that while average costs may, as stated in my Report, be indicative of the position, they must be carefully analysed when deducing from such figures what the approximate cost of carrying individual commodities might be. It is quite impossible to obtain actual costs of carrying any one commodity. Too many unknown factors enter into the calculation. Under conditions such as exist in this country, average costs are more closely accurate than would perhaps be the case elsewhere. An examination of average cost figures will, therefore, be of value.

Ton Mile
Costs.

31. The Ton Mile Costs of the Railway are shown in a table on page 14 of my Report.

Loan
Costs

32. The steady increase in Loan costs, as shown in the table on page 3 should first of all be noted. Reference to this table will also show that there will be a further heavy increase in Loan Charges in 1931 and steady increases thenceforth until the considerable total for the Railway and Harbours of £957,177 is reached in 1934, as against £690,100 only in 1930 which, as already explained, could only be met by a heavy withdrawal from the Reserve Account. It is evident, therefore, from these figures that in the absence of any great increase of ton mileage, which cannot be expected the Loan Charges cost per ton mile must go up.

Depreciation.

Similarly the cost of Depreciation will go up to some extent, but not so rapidly.

Average
Working
Costs.

33. Turning to working costs, exclusive of depreciation which is perhaps the best index of the efficiency of the service as a whole, it may, I think, safely be assumed that, following on the strenuous efforts to reduce expenditure, the average cost per ton mile should not increase in spite of the proportionate reduction in up traffic and the consequent increase in empty haulage.

Figures are not available for each of the years during the last decade, but it may be stated that in 1921 the average working cost figure was in the neighborhood of 12 cents, so that present figures show a considerable and satisfactory decrease during the ten years in question.

Greater Efficiency cannot reduce costs seriously.

33. While every effort has been made, by re-organisation and economy to reduce working costs without a considerably greater increase in traffic density it will not be possible to effect much further additional reduction. In fact, for the next two or three years, it may be anticipated that the average total cost will increase owing to the increased Loan and Depreciation charges referred to above.

Average Receipts must increase.

These figures further confirm that unless the conditions under which export traffic is dealt with are altered, it will not be possible for the Administration to balance its budget and maintain full contributions to the Renewals Fund and Reserve Account unless the average receipts per ton mile are increased.

No other Conclusion possible.

34. The closest study of the facts and figures given in the Report and the closest scrutiny of all expenditure figures can lead to no other conclusion. However unpleasant this fact may be, it is one that must be faced. The fact that we failed to meet our full liabilities in 1930 without drawing on our reserves at once emphasises the seriousness of the position. The further fact that during 1931, having exhausted our Reserve Account, we shall not be able to meet in full our commitment to the Renewals Fund and that our Estimates for 1932

will be equally unsatisfactory even after cutting maintenance to a dangerously low figure, also go to show the extreme urgency and need for an increase in revenue, if the present standard of service is to be maintained.

Two
Defects

35. An impartial examination of the Report for 1930 would appear to show that there are at least two serious defects in our Rating Policy as applied to the changed conditions now existing, viz:-

- (a) Certain export rates, although probably fully justified when trucks were going empty to the Coast and when the distances were short, are now insufficient to cover out-of-pocket costs, let alone to pay anything towards overhead and Loan charges;
- (b) Many import rates are so high as to lose traffic to Road transport competitors without any corresponding benefit to the community.

Rates should
cover Costs.

36. With regard to low rates, it may be stated, as a Railway axiom, that all rates should cover at least out-of-pocket haulage costs and pay something towards overhead and Loan Charges. Any rate below this is definitely uneconomic and, if allowed to exist, must of necessity penalise some other traffic to pay for it.

Return
Traffic.

37. The argument is frequently heard that profits from return traffic may more than compensate for such loss. This is a most dangerous doctrine if used to justify rates insufficient to cover out-of-pocket haulage costs. Anything may happen to destroy or reduce the return traffic; a drop in prices, a change in markets, but the costs of carrying the export commodity out has been incurred. There is no doubt that this condition of affairs has occurred in 1930 and is occurring in 1931.

Ignore
Return.
Traffic in
fixing rates.

The utmost extent to which such a doctrine of return profits might be applied is in estimating the amount above actual out-of-pocket haulage costs that should be aimed at. In any case, return profits, so far as the Railway is concerned, are much smaller than usually anticipated. This point is illustrated on page 61 of my Report and is dealt with later in discussing the maize rates. The only safe policy is to ignore return profits in fixing rates on any particular commodity.

Benefit
from
Return
Traffic.

36. It may here be pointed out that under our organisation the country in general will get the full benefit from "return profits", as any excess has to be returned to the public in reduced rates, when surplus funds are available.

Subsidies
not
Beneficial.

39. It is open to question whether a policy of making other traffic subsidize non-paying ones is in the long run beneficial either to the subsidized traffics or the public as a whole. Such a policy may tend to encourage the growth of what may turn out to be uneconomic industries and probably tends to increase the general cost of living.

No non-
paying
Traffic.

40. I suggest, therefore, that the only proper and correct answer to the question asked at the bottom of page 61 of my Report is that there must be no non-paying traffic, i.e. as stated above, every rate should at least cover out-of-pocket haulage costs, plus "something" in addition towards overhead and Loan charges. The tables given on page 60 of the Report indicate certain traffics that are not paying on "average" figures.

Examine
Costs in
Detail.

41. It is, therefore, now necessary to examine each traffic in detail in an attempt to arrive at a more accurate estimate of the actual cost of carrying such traffics.

It is evident that this is a very difficult and complicated matter and whatever figures are accepted now may be quite inaccurate if conditions alter.

Costs alter
with Condi-
tions.

For example, if trucks must go to the Coast to bring back valuable imports the additional cost of carrying those trucks full rather than empty would be small. Further, a traffic that requires a comparatively few trucks only is a vastly different proposition to one that requires many trucks and locomotives and a large staff to man them.

42. Again, the length of haul is of great importance in regulating the number of trucks and engines and crews required and is, of course, a vital matter when flat rates are in existence.

All these factors may fluctuate considerably from year to year and each fluctuation increases or decreases cost as the case may be.

Overheads
Incurred.

43. Two points in particular must be remembered: one is that if wagons and locomotives and crews and houses for the crews are ordered and obtained to meet an anticipated traffic and that traffic does not materialise, it is impossible to avoid paying certain overhead and loan charges thereby incurred.

No fluctuating
Rates.

44. Again, no industry likes to have its rate altered from year to year according to the fluctuation of the factors mentioned above; if possible, a fair average rate must therefore be imposed to cover such eventualities.

Classifi- 45.
cation of
Cost.

It will be evident from the above brief discussion that "cost" may be classified as follows, according to the conditions under which the traffic is carried :-

Class "Z".

Direct haulage cost, including such items as fuel, oil, Running Allowances, water, running stores, etc., etc., but excluding all overhead charges, such as Interest, Sinking Fund, Depreciation, operating and administrative charges, etc., etc. A rate equivalent to this cost is the lowest possible rate that can be quoted for any traffic and can only be justified when it involves a comparatively small proportion of the total traffic, requiring no special provision as regards equipment and staff and capable of being moved only when other better paying traffic does not require the rolling stock:- In other words, strictly in accordance with the conditions laid down in Section 132, Part I of the Official Tariff Book.

Class "Y".

Average working cost, exclusive of Loan Charges and Depreciation, but including Administrative overheads. A rate equivalent to this "cost" can only be quoted when additional rolling stock and special staff are not required to move the traffic.

Class "X".

Average full cost, inclusive of Loan Charges and Depreciation.

Class "W".

Extraordinary costs where special conditions exist, increasing the cost above the average.

Rates must cover Costs.

46. It is obvious that rates just sufficient to cover Class "Z" and Class "Y" costs can only justifiably be quoted when traffic concerned is not a peak traffic, i.e. when it can be carried in rolling stock and with staff required and paid for by other traffic.

47. It follows from this that if a traffic is only capable of bearing a rate equivalent to Class "Z" or Class "Y" cost, such a rate can only be agreed to if the conditions controlling such costs are strictly adhered to.

Provided such conditions can be adhered to, something above costs helps to reduce the Loan and overhead charges on all other traffics, and is therefore beneficial to all other users of the Railway.

48. It is further obvious that the greater the importance of a low-rated traffic in proportion to the total traffic of the Railway, the greater the care that is necessary to see that the rate charged does in fact cover cost in the conditions under which it is carried. The amount over and above such cost that can be levied depends entirely upon what the traffic can bear.

It will usually be found to be the case that low valued commodities for export can afford only Class "Y" or Class "Z" conditions, while the lowest ordinary Class rate (in our case Class 10) should cover Class "X".

Cost conditions Change.

49. In some cases it will be found that commodities change their cost classification as they grow in importance and volume. It is suggested that this process has occurred with regard to maize and that Class "Z" conditions under which it is rated no longer apply and that a return to these conditions or an increase in rates is urgently necessary.

50. Many of these points appear to be axiomatic and therefore not worth repeating. They must all, however, be given full weight in the considerations now before us.

It will be clear that the proportion any one traffic bears to the total traffic carried, the time of year traffic moves, the relationship between up and down traffic, etc., etc., all influence the question as to whether any particular traffic is a peak traffic, or whether it can be carried as a by-product as it were of the Transportation machine. Attached is a diagram, showing clearly the traffic position for 1930.

Ton
Mileage
Diagram.

The following facts may be gathered from this diagram:-

TON MILES MOVED.

Downwards:

Railway	12,147,574	or	3.54%
Other public	39,903,304	or	11.63%
Soda	16,670,556	or	4.86%
Coffee	12,977,760	or	3.76%
Cotton Seed	23,920,722	or	6.98%
Cotton	16,457,526	or	4.80%
Cotton (provided for but not carried)...	8,228,763		
Wheat	4,174,200	or	1.22%
Maize	63,663,600	or	18.56%
<u>Total Downward</u> ...	189,915,242	or	55.37%

Upward:

Railway	52,832,690	or	15.40%
<u>Total Upward</u>	153,089,444	or	44.63%

Empty Haulage:

During January some empties had to be sent to the Coast to bring up imports.

In February the upwards and downwards traffic almost balanced.

From March to September large numbers of empties had to be sent up country, principally to bring down maize.

Average Empty Haulage for the year 16.93%

Maximum in up direction in July 22.39%

In October upwards and downwards traffic again practically balanced.

From November to December a few empties had to be sent to the Coast to bring up imports.

NOTE:

- (i) Two maize peaks, April and July, due to wet weather;
(In 1931 the maize peak was much higher and occurred between February and April).
- (ii) Heavy falling off in imports towards end of year;
- (iii) Large proportion of maize exported above peak (43,668 tons), involving empty haulage in the return direction.
- (iv) Dominating nature of maize traffic as compared with other traffic.

Cost of
Maize &
Cotton
Seed.

51. I propose to examine in detail the costs of the two principal low rated export traffics, i.e. maize and cotton seed and to show as closely as possible the following for each:-

- (a) Rate in force for past ten years;
- (b) Conditions existing when rate imposed;
- (c) Costs under such conditions;
- (d) Conditions as they now exist;
- (e) Costs based on present conditions, showing out-of-pocket haulage costs, overhead costs and Loan costs;
- (f) Suggestions for stabilising conditions so as to reduce cost;
- (g) Rates that would be necessary to cover such costs;
- (h) Additional revenue that would accrue from such rates;
- (i) Recommendations.

High Rates.

52. Turning for a moment to the question of rates that are so high as to lose us traffic to our competitors - Road Transport - it may be stated that in present circumstances it will not be possible to recommend any reductions in rates involving loss of revenue.

Road Competition.

This fact is, I believe, now generally recognised but it is hoped that legislation will shortly be introduced to reduce to some extent losses on account of wasteful Road Competition. If this is done, the position may be relieved temporarily, but this remedy will not prove to be a final solution of the problem; sooner or later the existing high rates must come down to meet ever improving road conditions.

53. The improved basis of rates, as later suggested, together with information derived from complete commodity statistics will enable a complete revision of the Tariff to be undertaken when conditions are more stable, say, in two or three years' time.

TRANSPORTATION COSTS AND RATES OF LOW RATED
COMMODITIES.

M A I Z E.

Early Rates

54. Prior to July, 1922, the rate per ton for maize for export from Kijabo and Nakuru was Shs. 17.92, and for a haul of 550 miles (now our average) Shs. 20.16. It was then decided that a flat rate based on direct operating costs (allowances for running staff, cost of fuel, running stores, etc.) should be quoted and on 22.7.1922, the rate was reduced to Shs. 13.50 per ton from all these points.

Average Haul.

55. There was some disagreement between Government and Railway as to what point would represent the average haul. The Railway Authorities considered that it would be Nakuru, while the Bowring Committee then sitting placed it at Kijabe. The direct operating cost, taking Nakuru as the average load was calculated at Shs.13/50 per ton, and taking Kijabe as the average load at Shs.11/20 per ton. Eventually Railway Council agreed to reduce the rate to Shs.11/20 per ton on Government undertaking to reimburse the Railway to the extent of the cost of the haul Nakuru-Kijabe - Shs. 2/30 per ton.

Government Subsidy

In June, 1924, Government intimated that it proposed to withdraw its contribution of Shs. 2/30 at the end of that year, and on the recommendation of the General Manager, Council decided to continue the rate of Shs. 11/20 subject to reconsideration if and when desirable.

Out-of-Pocket Cost Covered.

56. There can be no question that in 1922 the rate of Shs.11/20 per ton, plus the Shs.2/30 paid by Government covered out-of-pocket expenses, although it left nothing over. Both staff and equipment were available to handle the comparatively small traffic and nothing beyond the actual cost of movement was involved.

Conditions altering.

57. When the question of Government withdrawing its assistance arose in 1924 the position was changing and the whole question of the maize rate was carefully reviewed by the Management. The average load had already shifted West of Nakuru and would certainly move still further West on the completion of the construction of the Kitale Branch. Maize, however, offered the best prospect of rapid settlement and development in the areas which would be opened up by new Branch Lines. The market price of maize was high and the prospects were that it would remain so for some years to come, although the probability that Russia and the

Balkan States would in the course of time regain their pre-war position in cereal production and bring about a fall in prices, was not lost sight of.

58. The Railway's Loan liabilities were small and would continue so for the next few years. There was no indication at that time that maize was ever likely to represent an undue proportion of our total traffic, and it was hoped that the development of the more valuable crops would be encouraged and stimulated by the Agricultural Departments of the two Governments, and by the agricultural interests in the two Colonies. At the same time, the Management was fully alive to the danger of allowing this commodity, carried at such a low rate, to create a traffic peak.

Maize
Traffic
Increasing

59. During the next three or four years the maize areas served by the new lines developed very rapidly. Townships grew and new land was taken up and put under cultivation. This meant that the Railway was receiving a considerable amount of revenue from the carriage of material purchased by new capital.

Some strain was placed on the Railway's resources by the export of 89,423 tons of maize in 1927. A small cotton crop, however, enabled sufficient rolling stock to be released to handle this traffic. Taking into account the revenue received from material for development referred to in the preceding paragraph and having regard to the fact that maize had never of itself created any considerable traffic peak, there can be no doubt that the Railway was carrying little if any actual loss in respect of maize up to the end of 1928.

Fall in Prices

60. Early in 1929, however, the position began to change rapidly. Development was slowing down and the Railway was losing revenue it had received from this source. The position was, moreover, disappointing in that high-rated crops, for one reason or another, failed to develop as rapidly as had been expected. Simultaneously the contingency anticipated a few years earlier materialised; Russia and the South of Europe came back into the grain market; prices fell and imports fell in consequence, still further reducing the Railway's revenue from this source.

Revenue from Return Traffic

61. On the somewhat doubtful assumption that imports are directly proportionate to exports, the following estimate of the revenue received from import and other traffic resulting from maize grown in the Eldoret and Kitale areas during the years 1927 to 1930 gives some indication of the loss to the Railway in the directions referred to above:-

1927	.....	£2,310	per ton of maize railed
1928	.....	£1,899	" " " " "
1929	.....	£1,541	" " " " "
1929	.....	£1,541	" " " " "
1930	.....	£0,964	" " " " "

NOTE: For details see Statement "E".

62. The following is a comparison of maize exported and the total railed during the years 1922 to 1930:-

	<u>Total Tonnage railed</u>	<u>Tonnage Exported</u>
1922	40,308	21,164
1923	56,482	38,478
1924	76,903	56,847
1925	73,263	51,980
1926	78,125	48,126
1927	119,983	89,423
1928	91,580	46,204
1929	96,366	40,185
1930	154,354	119,766

Enormous Increase in Maize.

63. The enormous increase in the quantity of maize produced threatened to create serious difficulties in the future, although famine conditions in Kenya and Uganda during 1928 and 1929, and the prohibition of the export of maize by Government in the latter year prevented the full effects of this from being felt. During these years, maize, instead of being exported was railed to internal points at much higher rates. Further, a large proportion was carried in wagons on their way to Uganda to bring down the cotton crop, instead of being carried in the opposite direction by wagons brought up empty from the Coast.

Extra Cost

64. The greater export tonnage promised for future years could not be handled by existing staff, plant or rolling stock, while considerable pressure was being brought to bear upon the Administration to rail the grain to the Coast immediately it was ready for carriage, so as to avoid storage charges up country, damage by weevil and moisture and to obtain favourable markets. In consequence, large sums had to be spent on equipment and facilities; additional staff also had to be engaged in all departments and this staff had to be housed.

Spread over of Maize Traffic would avoid additional cost of Transport

65. Had it been possible to give the Administration greater freedom in the matter of the time in which maize could be carried, a great deal of this expenditure would have been unnecessary and the present position would never have arisen in its acute form. It is this provision of extensive additional facilities to enable the traffic to be carried under peak conditions involving Class "W" costs which has rendered the present rate utterly uneconomic. Railway expenditure in all departments is affected by the traffic peak. In all but the Engineering Department, it is controlled by the traffic peak. Further, the additional expenditure on capital account has to bear heavy Loan and

Depreciation charges.

Special
Rolling
Stock
Purchased

66. To take the case of rolling stock alone, it may be stated that 20% of our Goods locomotives and rolling stock have been purchased solely for the carriage of maize at its peak. This peak may be taken to extend over about four months in normal circumstances.

Loan
Charges
on
Rolling
Stock

A 25 ton wagon costs £580; a Garratt locomotive which will haul 16 of these wagons costs £8,416, i.e. £526 per vehicle hauled. Each wagon, with its proportion of engine power, therefore, carries in depreciation and Loan liability, a charge of £101 per annum; such a unit solely employed in carrying maize has not paid its annual Loan and Depreciation charges until it is carrying its eighth load, none of the preceding loads having paid a cent towards operating costs. In other words, although rates are still in force covering Class "Z" costs, Class "Z" conditions no longer apply.

Present
Day
Costs

67. The following Statements are attached showing estimated present day costs under existing conditions:-

- A. Cost of maize carried above peak created by other traffic.
- B. Cost of maize carried below traffic peak.
- C. Summary of cost of carrying maize during 1930.

The costs shown in these Statements are direct costs only. They do not, for instance, take account of empty haul. All traffic shown in the Ton Mileage diagram above the Total Upwards Traffic line represents empty haul. It will be noted that this represents a considerable proportion of the traffic moved between March and October during the year in question. The cost of

bringing up empty trains from the Coast against the grade is not very much less than taking the full loads down with the grade, so that where empty haul is involved the direct haulage cost is really almost doubled. This is a most important factor in considering real costs.

The Statements show that maize is carried:-

- (1) Above the peak at Shs. 60/14 per ton (neglecting empty haulage)
- (2) Below the peak at Shs. 14/27 per ton (neglecting return empty haulage)
- (3) That the average cost during 1930 was Shs. 31/63 per ton. (neglecting return empty haulage).

Analysing the average cost shown in (3) above, we get the following:-

- (1) Cost of haulage cents 2.667 per ton mile = Shs. 14.67 per ton
- (2) Working cost, cents 3.968 per ton mile = Shs. 21.83 per ton
- (3) Full out-of-pocket cost, including Depreciation and Loan Charges, cents 5.752 per ton mile = Shs. 31.63 per ton (again neglecting the cost of empty haulage in all cases.)

Comparing these costs with the existing rates, it will be noted that this rate under present day conditions as regards length of haul does not even cover direct haulage costs, let alone the additional costs due to the special service actually provided by the Administration.

Suitable Rates

68. As regards the rate necessary to cover costs, there are three alternatives:-

- (1) To quote an average rate of say Shs. 15/- per ton, subject to the conditions that the Administration carries only when facilities are available (i.e. Class "Z" conditions and strictly in accordance with Section 132 of Part I of the Tariff Book). An average rate of Shs. 15/- per ton would mean a Main Line flat rate of Shs. 13/25 per ton and a Branch Line flat rate of Shs. 3/25 per ton. If this course were adopted the Administration would definitely put out of service all rolling stock in excess of requirements to meet the peak of all traffic other than maize.

- (2) To quote the average rate of, say, Shs. 30/- per ton on the distinct understanding that any demand for facilities over and above those that we already possess must be accompanied by an increase in that rate. A rate of Shs. 30/- per ton represents a Main Line flat rate of Shs. 26/50 per ton and a Branch Line rate of Shs. 6/50 per ton.

The possibility of introducing equivalent mileage or zone rates should, however, also be examined for both the above alternatives.

- (3) To quote two rates.
- (a) A high and practically prohibitive export season rate; and
 - (b) A low out of season rate (average Shs. 15/- per ton).

The additional revenue that would have resulted in 1930 from a rate of Shs. 15/- per ton is £13,427 and from a rate of Shs. 30/- per ton - £100,241.

It follows that under the conditions which existed during 1930 and 1931 the Administration had to provide from revenue earned on other traffic a sum of not less than £100,000 in each year to cover the cost of moving the maize crop to the Coast. This sum is, of course, additional to the special refunds granted in 1930.

69. Unless it is proved possible for the maize industry to get back to Class "Z" conditions, it is recommended that Course (2) be finally adopted, but that the present rate be retained during 1932. That this rate be increased to an average rate of Shs. 20/- per ton (i.e. Shs. 17/75 per ton Main Line and Shs. 4/25 per ton Branch Line from 1st January, 1933). That it be further increased to an average rate of Shs. 30/- per ton (i.e. Shs. 26/50 Main Line and Shs. 6/50 Branch Line) from 1st January, 1934. The foregoing still being subject to the conditions that no additional facilities over and above those now available are provided and that every effort be made to spread the traffic over as long a period as possible.

70. It will be clear from the above that in order to avoid more than a minor increase in rates, the maize industry must decide whether it can so arrange its shipments as to come within Class (Z) cost conditions. It is further recommended that whatever rate is decided upon should be made applicable to all cereals.

II. COTTON SEED.

71. A flat rate of Shs. 22/75 per ton for Cotton seed was introduced on 22.7.1922; prior to that the rate was Shs. 31/36.

The position of Cotton seed is peculiar. It is a by-product of a commodity which pays a very fair rate and which results in a large volume of imports of highly rated commodities. It cannot grow out of relation to all other traffics as maize can; its rate of increase is governed by that of the parent commodity. An increase in cotton seed must be accompanied by an increase in cotton. It is, however, a sound maxim that nothing should be carried at a rate that does not cover out-of-pocket expenses. Statement "D" shows that the present rate still meets this condition, provided the seed is carried as and when stock is available, i.e. under Class "Z" conditions. This condition has been agreed to by exporters and is adhered to by the Administration. The Ton Mileage graph may suggest that this is not the case, but in 1930 maize that was expected in the early part of the year had to be held over until July and August on account of its becoming wet during the exceptionally heavy rains, and the stock thus released was used for the transport of Cotton seed.

It is recommended that the present rate be retained

G. D. Rhodes
GENERAL MANAGER.

25th July, 1931.

STATEMENT "A".COST OF MAIZE CARRIED ABOVE PEAK CREATED BY
OTHER TRAFFIC.Expenditure Unaffected by Traffic Peak.

<u>Track</u>	<u>Total Railway Expenditure</u>
Maintenance of Permanent Way	130,382
Bridges and Culverts	2,489
Telegraphs	9,750
Contingencies due to Floods, etc.	14,568
Depreciation	114,336
Loan Charges	219,700
	<hr/>
	491,225
	<hr/>
<u>Traffic Expenses.</u>	
Catering	42,559
Commission on Tickets, etc.	1,332
Advertising	1,369
	<hr/>
	45,260
	<hr/>
<u>Training Apprentices.</u>	1,316
	<hr/>
<u>General Charges.</u>	
Administration	5,249
Publicity	7,805
Legal	189
Grants to Institutes	322
Suggestions Scheme	64
Educational Grants	81
Municipal Rates	4,302
Contribution to Transport Council	1,000
Standardisation of Railways	113
	<hr/>
	19,105
	<hr/>
Total unaffected by Traffic Peak	£556,900

Expenditure Affected by Traffic Peak.

	<u>Total Railway Expenditure</u>	<u>Goods Proportion</u>	<u>Per 1000 Public Freight Ton Miles.</u>
	£	£	Cents.
<u>Buildings, Plant & Grounds.</u>			
Maintenance of Station Buildings.	2,742	2,102	15.122
Repairs to Station Plant	780	598	4.302
Staff quarters	9,243	7,088	50.993
Road making & Bush clearing	7,359	5,644	40.605
Conservancy	12,192	9,350	67.267
Water supplies	13,101	10,047	72.281
New Minor Works	13,133	10,072	72.461
Depreciation	43,901	33,667	242.210
Loan Charges	119,070	91,314	656.939
	221,521	169,682	1222.180

Rolling Stock.

Salaries of Running Staff	83,334	63,906	459.773
Trip allowances of Running Staff	56,625	43,428	312.412
Running Shed Staff	24,363	18,499	134.526
Cleaning Carriages & Wagons	3,920	1,300	9.403
Fuel	192,070	147,297	1059.697
Water	23,713	18,185	130.828
Running Stores	20,309	15,575	112.051
Wagon Covers etc.	4,905	4,905	35.288
Maintenance of Locomotives	125,204	96,018	690.781
Maintenance of Coaching Stock.	29,941		
Maintenance of Goods Stock	56,930	56,930	409.571
Maintenance of Workshops Machinery	14,323	10,984	79.022
Depreciation	117,943	90,449	650.716
Loan Charges	161,825	124,102	892.826
	915,425	691,784	4976.894

Extent to which
unit costs are affected
by carriage of maize
above the peak created
by other traffic.

Cost of Maize carried
during 1930 above the
peak of other traffic
(43668 tons).
Proportion. Amount.

One-fifth	1/21st.	100
"	"	28
Three Quarters	3/19ths	1,119
"	"	891
"	"	1,476
"	"	1,586
One-fifth	1/21st.	480
One-half	1/9th.	3,741
"	"	10,146

19,567

Whole cost of staff specially engaged	1/5th.	12,782
Average ton mile cost.	Ton Miles.	
Whole cost of staff specially engaged.	24,017,364	3,752
Average ton mile cost	1/5th.	3,740
"	ton miles.	
"	24,017,364	113
"	"	12,726
"	"	1,571
"	"	1,346
"	"	424
One-third	1/13th	7,386
"	"	4,379
"	"	845
Whole charge on stock specially purchased.	1/5th.	18,090
"	"	24,820

91,974

	<u>Total</u>		<u>Per 1000</u>
	<u>Railway</u>	<u>Goods</u>	<u>Public Freight</u>
<u>Expenditure.</u>	<u>Proportion</u>		<u>Ton Miles.</u>
	<u>£</u>	<u>£</u>	<u>Cents.</u>
<u>Station Expenses.</u>			
Salaries of Station Staff	156,214	119,799	861.869
Loading & unloading trucks	24,364	24,364	175.282
Station Stores	7,949	6,096	43.856
Station Fittings & Furniture	2,107	1,616	11.626
	<hr/>	<hr/>	<hr/>
	190,634	151,875	1092.633

Total
Expenditure
All
Services.

General Charges.

Management	16,896	9,145	65.792
Audit and Accounts	67,908	36,756	264.433
Watch and Ward	14,103	7,633	54.914
Postal, Telephone & Telegraph Service	3,334	1,805	12.986
Furniture and Equipment for Staff Quarters etc.	2,857	1,546	11.122
Medical Services	16,901	9,148	65.813
Provident Fund Pensions & Gratuities	43,073	23,314	167.728
Indian Agency	882	477	3.432
Exchange	5,657	3,062	22.029
Management Expenses of Loans.	1,141	618	4.446
	<hr/>	<hr/>	<hr/>
	172,752	93,504	672.695
	<hr/>	<hr/>	<hr/>
Total affected by traffic peak.	1500,332	1107,045	7,964.402

Extent to which unit costs are affected by carriage of Maize above the peak created by other traffic.

Cost of Maize carried during 1930 above the peak of other traffic (43668 tons)
Proportion Amount.

One-fifth
90 cents per ton
One-fifth
"

Tons	1/21st	5,705
	43,668	1,965
	1/21st	290
	"	77
	<hr/>	<hr/>
		8,037

One-half
"
One-quarter
Average ton mile cost

1/9th	1,016
"	4,084
1/17th	449
ton miles	
24,017,364	156

Three-quarters

"	3/19ths	244
"	"	1,444
"	"	3,681
"	"	75
"	"	483
"	"	98

11,730

131,308

Maize carried above Peak during 1930

43,668 tons

Average haul.

550 miles.

" " 24,017,364 ton miles.

Cost = £131,308 = S. 60.14 per ton = S. 5.45 per bag

= 10.934 cents per ton mile.

STATEMENT "B".

COST OF MAIZE CARRIED BELOW TRAFFIC PEAK.

	<u>Total Railway Expenditure.</u>	<u>Goods Proportion</u>	<u>Cost per 1,000 ton miles.</u>
	<u>£.</u>	<u>£.</u>	<u>Cents.</u>
Trip allowances of Running Staff.	47,774	36,637	263.577
Fuel.	188,576	144,617	1040.416
Water	23,282	17,855	128.454
Running Stores	17,135	13,141	94.540
Maintenance of Locomotives.	104,850	80,408	578.478
Maintenance of Wagons	47,675	47,675	342.988
Unloading charges (90 cents per ton)			163.636
(No Supervision Charges).			<u>2612.089</u>

Maize carried below Peak during 1930 72,084 tons.
 Average haul. 550 miles.
 = 39,646,236 ton miles.
 Cost £51,780 = S.14.37 per ton = S. 1.30 per bag.

STATEMENT "B".

COST OF MAIZE CARRIED BELOW TRAFFIC PEAK.

	<u>Total Railway</u> <u>Expenditure.</u>	<u>Goods</u> <u>Proportion</u>	<u>Cost</u> <u>per 1,000</u> <u>ton miles.</u>
	<u>£.</u>	<u>£.</u>	<u>Cents.</u>
Trip allowances of Running Staff.	47,774	36,637	263.577
Fuel.	188,576	144,617	1040.416
Water	23,282	17,855	128.454
Running Stores	17,135	13,141	94.540
Maintenance of Locos.	104,850	80,408	578.478
Maintenance of Wagons	47,675	47,675	342.988
Unloading charges (90 cents per ton)			<u>163.636</u>
(No Supervision Charges).			<u><u>2612.089</u></u>

Maize carried below Peak during 1930 72,084 tons.
 Average haul. 550 miles.
 = 39,646,236 ton miles.
 Cost £51,780 = S.14.37 per ton = S. 1.30 per bag.

STATEMENT "C"

SUMMARY OF COST OF CARRYING MAIZE DURING 1930.

	<u>Tons</u>	<u>Total Cost</u>	<u>Cost per Ton.</u>	<u>Cost per Bag.</u>	<u>Cost per Ton Mile.</u>
		£	Shs. cts.	Shs. cts.	Cents
Carried above peak	43,668	131,308	60.14	5.45	10.934
Carried below peak	72,084	51,780	14.37	1.30	2.612
Total	115,752	183,088			
Average			31.63	2.87	5.752

NOTE. If Depreciation had been provided for at the rate of 2% instead of 2½% the cost would have been:-

	<u>Tons</u>	<u>Total Cost.</u>	<u>Cost per Ton</u>	<u>Cost per Bag</u>	<u>Cost per Ton Mile</u>
		£	Shs. Cts.	Shs. Cts.	Shs. Cts.
Carried above peak	43,668	128,942	58.14	5 . 27	10 . 571
Carried below peak	72,084	51,780	14.37	1 . 30	2 . 612
Total	115,752	178,722			
Average			30.88	2 . 80	5 . 615

COST OF CARRYING COTTON SEED.
(below traffic peak).

	<u>Total Railway Expenditure.</u>	<u>Goods Proportion.</u>	<u>Cost per 1,000 Ton Miles.</u>
	£	£	Cents
Trip Allowances of Running Staff.	47,774	36,637	263.577
Fuel	188,576	144,617	1040.416
Water	23,282	17,855	128.454
Running Stores	17,135	13,141	94.540
Maintenance of Wagons	47,675	47,675	342.988
Maintenance of Locomotives.	104,850	80,408	578.478
Loading and unloading at Lake Ports (average cost per total ton mile of all cotton seed handled).			62.018
Unloading at Coast (90 cents per ton)			112.500
(No Supervision Charges).			<u>2622.971</u>

Cotton Seed carried during 1930
Average haul (assuming seed from
Kampala were railed as would now
be the case).

35,917 tons - 28,733,600 ton miles
Cost £37,684 - S. 20.98 per ton

NOTE.

A small proportion of the ton mileage relates to lake transport. It is impossible to assess the out-of-pocket costs of this with accuracy. The running costs of each steamer differ. The bulk of such traffic as is transported by water, however, is carried by steamers on their ordinary scheduled run, and the out-of-pocket expenses in such circumstances are very low. It can safely be assumed that Railway costs as calculated above will cover Marine costs.

ESTIMATE OF REVENUE RECEIVED FROM IMPORTS ETC., RESULTING FROM MAIZE.

Eldoret - Kitale Areas. 1927 - 1930.

(Main line stations Eldoret - Broderick Falls inclusive, and stations on the Kitale Branch.)

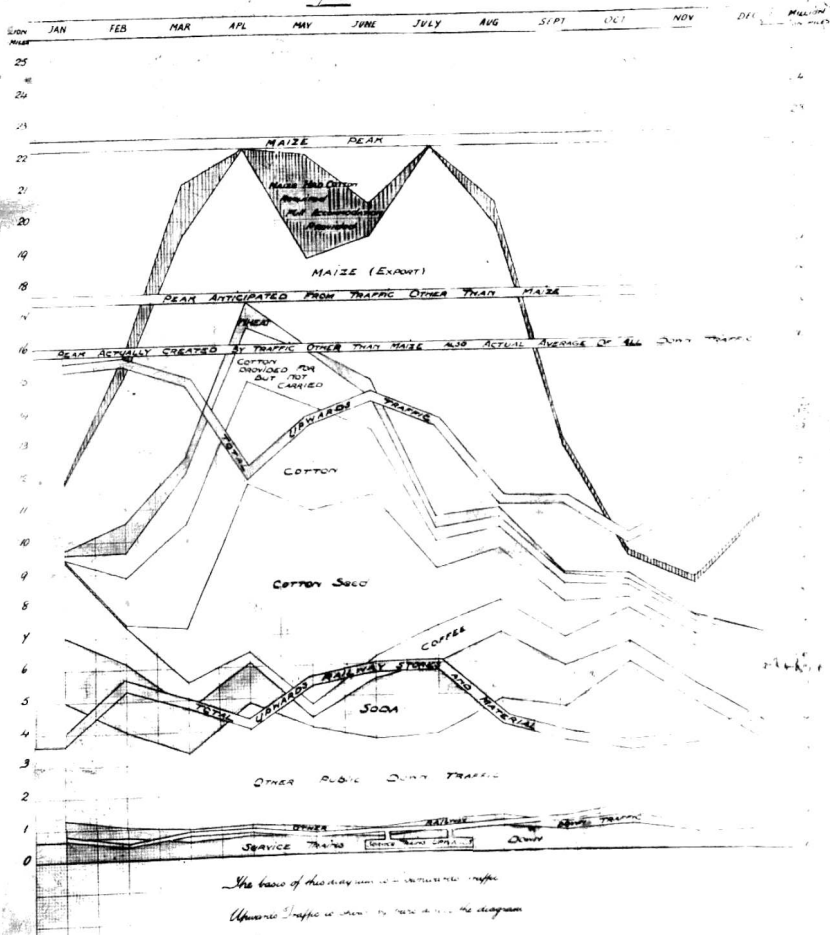
Outwards Traffic.	1927.		1928.		1929.		1930.	
	Tons.	Value. £.	Tons.	Value. £.	Tons.	Value. £.	Tons.	Value. £.
Maize	23,651	133,843	28,492	195,398	36,257	289,947	69,473	353,548
Wheat and other Grains.	1,247	12,833	2,499	27,725	3,304	36,367	2,232	19,028
Wheat and Maize flour.	3,779	34,677	14,130	143,264	15,211	296,660	10,239	127,143
Coffee.	944	97,687	728	74,177	401	39,549	838	63,688
Sisal.	298	8,823	365	10,961	1,365	48,238	1,645	45,176
		287,863		451,525		710,761		608,583
Maize percentage of total value -		46.50%		43.28%		40.79%		58.09%
Revenue resulting from Imports etc.	£.	117,497	£.	125,003	£.	136,938	£.	115,272
Assuming that the revenue from Imports etc. bears a direct relationship to the values of Exports, the proportion attributable to Maize =	£.		£.		£.		£.	
		54,636		54,101		55,857		66,962
Imports etc. Revenue per ton of Maize railed from the Eldoret-Kitale Areas =	£.		£.		£.		£.	
		2.310		1.899		1.541		0.964

KENYA AND UGANDA RAILWAY AND HARBOURS

Railway Ton Miling

Goods Traffic

1930



533 / 424

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT:

RATES POLICY.

PARTICULARS

AND

REMARKS: The following additional graphs, asked for by the Kenya sub-Committee of the Railway Council, are forwarded for information.

2. Assuming the graph attached to the original memorandum to be numbered I, graphs II, III, IV and V show Goods traffic for the years 1927, 1928, 1929 and six months of 1931.
3. These graphs are similar to graph No. I, included in the original memorandum; they are, however, based on tonnages multiplied by estimated hauls, instead of actual as was possible in the former case. They are, however, sufficiently accurate to indicate the general position.
4. Graphs VI and VII show the tonnage of export maize conveyed from the three main export areas - Nakuru, Solai and Kitale for the year 1930 and six months of 1931.
5. Graphs VIII, IX, X, XI and XII show the empty wagon haulage, together with the total tonnage carried of maize, cotton and cotton seed for the years 1927, 1928, - 1929, 1930 and 1931. On these diagrams the empty haulage has been shown in red as a percentage of the total wagon movement.
6. Graph XIII shows a comparison between the maize rates charged on one of the Railways of the Argentine, as compared with our own rate. In making this comparison, calculations have been made at par. It will be realised that there will be some variation in the comparison where rates of exchange fluctuate as is the case in South America. The main points of interest which should be noticed from this diagram are as follows:-
 - (1) The average haul on this railway for maize is 124 miles, against our 550 miles.
 - (ii) For all hauls in excess of 107 miles their rates exceed our rate.
 - (iii) Their rate for an average haul of 550 miles is Shs. 25/-
 - (iv) Their rate as a tapering scale, as compared with our flat rate.
 - (v) The close comparison between their direct working expenses, compared with our average working costs.
 - (vi) The average receipts from maize on the Argentine Railway exceed their direct working expenses.-

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT:

-2-

PARTICULARS

AND

REMARKS: (vii) No account has been taken of Harbour charges on either railway, but it will be noted that the Argentine Railway includes terminal charges in its railway rates.

7. In connection with rate comparisons, it may be useful to recall information previously given to Council, whereby it was pointed out that the Canadian rate on wheat was 2.24 cents, as compared with our average rate on maize of 2.3 cents. In this connection, it may be pointed out that the Canadian rate is generally reckoned to be an extremely low rate, governed by certain political treaties and concessions and is approximately one-half the rate charged on American Railways; moreover, the Canadian rate ~~amounts to~~ is roughly one-half the average revenue received by Canadian Railways per ton per mile, whereas our rate is roughly one-quarter of our average receipt per ton mile.

8. It would appear from this that the Canadian rate is closely approximate to the average working cost on the Canadian Railways, whereas our maize rate is less than one-half of our average working cost rate.

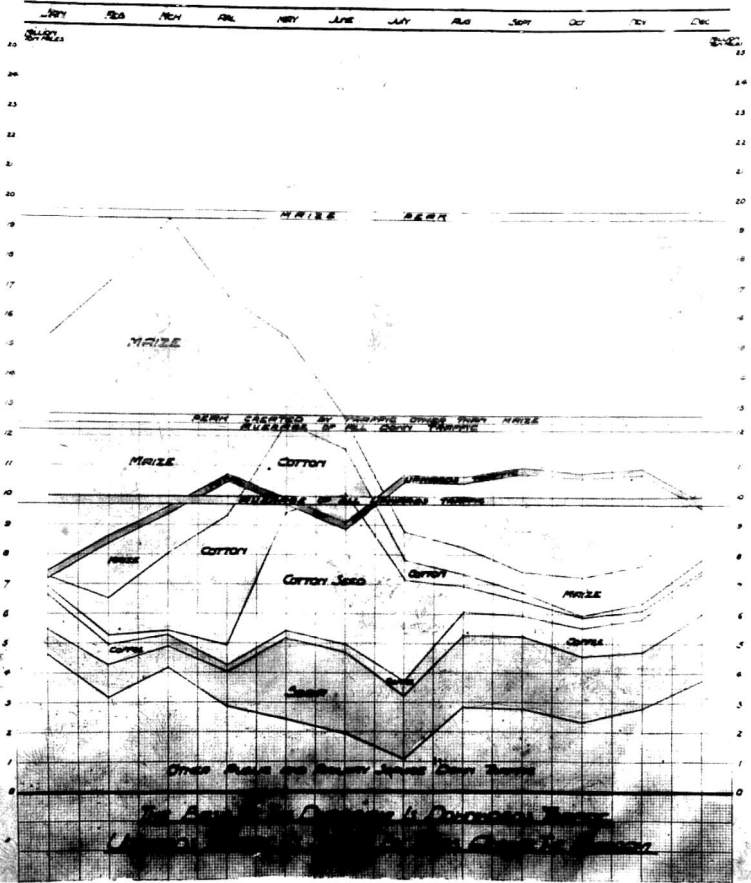
9. It would seem from these two comparisons that the Kenya and Uganda Railway is attempting to give very favourable treatment to the local maize industry and that the success of such efforts must depend upon the cooperation of the industry to keep the cost of this service at a level not greater than the direct haulage cost.

For information of Council.

GENERAL MANAGER'S OFFICE,
NAIROBI.

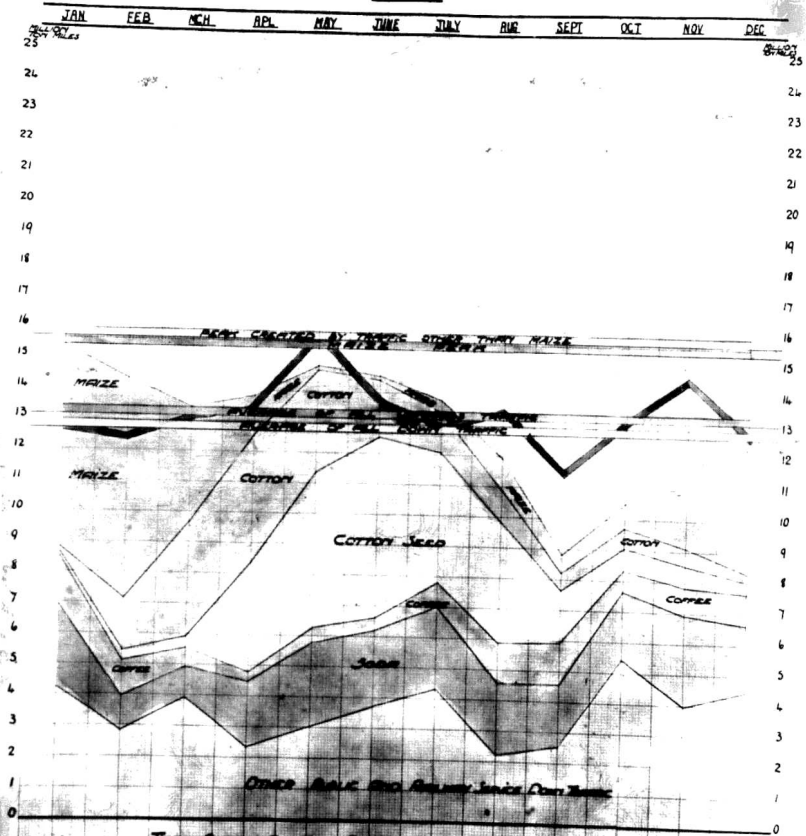
19th August, 1951.

KENYA AND UGANDA RAILWAYS AND HARBOURS
RAILWAY TON MILEAGE (APPROXIMATE)
GOODS TRAFFIC
1927



III

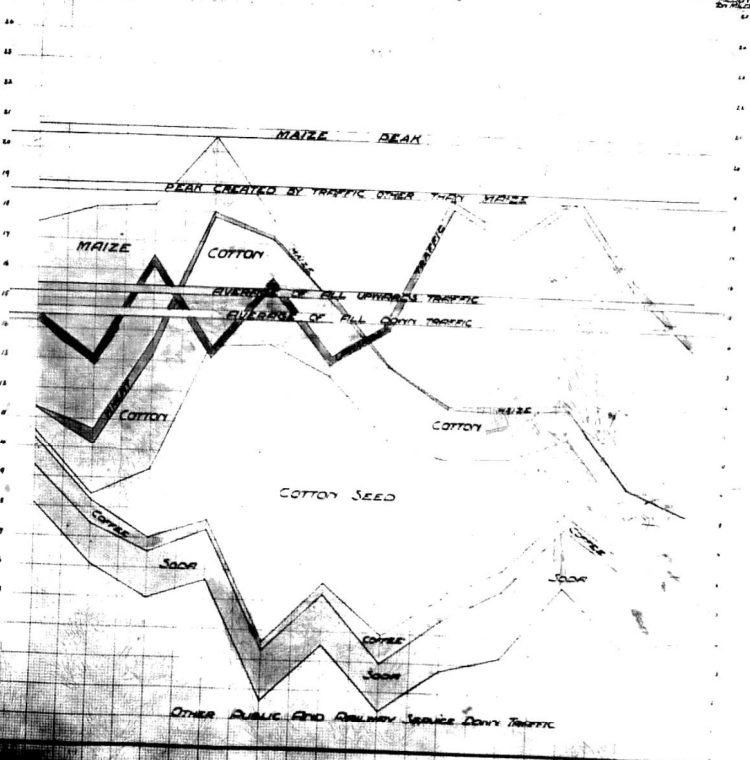
KENYA AND UGANDA RAILWAYS AND HARBOURS
RAILWAY TON MILEAGE (APPROXIMATE)
GOODS TRAFFIC
1928



THE GAIN OF THE COUNTRY IS CONSIDERED TRIFLING
GENERAL TRAFFIC IS NOT BEING CARRIED BY RAILWAY.

KENYA AND UGANDA RAILWAYS AND HERSCOURS
RAILWAY TON MILEAGE (APPROXIMATE)
GOODS TRAFFIC
1929

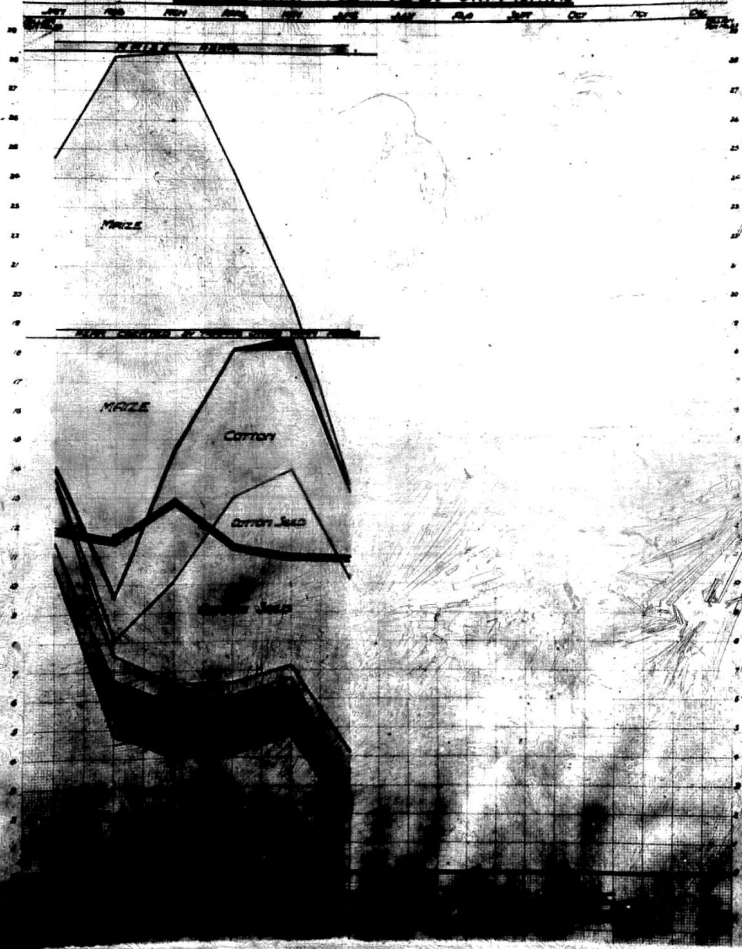
JAN FEB MAR APR MAY JUNE JULY AUG SEPT OCT NOV DEC



THE GRAIN OF ALL DOWNWARD IS DOWNWARD TRAFFIC
UPWARD TRAFFIC IS SHOWN BY A LINE ABOVE THE DOWNWARD

V

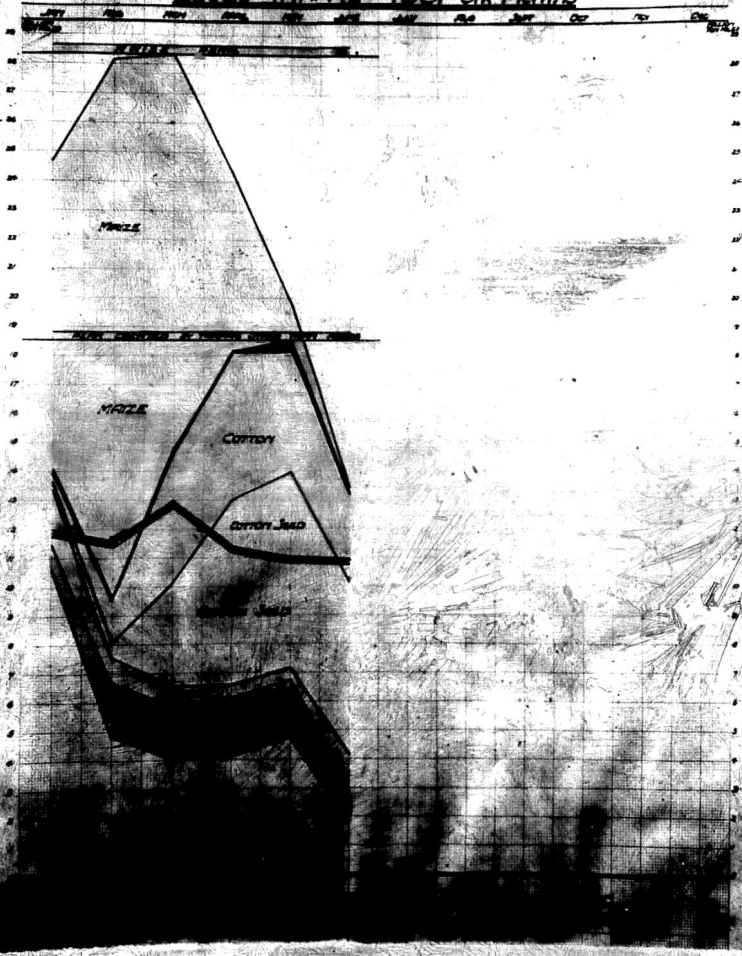
KENYA AND UGANDA RAILWAYS AND HARBOURS
RAILWAY TON MILEAGE (APPROXIMATE)
GOODS TRAFFIC 1951 SIX MONTHS



V

KENYA AND UGANDA RAILWAYS AND HARBOURS

RAILWAY TON MILEAGE (Approximate) GOODS TRAFFIC 1951 Six Months



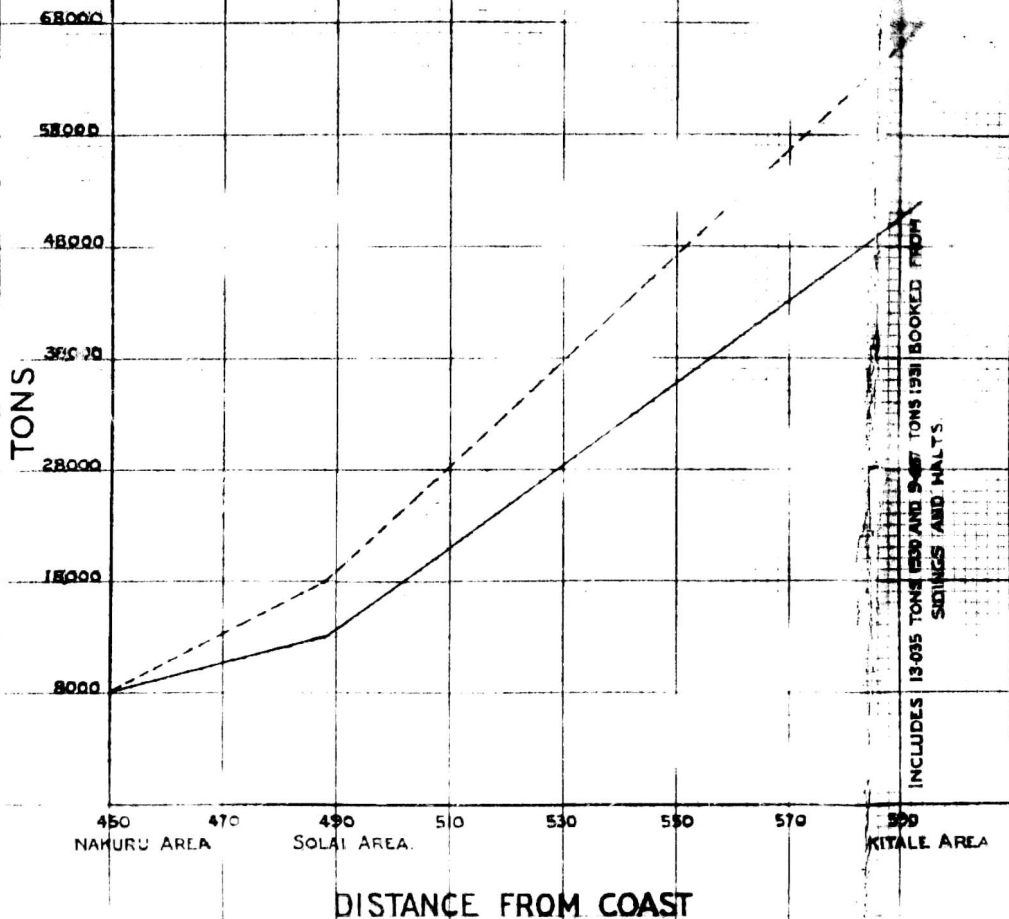
EXPORT MAIZE

TONNAGE OF MAIZE CONVEYED FROM PRINCIPAL PRODUCING AREAS
GIVING DISTANCES FROM SUCH AREAS TO COAST.

----- YEAR 1930

----- 6 MONTHS JAN TO JUN 1931

TOTAL EXPORT MAIZE 1930 = 118,766 TONS
" 6 MONTHS 1931 = 91,642 "



INCLUDES 13,035 TONS (1930) AND 9,487 TONS (1931) BOOKED FROM SIDINGS AND MALTS

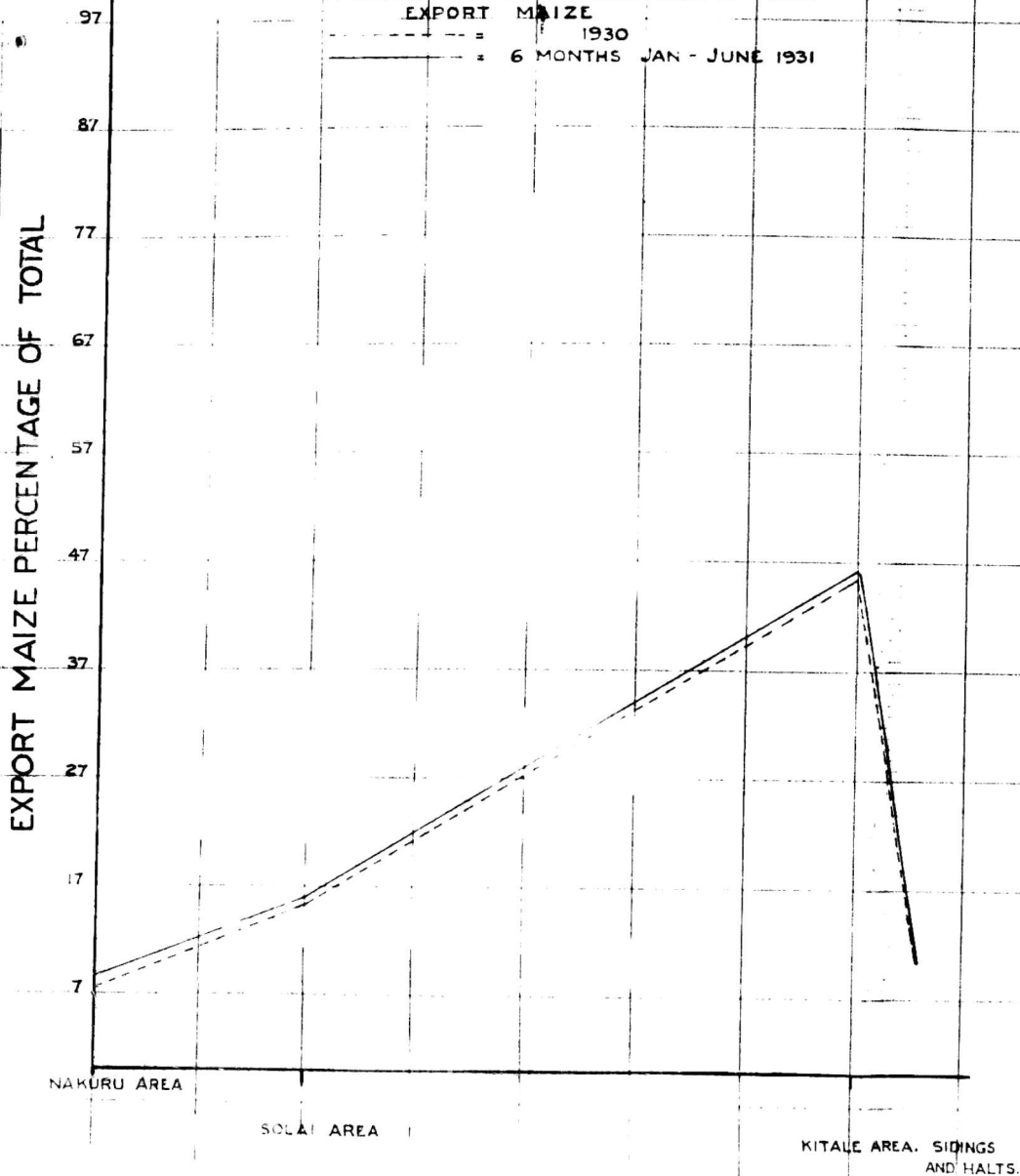
DISTANCE FROM COAST

EXPORT MAIZE.

GRAPH SHEWING FORWARDINGS FROM PRINCIPAL
PRODUCING POINTS IN PERCENTAGE OF TOTAL
EXPORT MAIZE

1930

6 MONTHS JAN - JUNE 1931



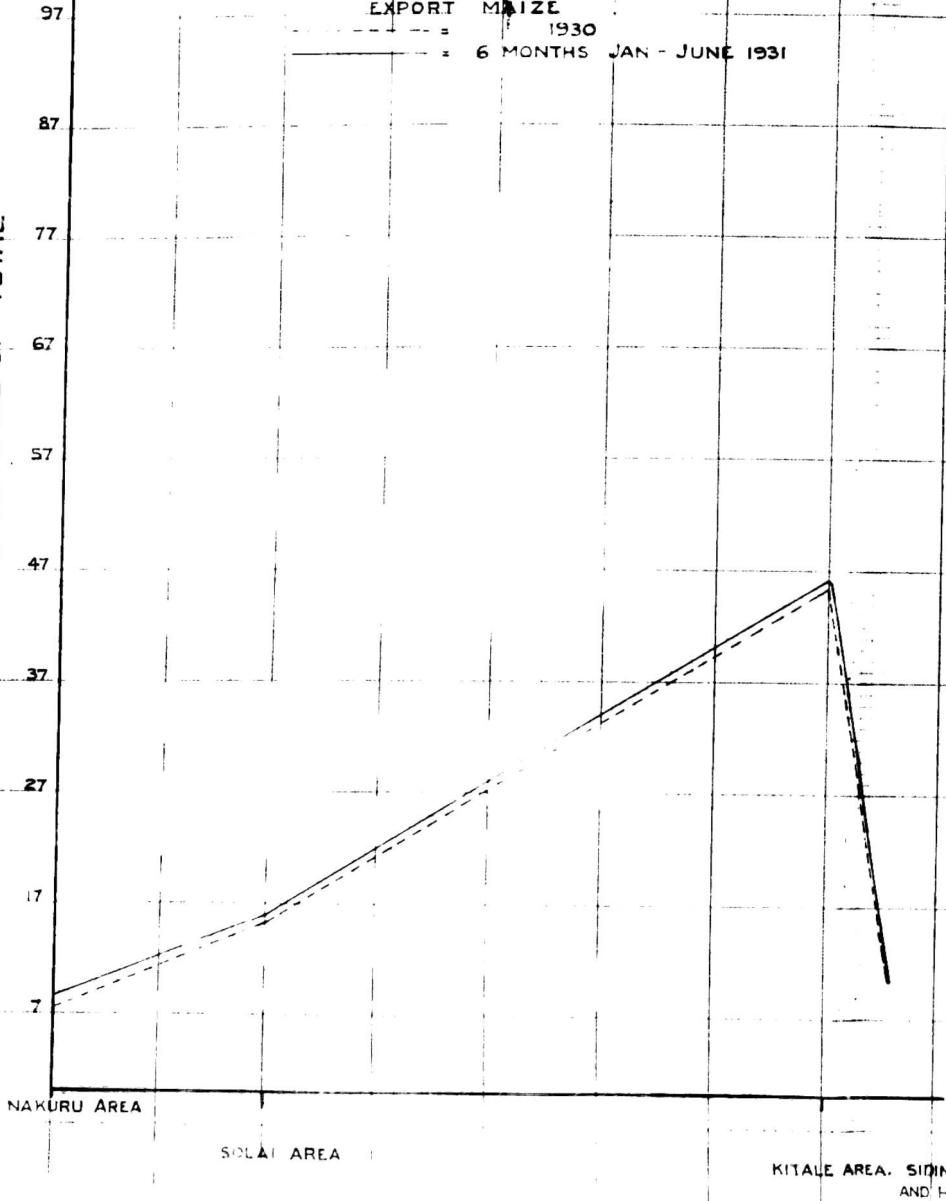
EXPORT MAIZE

GRAPH SHOWING FORWARDINGS FROM PRINCIPAL
PRODUCING POINTS IN PERCENTAGE OF TOTAL
EXPORT MAIZE

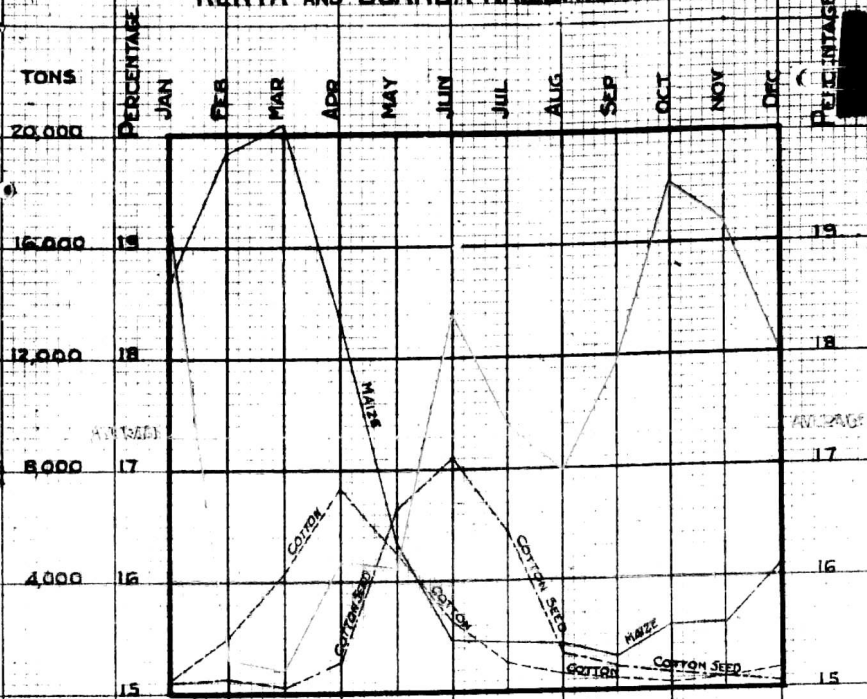
1930

6 MONTHS JAN - JUNE 1931

EXPORT MAIZE PERCENTAGE OF TOTAL



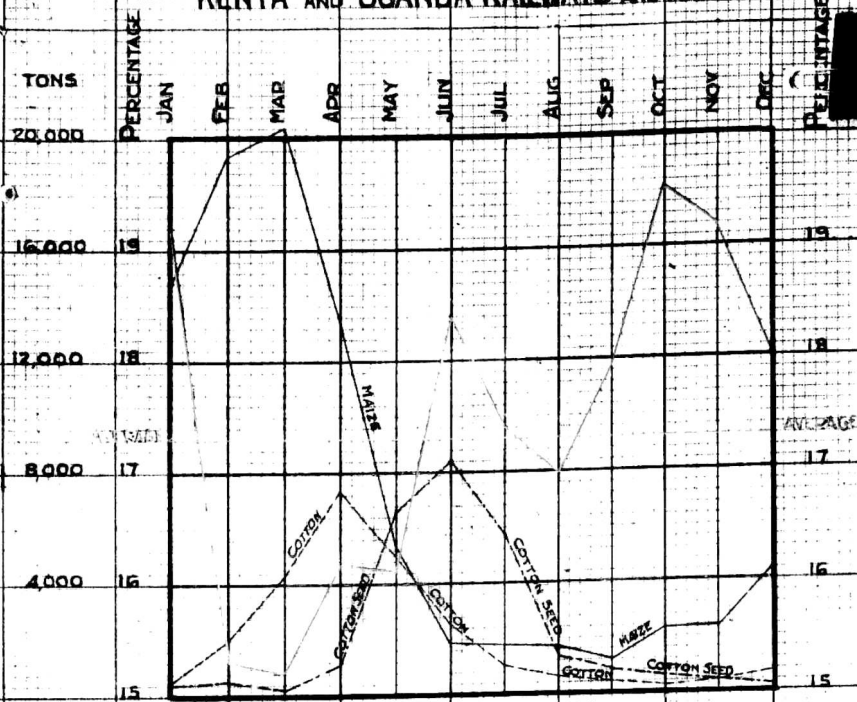
KENYA AND UGANDA RAILWAYS AND HARBOURS



EMPTY WAGON HAULAGE 1927

THE FOLLOWING COMMODITIES (IN TONS)
 ARE INDICATED IN THE GRAPH. THUS:-
 MAIZE —————
 COTTON - - - - -
 COTTON SEED -

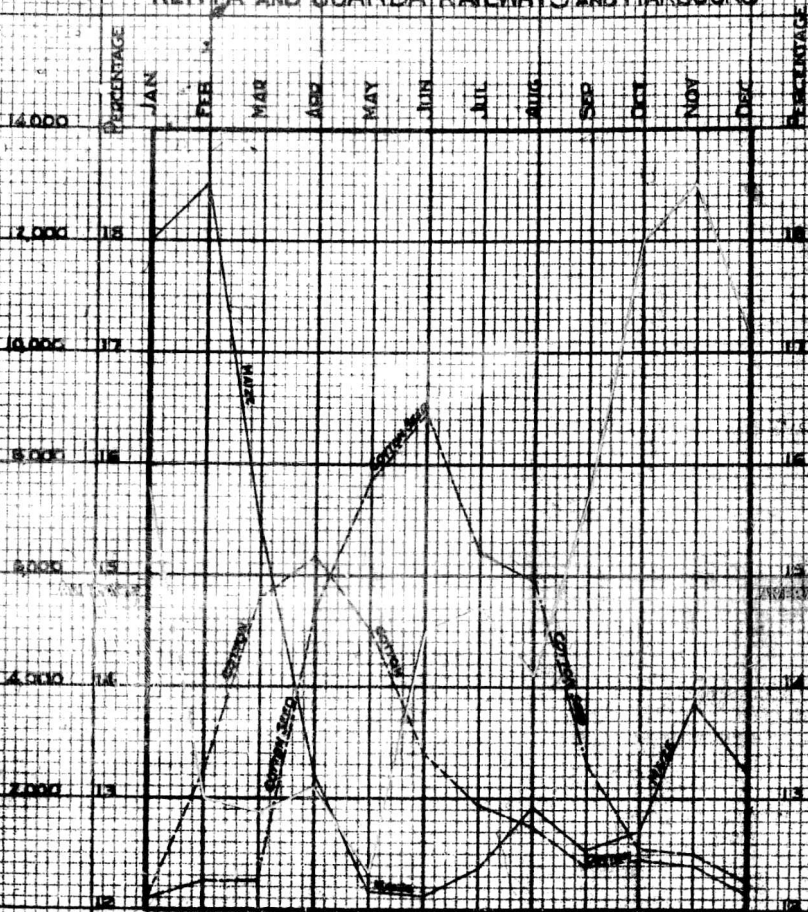
KENYA AND UGANDA RAILWAYS AND HARBOURS



EMPTY WAGON HAULAGE 1927

THE FOLLOWING COMMODITIES (IN TONS)
 ARE INDICATED IN THE GRAPH. THUS:-
 MAIZE ————
 COTTON ————
 COTTON SEED ————

KENYA AND UGANDA RAILWAYS AND HARBOURS



EMPTY WAGON HAULAGE 1928

THE FOLLOWING COMMODITIES (IN TONS)

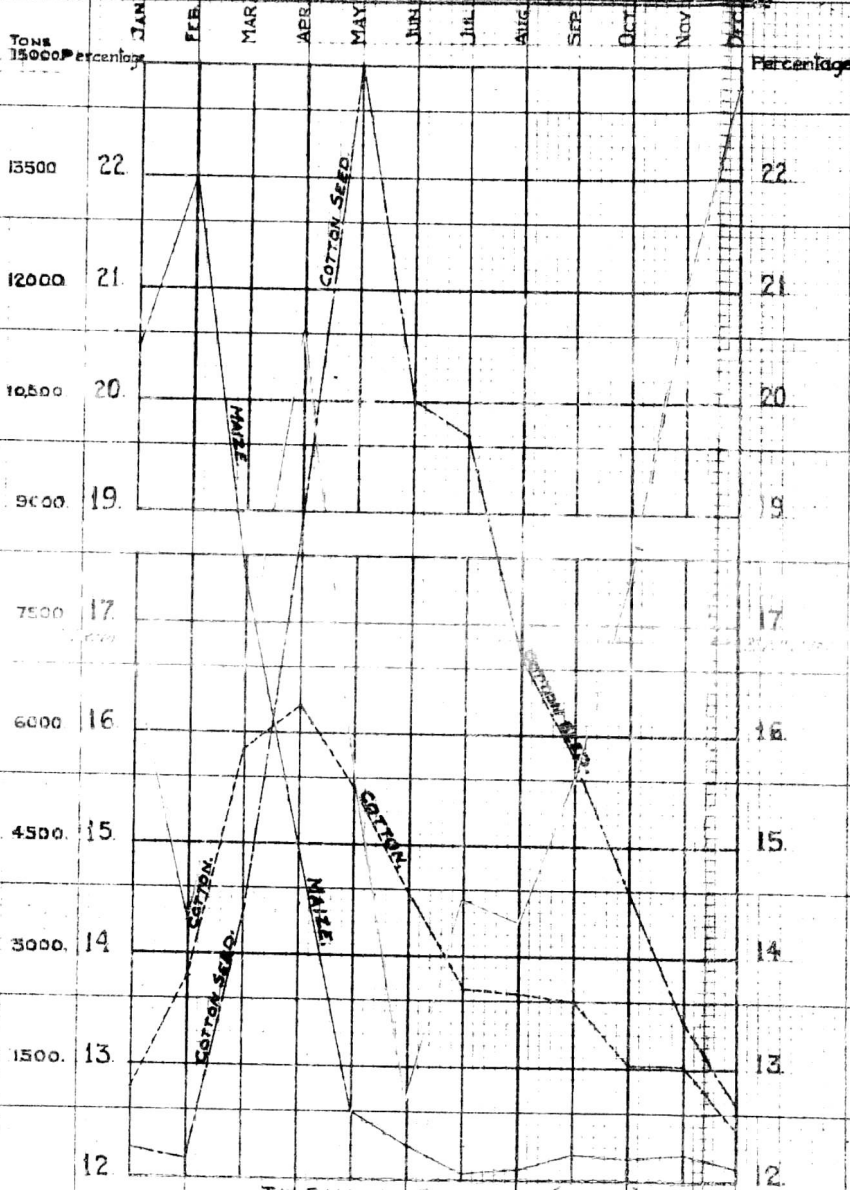
ARE INDICATED IN THE GRAPH THEREIN:

MAIZE

COCOA

COTTON SEED

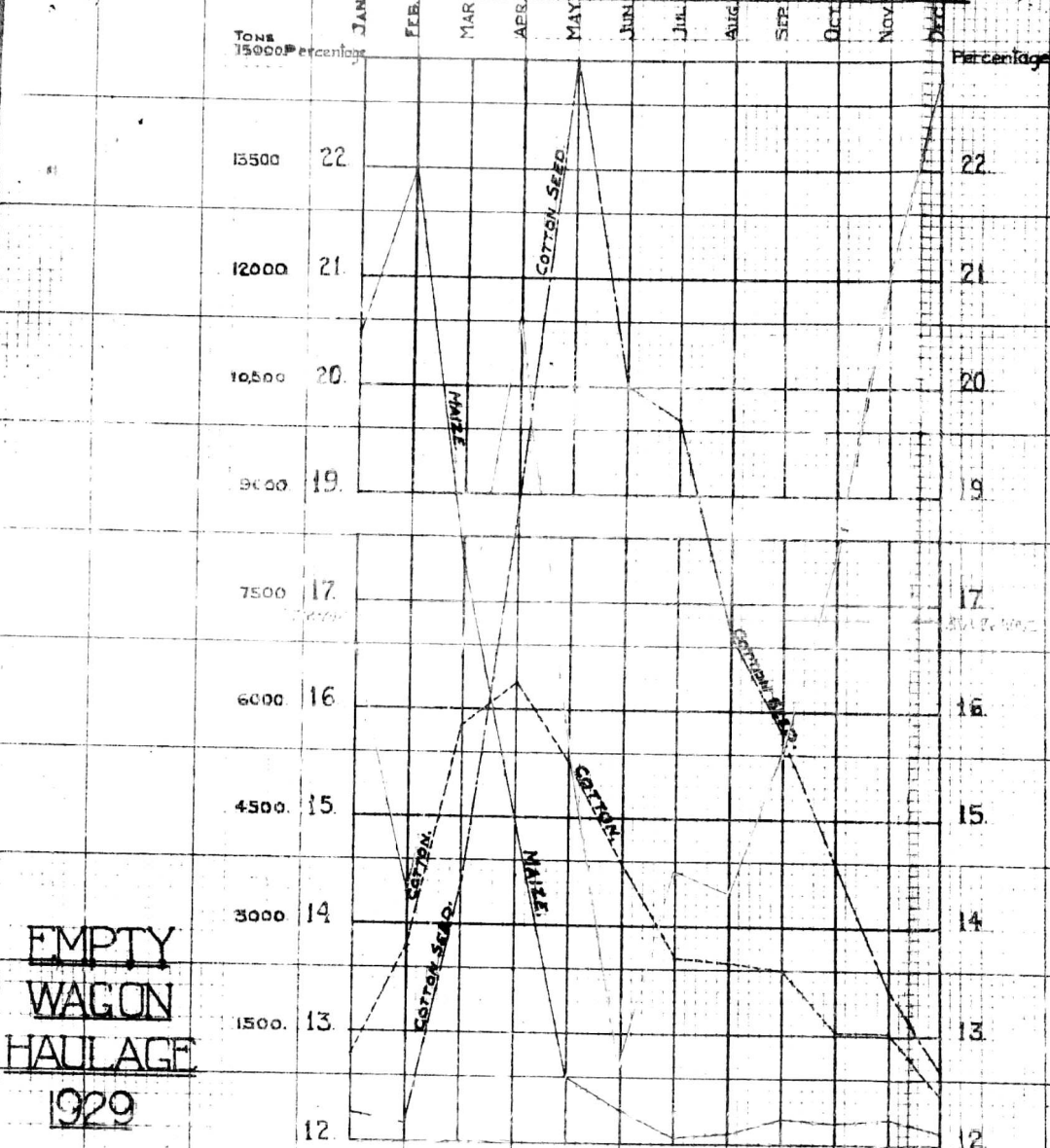
KENYA AND UGANDA RAILWAYS AND HARBOURS



**EMPTY
WAGON
HAULAGE
1929**

THE FOLLOWING COMMODITIES (IN TONS)
ARE INDICATED IN THE GRAPH THIS:-
 MAIZE. ————
 COTTON. ······
 COTTON SEED. ————

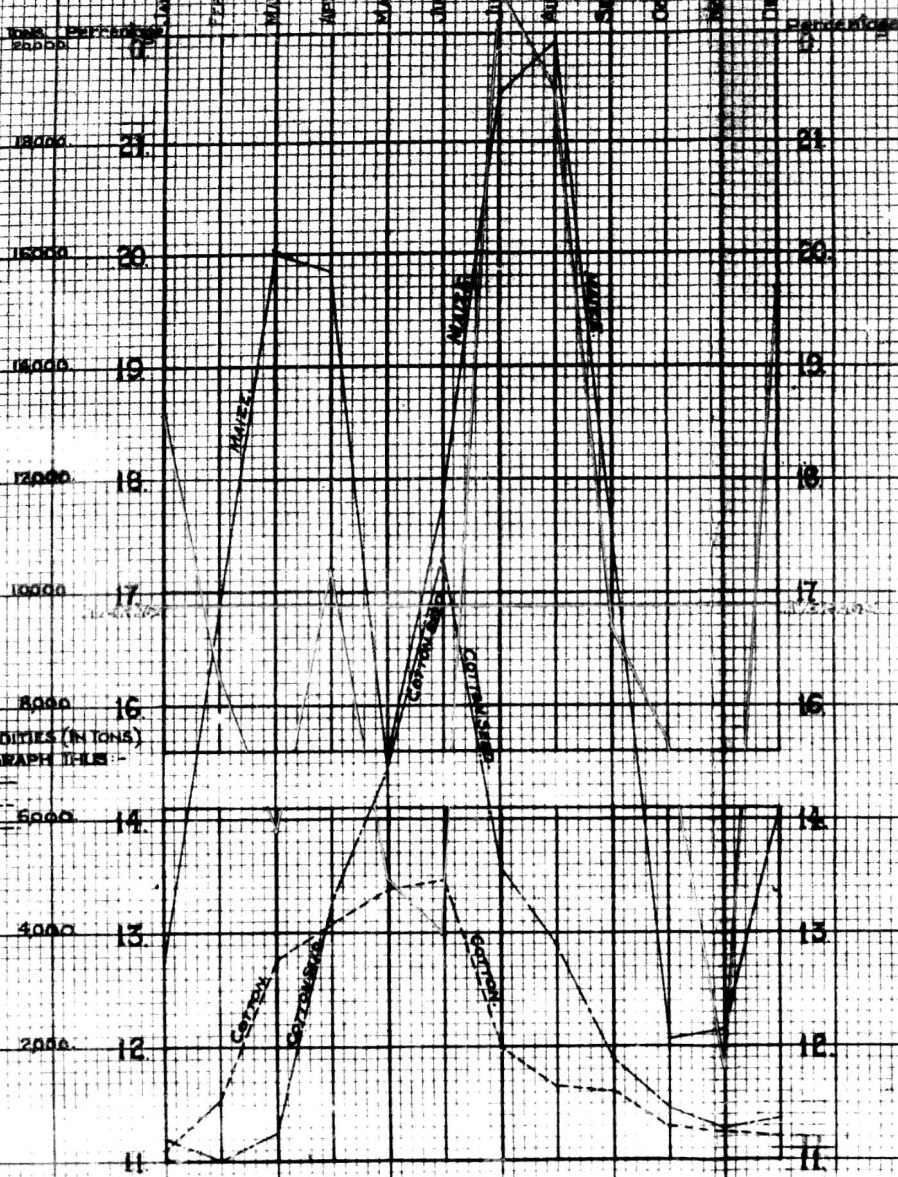
—KENYA AND UGANDA RAILWAYS AND HARBOURS—



**EMPTY
WAGON
HAULAGE
1929**

THE FOLLOWING COMMODITIES (IN TONS)
ARE INDICATED IN THE GRAPH THUS:-
 MAIZE. ———
 COTTON. - - - -
 COTTON SEED. - . . .

KENYA AND UGANDA RAILWAYS AND HARBOURS.



THE FOLLOWING COMMODITIES (IN TONS)
 ARE INDICATED IN THE GRAPH THIS:
 MAIZE: —————
 COTTON: - - - - -
 COTTON SEED: - - - - -

**EMPTY
 WAGON
 HAULAGE
 1930**

MAIZE RATES FERRO CARIL DEL SUD

RATE
PER
2240 lbs

32/00
28/80
25/60
22/40
19/20
16/00
12/80
9/60
6/40
3/20

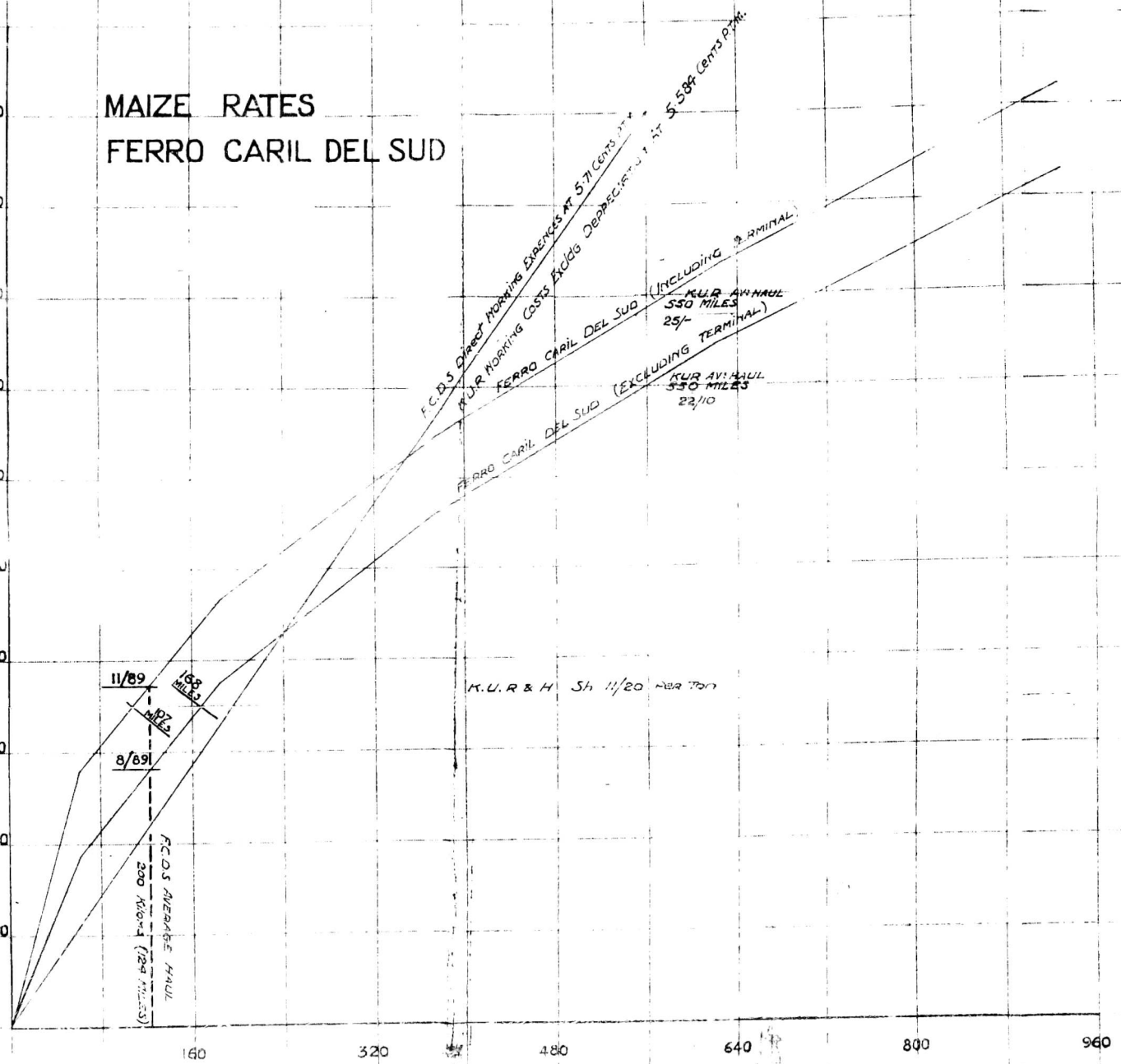
11/89
108 MILES
8/89
102 MILES
F.C.D.S. AVERAGE HAUL
200 MILES (124 MILES)

F.C.D.S. Direct Working Expenses at 5.71 CENTS PER TON
K.U.R. WORKING COSTS EXCL. DEPRECIATION AT 5.58¢ CENTS PER TON
FERRO CARIL DEL SUD (INCLUDING TERMINAL)
K.U.R. AVERAGE HAUL 550 MILES 25/-
FERRO CARIL DEL SUD (EXCLUDING TERMINAL)
K.U.R. AVERAGE HAUL 550 MILES 22/10

K.U.R. & H. Sh. 11/20 PER TON

160 320 480 640 800 960

MILES



RATE
PER
240 lbs

32/00

MAIZE RATES FERRO CARIL DEL SUD

28/80

25/60

22/40

19/20

16/00

12/80

9/60

6/40

3/20

11/89

107
MILES

8/89

F.C.D.S. OVERHAUL HAUL
200 MILES (124 MILES)

160

320

480

640

800

960

MILES

F.C.D.S. DIRECT WORKING EXPENSES AT 571 CENTS PER TON
K.U.R. WORKING COSTS EXCLUDING DEPRECIATION AT \$584 CENTS PER TON

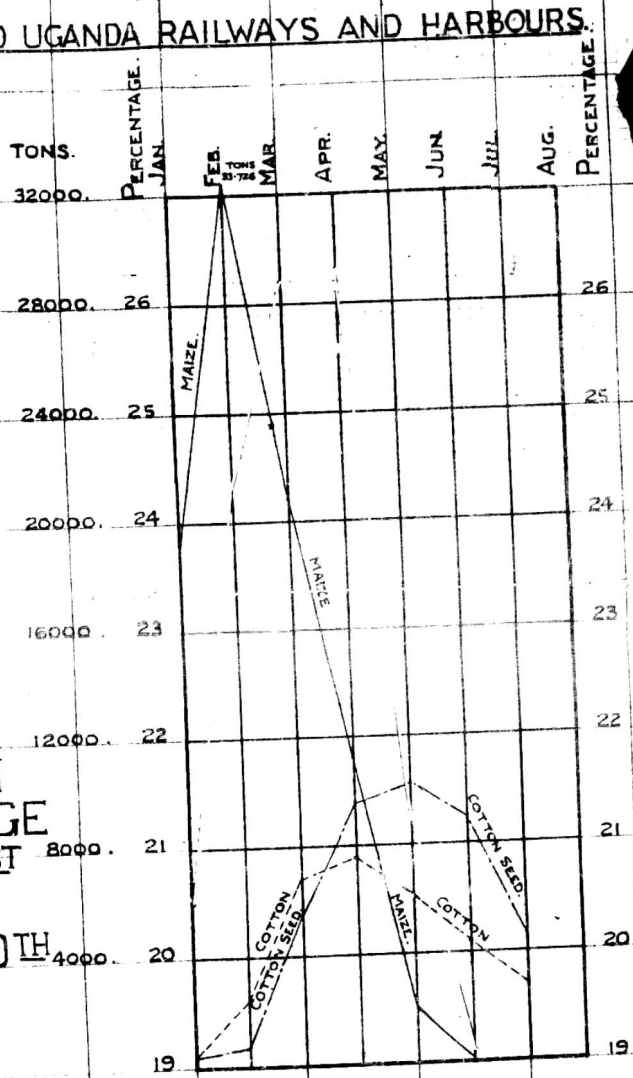
FERRO CARIL DEL SUD (INCLUDING TERMINAL)
K.U.R. AV. HAUL
550 MILES
25%

FERRO CARIL DEL SUD (EXCLUDING TERMINAL)
K.U.R. AV. HAUL
550 MILES
22/10

K.U.R. & H. Sh 11/20 PER TON

KENYA AND UGANDA RAILWAYS AND HARBOURS.

EMPTY
WAGON
HAULAGE
JAN 1ST
TO
JUN 30TH
1931



THE FOLLOWING COMMODITIES (IN TONS)
ARE INDICATED IN THE GRAPH THUS:-

- MAIZE. _____
- COTTON. - - - - -
- COTTON SEED.

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT:

RAILWAY RATES POLICY.MEMORANDUM BY GENERAL MANAGER ON REPORT OF SUB-COMMITTEE.

PARTICULARS

AND

REMARKS:

The attention of Council is drawn to the following memoranda which have been circulated to Members:-

- (1) Memorandum by the General Manager on the Railway Rates Policy, dated the 25th July, 1931.
- (2) Memorandum, dated the 19th August, 1931, forwarding additional graphs.
- (3) Graph showing rates charged on certain South American Railways and on the South African and Rhodesian Railways, as compared with those of the Kenya and Uganda Railways and Harbours, forwarded on October 26th, 1931.

Attention is also drawn to the resolution embodied in Minute 565 (Follow 555 - 554) of the Meeting of Council held on the 26th/27th July, 1931, appointing a sub-Committee of the Kenya members of Railway Council to examine the question of the conditions under which main traffic has been carried. This sub-Committee has submitted a report which has been circulated to Members of Council.

2. In connection with the Report of the Kenya sub-Committee, the following remarks are recorded for the information of Council :-

Para. 1.

It is noted with satisfaction that the sub-Committee accepts the figures of cost per ton mile for main exports, both above and below, the traffic peak, as detailed in the General Manager's memorandum on Rates Policy of the 25th July, 1931.

Para. 2.

It is noted that the sub-Committee accepts in principle that the main export traffic should be spread over a greater period of the year, with the object of eliminating a peak traffic in main. This principle has now been accepted by Council, vide Minute 568 of the Meeting of Council held on September 23rd/25th, 1931.

RECOMMENDATIONS

With regard to the basis of spread-over, the following tonnages have been indicated to the Director of Agriculture as being the probable capacity of the Railway in a normal year based on :-

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT

-2-

PARTICULARS

AND

REMARKS

(a) Cotton Seed Export not commencing until May 1st.

Month.	<u>Maine</u> <u>TONS</u>	<u>Cotton Seed</u> <u>TONS</u>
January	12,000	-
February	12,000	-
March	8,000	-
April	8,000	-
May	3,500	6,800
June	3,500	6,800
July	3,500	6,800
August	12,000	3,400
September	16,000	3,400
October	16,000	3,400
November	19,000	2,700
December	19,000	2,700
	<u>122,500</u>	<u>56,000</u>

(b) Restricted Export of Cotton Seed.

Month	<u>Maine</u> <u>TONS</u>	<u>Cotton Seed</u> <u>TONS</u>
January	12,000	-
February	12,000	-
March	4,000	3,600
April	4,400	3,600
May	6,700	3,600
June	6,700	3,600
July	6,700	3,600
August	11,800	3,600
September	12,800	3,600
October	12,800	3,600
November	12,800	3,600
December	12,800	3,600
	<u>122,500</u>	<u>56,000</u>

RECOMMENDATION

These figures have been discussed with the Director of Agriculture of Kenya and with the Managing Director of the Kenya Farmers' Association. In connection with this matter, it is recommended that Railway Council should satisfy itself that the industry is making such arrangements as may be necessary to enable its

traffic

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

-5-

SUBJECT:

PARTICULARS

AND

REMARKS:

to move on the basis indicated. It will be realized that any failure on the part of the industry to make suitable provision for its traffic to be moved under the new conditions will inevitably lead to a considerable amount of difficulty and trouble should it be found that insufficient storage facilities have been provided to meet the new conditions.

PAGE. 5.

The statement that the difference between the direct haulage cost, as established in the General Manager's memorandum, and the actual receipts by the Railway involved the Railway in an out-of-pocket loss of £12,845 in 1930 is misleading. In this connection attention is drawn to the 1930 paragraph of paragraph 58 on page 57 of the memorandum on Motor Traffic, wherein it is explained that under the conditions which existed during 1930 and 1931 the Motor Traffic had to provide from revenue earned on other traffic a sum of not less than £100,000 in each of those two years to cover the cost of moving the maize crop to the coast. In addition, in 1930, a further sum of £25,124 was paid out to the cereal industry by way of special subsidy. Presumably the sub-committee intended to say that if such traffic had been moved over the year in the manner now proposed, the out-of-pocket loss for the haulage involved in 1930 would have amounted to £12,845.

In connection with the final rate of 2s. 14/6V, the attention of Council is drawn to the fact that this figure has been arrived at by including the cost of empty haulage from the coast. As this cost is at times considerable, it is the recommendation of the Administration that the average rate on export maize should be fixed at 2s. 12/6. As the average return from the branch lines on export maize is 2s. 10/6 per ton, this leaves a difference of 2s. 12/6 which should be the main line rate for distances not exceeding 250 miles and where trans-shipment (i.e. at the rate of main from the Havre and Galt Parts) is not involved.

It is therefore recommended that the following be introduced for the existing classification of export maize as per 57 of the Railway Tariff Book to be brought into force from the 1st January, 1931:-

RECOMMENDATION:

Maize for export in 10 ton lots and over	
at stations:-	2s. 12/6
at main line stations	} 2s. 12/6
at branch line stations and at Havre and Galt Parts	
at branch line stations and at Havre and Galt Parts	} 2s. 12/6 per ton plus 25 cents per bag.
at main line stations and at Havre and Galt Parts	

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT :

-4-

		<u>Per ton.</u>
PARTICULARS	From Kavironda Gulf Ports	Shs. 18/30
AND	From Kabo Junction to Nairobi	Shs. 15/50

REMARKS : **(NOTE)** There is no alteration in the last entry in view of the relatively short haul.)

In further support of this recommendation, attention is again drawn to the point emphasised in the memorandum of the 25th July that the export maize traffic does not comply with Class "X" conditions in that low-rated traffic forms a proportion of no less than 5% of the total traffic of the Railway. In these circumstances the Shs.15/- rate recommended above is extremely favourable and the lowest rate that can be recommended to Council for acceptance.

Para. 4.

It may be accepted that the Railway Administration recognises that the lowest rates possible for the movement of traffic should in all cases be quoted, thus complying with the principles indicated in Clause 15 of the Railway Ordinance of 1927. As a result of the application of these principles Council may be reminded that it has been found possible to return to the general public by way of reduction in rates, a sum of £1,155,000 since 1925. When considering the rates charged on individual traffic, attention, however, must also be drawn to Clause 20 of the Kenya and Uganda (Transport) Order in Council 1925, which reads as follows:-

"The High Commissioner shall not be required either by the Government of Kenya or the Government of Uganda to provide transport facilities either gratuitously or at a rate of charge which is insufficient to meet the costs involved in the provision of such transport facilities unless the Government concerned undertakes to pay the amount of loss incurred by reason of the provision of such transport facilities."

It is considered that in the circumstances explained above any rate below Shs. 15/- would be a direct contravention of this Clause. It has been pointed out in the memorandum of the 25th July that the difference between a rate which will cover direct haulage costs only and a rate which will cover all costs must be made good by other traffic. In these circumstances, the difference between total cost and the rate charged on internal maize traffic is not excessive, nor can it in any way be held to balance the total cost of haulage of export maize traffic. The rates on the internal movement of maize should therefore be considered on their merits and no case has been established to show that these rates are in any way excessive in the circumstances.

RECOMMENDATION

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT :

-5-

PARTICULARS

AND

REMARKS :

Para. 5.

As explained above, the loss in 1930, under the conditions under which the maize traffic was dealt with was in the neighbourhood of £180,484. It has been pointed out that the revenue in excess of total cost on the internal movement of maize (which on average figures may be taken to be in the neighbourhood of £7,425 as suggested by the sub-Committee) is not in any way excessive.

5. In conclusion, the attention of Council should be drawn to the graph forwarded to them, showing the rates charged on certain South American Railways and on the South African and Rhodesian Railways. It will be noted that the Rhodesian Railways, whose rates approximate most closely to our rates, show a considerable increase in the rates for mileages beyond 400 miles.

Ref. No. A. 4/224.

GENERAL MANAGER'S OFFICE,

NAIROBI.

RECOMMENDATION :

9th November, 1931.

600

325

450

375

300

225

150

75

CENTS PER 100 LBS

PRESENT AND PROPOSED CLASSES 9 AND 10

PRESENT CLASSES 9 & 10

PROPOSED CLASSES 9 & 10

100

200

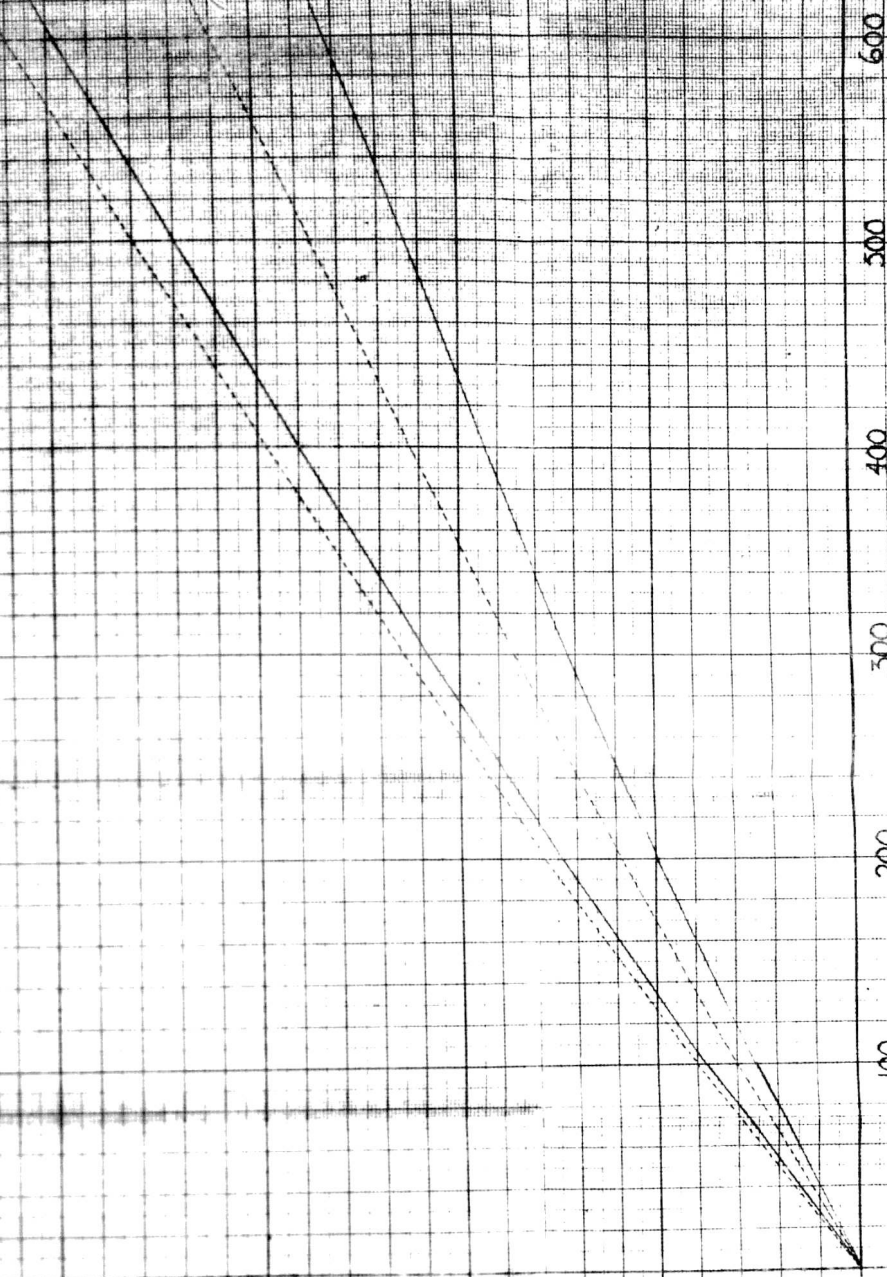
300

400

500

600

MILES



RAILWAY ADVISORY COUNCIL.

EXTRACT FROM MINUTES.

Meeting No. 29.

Held at NAIROBI.

Date 18th November, 1951.

Minute No. 679.

Folio No 356.

679. FARE REVISIONS:

(R.A.C. 11)

The Hon. GENERAL MANAGER said that in his Annual Report he had pointed out certain rates as being losing rates and that fact had become very apparent during the discussions of the sub-Committee appointed to consider the rate on maize. In view of this, he had put up recommendations for increasing Class 10 sufficiently to make it a non-losing rate, since all Class rates should be paying rates and should cover all working expenses and loan charges. If the suggestion slightly to raise Class 10 was carried out, a rise in Class 9 became consequential.

ACTION TAKEN.

(6) On the suggestion of the Hon. Mr. FITZGERALD, the Railway Administration was asked to ascertain the revenue that would be derived from a surcharge on a sliding scale and this suggestion was favoured by the Hon. LORD FRANCIS SCOTT.

(7) After further discussion, it was AGREED that the proposals put forward by the Railway Administration should be examined in detail at this stage of the discussion.

I. PASSENGER FARES AND PARCELS RATES:-

1. Excursion Fares.

Council AGREED to recommend:-

- (a) That the basis of Excursion Fares be increased from single fare for the return journey to single fare plus one-quarter;
- (b) That Excursion Tickets be issued only during the Christmas and Easter holiday periods and for two months of the year only, from the Highlands to the Coast and vice versa and from Uganda to the Highlands, the details being left to the Administration.

2. Week-end and Market Tickets.

Council AGREED to recommend

That the issue of these Tickets be suspended.

3. Steamer Call Excursion Tickets.

Council AGREED to recommend

That the basis for these tickets be increased from single fare for the return journey to single fare plus one-quarter.

4. Excursions in Conjunction with Shipping Companies.

Council AGREED to recommend

That the basis for these tickets be increased from single fare for the return journey to single fare plus one-quarter.

5. Concessions:-

(a) 1. Traders and Merchants.

Council AGREED to recommend

That the maximum be limited to single fare plus one-quarter as regards return tickets and its equivalent as regards single tickets.

(6) On the suggestion of the Hon. Mr. FITZGERALD, the Railway Administration was asked to ascertain the revenue that would be derived from a surcharge on a sliding scale and this suggestion was favoured by the Hon. LORD FRANCIS SCOTT.

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5. Concessions:-

(a) 1. Traders and Merchants.

Council AGREED to recommend

That the maximum be limited to single fare plus one-quarter as regards return tickets and its equivalent as regards single tickets.

(b) 2. Bands of Musicians.

Council **AGREED** to recommend

That this concession be withdrawn.

(c) 7. Representatives attending Meetings of Public Bodies Recognized by the High Commission.

The Hon. LORD FRANCIS SCOTT moved and the Hon. COLONEL TUCKER seconded that the basis of the fare should be 1 1/2 fares for the double journey instead of single fare. Public bodies recognized by the High Commissioner to be differentiated from Government bodies which are not entitled to the concession.

(2) The Hon. LORD SCOTT proposed and the Hon. Mr. MARSHALL seconded that in cases where expenses are paid by Government the normal Government rebate should be given.

Council **AGREED** to recommend the adoption of these proposals.

(d) 8. Accredited Representatives of Missionary Societies and other Bodies attending Meetings of the High Commission.

Council **AGREED** to recommend

That the basis of these tickets be increased from single fare for the return journey to single fare plus one-quarter.

(e) 12. School and Senior School Pupils and Teachers of Government Schools.

Council **AGREED** to recommend

That this concession be withdrawn.

(f) Council **AGREED** to recommend

That the basis for the following concessive tickets be increased from single fare for the return journey to single fare plus one quarter:-

- 15. Theological Touring Parties
- 16. Ambulance Brigades
- 17. Soldiers and their immediate dependants and families placed on approved farms.
- 9. Presses and Staff of Newspapers.
- 11. Teachers and other individuals appointed by the Director of Education, etc.

6. Exam. Meetings.

On the representations of the Hon. LORD FRANCIS SCOTT that any withdrawal of the concession as regards passes would be a serious blow to Examinations and on his undertaking as Senior Steward of the Examinations to see that the conditions relating to such concessions were complied with

(2) The Hon. COLONEL TUCKER put forward an alternative proposal to the rate revisions recommended by the Railway Administration which he had discussed with the Executive of the Chambers of Commerce and which it was considered would involve least hardship on the community, viz., that the Tariff Book should remain as at present, but that a surcharge of 5% on every rate, excluding Passenger traffic, should be imposed. It was thought that this might meet the present situation which he thought was temporary and might improve in the next 6, 9 or 12 months.

(3) The Hon. MAJOR SCOTT pointed out that this scheme, if adopted, would be playing into the hands of Motor Competition; an increase in low rates, however, would be in conformity with a scheme that might later have to be adopted to make things more difficult for motor vehicles to compete.

(4) The Hon. GENERAL MANAGER said that the proposals he had put forward were for the purpose of getting additional revenue and if the surcharge now proposed would achieve that purpose and was accepted unanimously, it would meet his case. He thought, however, that it would be impossible to include Classes 1 and 2 and that the surcharge should be put only on Classes 3 to 10. Owing to the fact that much of the traffic was short haul traffic, he doubted whether a 5% surcharge would give sufficient revenue to meet the case. He also pointed out that, in view of the fall in value of the £ sterling, it was highly probable that the Administration might have to put on a general surcharge during 1932.

(5) THE CHAIRMAN asked Council to consider whether they would be acting wisely in recommending a substantial alteration in Glass rates at the present time, owing to the possible advent of a Transport Adviser as recommended in the Report of the Joint Committee on Closer Union. He further said that of the two methods of securing additional revenue he preferred the percentage surcharge basis for the reasons that it spread the burden in the most equitable manner between all users and commodities. He could not agree that after the earnest consideration which Council give to the incidence of the various rates that their application, as now expressed in the Tariff Book, was not sound. In his opinion something less than the increase proposed by the Administration in respect to Classes 9 and 10 should meet the case and he pointed out that the Council had deliberately reduced the rate on such goods as heavy building material under pressure from Uganda interests. Again, he considered that to collect 50% of the increase from one commodity - petrol - was not equitable, and as to checkmating motor competition, he did not consider that a few thousand users of motor cars, for whom petrol was an essential in their everyday lives, should suffer in order to rectify a position affecting a few individual owners of motor vehicles. Further, under the motion, the increased revenue fell short by £20,000 of the amount which the Administration considered should be obtained in order to bring the shortfall as at the end of 1932 within the amount to which the Secretary of State was likely to agree.

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT: PROPOSED RAILWAY TARIFF REVISIONS - TARIFFS 9 and 10.

and

MAXIMUM AND EXPORT RATES.

PARTICULARS

AND

REMARKS:

As has already been explained to Railway Council, Tariff No. 10 is not an economical rate and, in view of the financial situation of the Administration, it is considered that this is an opportune time for revising that rate so as to obviate the commodities conveyed at Class 10 being carried at a loss.

Any revision of Class 10 rate will necessitate a slight revision of Class 9 rate also, in order to maintain the relative ratio between the two tariffs.

Attached for the information of Council, is a graph showing in cents per 100 lbs the existing and the proposed Class 9 and 10 rates.

A statement is also attached, showing the commodities included in each of these classifications.

Reference to the graph will show that the present and proposed rates at varying distances and the proposed increase in the rate per ton of 2240 lbs. are as follows:-

CLASS 9.

Miles	Present Rate	Proposed Rate	Increase
50	Shs. 4/30	Shs. 4/28	- 2
100	" 12/77	" 12/64	- 13
150	" 20/69	" 20/56	1/07
200	" 28/45	" 28/37	2/08
250	" 36/30	" 36/23	2/07
300	" 44/25	" 44/18	3/07
350	" 52/30	" 52/23	3/07
400	" 60/14	" 60/10	4/04

CLASS 10.

Miles	Present Rate	Proposed Rate	Increase
50	Shs. 4/30	Shs. 5/16	-/30
100	" 12/70	" 12/60	1/10
150	" 20/60	" 20/50	4/10
200	" 28/50	" 28/40	5/10
250	" 36/40	" 36/30	7/10
300	" 44/30	" 44/20	8/10
350	" 52/20	" 52/10	11/10
400	" 60/10	" 71/00	11/00

RECOMMENDATION:

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT :

-2-

PARTICULARS

AND

REMARKS :

The adoption of the revised Class 9 and 10 rates will necessitate a revision of certain of the existing maxima rates. Maxima rates are a source of potential danger, in that they may become definitely uneconomic, if the length of haul becomes excessive, or if they encourage unnecessary movement, as has happened in the case of locally grown maize. They are justified only where a traffic is built up, yielding some return above cost. The length of haul is, therefore, of vital importance.

In submitting the following proposals, due regard has been had to the increase in the Class rate itself, recommended above, as well as to the ability of each commodity to bear a higher maximum rate, and also to the average length of haul of the traffic passing.

COMMODITY	PRESENT RATE	PROPOSED RATE
Bones, Bone Waste, Hoofs & Horns of cattle in 10 ton lots and over	25/-	Maxima to be abolished.
Iron, Waste Scrapings, Shavings, Filings, Rice Husk and similar haul in 2 ton lots and over	21/36	To be abolished.
Coal, Cattle in 10 ton lots and over	30/-	40/-
Cement Clinker in 10 ton lots and over	30/-	To be abolished.
Coal, Coke and Fuels haul in 10 ton lots from South to North Stations	20/-	To be abolished.
Bottom Coal in 10 ton lots and over	30/-	40/-
Flaming Maize, medium, in lots of 9 tons and short and 10 tons per lot	Reduction of 10p off Class 10 rate.	Reduction to be abolished.
Wheat, Wheaton, O.S.D.P. in 1 ton lots and over	21/36	40/- (To apply to commodities classified for the Grant only).

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT

- 3 -

PARTICULARS

AND

REMARKS

Commodity.

Present
Rate
per
ton
mile.
Rs.

Proposal.

Rs.

Grain, Bajra, Bajri,
Barley, Beans, etc.
in 10 ton lots and
over.

25/-

To be abolished.

Gravelstone in 10 ton
lots and over

50/-

50/-
(To apply to consignments
destined for the Coast
only.)

Lime and Limestone in
10 ton lots and over

25/-

To be abolished.

Lime and Limestone for
agricultural purposes in
10 ton lots and over

15/-

25/-
Full ordinary tariff rate
to be charged in first
instance and, on production
of proof that lime has been
used for agricultural pur-
poses, a rebate to be
allowed of the difference
between mileage charges
calculated at a maximum
of 25/- per ton, if such
amounts to less.

Wheat in 10 ton lots and
over
(See Mem. G.M.'s memo-
randa of 10.2.24.)

22/40

To be abolished.

Wheat in 10 ton lots
and over

25/-

25/-

Wheat in 1 ton lots
and over

25/25

40/-

Wheat in 10 ton lots
and over

25/-

To be abolished.

Wheat and Wheat Flour in
10 ton lots and over

44/15

44/15
(To apply to consignments
destined for the Coast
only.)

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT

-4-

	<u>Commodity.</u>	<u>Present Maximum Price.</u>	<u>Proposal.</u>
PARTICULARS			
AND		Shs.	Shs.
REMARKS			
	Rice, unhusked in 10 ton lots and over	25/-	25/- (To apply to consignments destined for the Coast only.)
	Sheets in 10 ton lots and over	44/80	44/- (To apply to consignments destined for the Coast only.)
	Siam and Lahu Seed in 10 ton lots and over	80/-	55/- (To apply to consignments destined for the Coast only.)
	Supine Flour in 10 ton lots and over	44/15	44/15 (To apply to consignments destined for the Coast only.)
	Supine, unmanufactured in 10 ton lots and over	23/-	23/- (To apply to consignments destined for the Coast only.)
	Fiber, sun and unsun in 10 ton lots and over	44/80	44/- (To apply to consignments destined for the Coast only.)
	Vegetables in 1 ton lots and over	30/02	45/-

It is necessary also that the existing maximum export rates be reviewed and the following is a summary of such rates with the present maximum per ton and the proposals submitted to Council for consideration :-

RECOMMENDATION

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT :

-5-

PARTICULARS

AND

Commodities.

Present

Proposals.

REMARKS :

Rs. 615.

Ans.

Bamboo and Papyrus Fibre Pulp
for export in 10 ton lots
and over, pressed to 25 lbs.
weight or over per c.ft.

22/75

That the maximum rate
be abolished and that
the traffic be carried
at the ordinary Class
S rate at present appli-
cable.

Bones, Bone waste, Hoofs
and Horns of cattle in
10 ton lots and over for
export.

22/75

Rate to be abolished.

Skins for Cattle in 10 ton
lots and over for export

22/75

Rate to be abolished.

Caster Seed in 10 ton
lots or over for export

30/-

Maximum 35/-

Cotton Seed in 10 ton
lots or over for export

22/75

To remain unaltered.

Cotton Seed in 10 ton
lots or over for export

30/-

Maximum 35/-

Groundnuts in 10 ton lots
or over for export

35/-

To remain unaltered.

Linseed in 10 ton lots or
over for export

30/-

Maximum 35/-

Jaggies in lumps or mould
in 10 ton lots or over for
export

From Uganda Ports
on Lake Victoria
and Uganda Sta-
tions 1/10 per 100
lbs.

From Kenya Sta-
tions 0/30 per 100
lbs.

To remain
unaltered.

RECOMMENDATION :

From Tanganyika
Ports on Lake Vic-
toria 1/20 per 100
lbs.

Skins in 10 ton lots or over
for export

35/-

To remain un-
altered.

MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

SUBJECT :

-4-

PARTICULARS

AND

REMARKS :

<u>Commodities.</u>	<u>Present Maximum</u> Shs.	<u>Proposals.</u> Shs.
Palm Kernels in 10 ton lots or over for export	21/24 From Masindi Port to the Coast.	25/-
Papyrus Fibre, pressed and baled for export in 10 ton lots or over	22/75 From Lake Victorin in Portu to the Coast.	Rate to be abolished. No traffic passes.
Potatoes in 10 ton lots or over for export	14/-	Maximum 25/-
Railway Sleepers in 20 ton lots or over for export	20/-	Rate to be abolished. No traffic passes.
Sisal Seed and Jala Seed in 10 ton lots or over for export	25/-	To remain unaltered.
Sunflower Seeds in 10 ton lots or over for export	20/-	Maximum 25/-
Timber for export in 7 1/2 ton lots or over per short truck and 15 ton lots or over per bogie truck	6 cents per ton per mile.	To remain unaltered.
Wattle Bark for export in 10 ton lots or over	17/92	To remain unaltered.
Wattle Bark Extract for export in 10 ton lots or over	22/40	To remain unaltered.

RECOMMENDATION :

The estimated additional annual revenue which would be earned by the adoption of the foregoing proposals is £21,000.

**STATEMENT OF COMMODITIES INCLUDED IN CLASS 9
FULL RATE.**

749

Bamboos and Ballies in truck loads
Beams, Bone Shells, Hoofs and Horns of Cattle
Less than 10 ton lots.
Beans, Broad Seedlings, Shampo, Pallasia, Rice Part
and Husky Meal S.F. less than 2 ton lots.
Beans, Broad, Shampo or Hoing - less than 10 ton lots.
Cattle Cuts - less than 10 ton lots.
Chalk, S.F. - in truck loads.
Charcoal, S.F. - in truck loads.
Chestnuts - less than 10 ton lots.
Flour, S.F.
Gum, S.F. for export - less than 10 ton lots.
Hides and Skins - in truck loads.
Hides of Cattle, Hides and Buffalo, S.F. preserved.
Hides of Cattle, Hides and Buffalo, S.F. consigned
to local tanneries.
Lime and Limestone, S.F. in gunny bags - less than
10 ton lots.
Maize, S.F. S.F.S.F.

Maize, Cracked, Maize Flour & Maize Meal C.F. in less than 10
ton lots
Makrodi, C.F. - in truck loads.
Malasses and Malassine Mol S.F. - in 10 ton lots.
Oil, Liquid Fuel (Grade Oil) including Diesel Oil-in 10 ton lot
Guns, Bone Meal, S.F. in 10 ton lots.
Palm Leaves, S.F. - in truck loads
Pig Iron - in less than 10 ton lots.
Railway and Tramway Permanent Way Material including trallies.
80 ton lots.
Rice and Bamboos - in truck loads.
Rocks, Agricultural.
Signal Poles - in truck loads.
Skins, Snake and Crocodile, salted for export.
Sugar, Calf and Sugar, preserved.
Sugar, Calf and Sugar, consigned to local tanneries.
Tiles, S.F. in 1 ton lots.
Water in tank wagons.

MAXIMUMS.

Beans, Broad Seedlings, Shampo, Pallasia, Husky & Husky Meal S.F. in 2 ton lots	25/25	Grain, Bajra, Bajri, Barley, Broom, Buckwheat, Chicka, Bell, Guna, Jowari, Lentils, Masha, Millet, Moong, Gata, Pans (Aradi), Pulses, Rye, Uri, and Wada in 10 ton lots.	25/00	Maximum Maize, crushed, Maize flour and Maize Meal in 10 ton lots.	22/40
Cattle Cuts in 10 ton lots	20/00	Maize, Imported by Government for Swine raising purposes in 10 ton lots	22/00	Potatoes, C.F. in 10 ton lots	20/00
Cotton Seed in 10 ton lots	20/00	Maize S.F. in 10 ton lots	22/40	Potatoes, C.F. for export in 10 ton lots.	14/00
				Rice (unmashed) S.F. in 10 ton lots	25/00
				Shack	44/00
				Shacks, in 10 ton lots. (Coastwise)	25/00
				Topica (unmanufactured) in 10 ton lots.	25/00
				Timber (Sawn) S.F. in 10 ton lots. (Coastwise)	44/00

STATEMENT OF COMMODITIES INCLUDED IN CLASS 10.

FULL RATES.

Asbestos & Gypsum Sheets, Glabs & Tiles in 10 ton lots.	Firewood - in truck loads (Min. 10/- per trk)	Rubber (Raw) for export (temporary rate)
Ashes in truck loads.	Fodder, Forage, Chaff, Hay, Lucerne, Grass and Straw - in truck loads.	Salt, Rock - in 10 ton lots.
Bark in truck loads.	Galvanised Iron - in 10 ton lots.	Sand, C.P. - in bags.
Bricks - Fire, Masonary or Paving - in 10 ton lots.	Ghee, G.P. for export - in 10 ton lots.	Sand, G.P. - in truck loads.
Building Blocks in 10 ton lots.	Gum, G.P. for export.	Sawdust - in truck loads.
Cement in 10 ton lots.	Hides of Cattle, Zebra and Buffalo for export in 1/2 ton lots.	Scrap, Iron & steel in 10 ton lots.
Clay G.P. in truck loads.	Hoofs and Horns of Cattle - in 10 ton lots.	Stone - in truck loads.
Concrete Blocks, in 10 ton lots.	Leam, in truck loads.	Sugar Cane G.P. - in truck loads.
Corrugated Iron - in 10 ton lots.	Marble Chippings - in 10 ton lots.	Tar, Bitumen - in 20 ton lots.
Diatomite (Infusorial Earth) in truck loads.	Mica, ground or waste.	Tiles, C.P. - in 10 ton lots.
Earth and Marum - in truck loads.	Pig Iron - in 10 ton lots.	Water - in tank wagons for agricultural and industrial purposes.
Fencing Materials, Wire standards etc.	Red Ochre, G.P. - for export	Wattle Bark, C.P. in truck loads.
Firebricks, in 10 ton lots.	Road making and Road Repairing materials in 20 ton lots.	Wheat, C.P. - in 10 ton lots.
Fireclay, in 10 ton lots.		

MAXIMUM RATES.

Bones, Bone Waste, Hoofs and Horns of Cattle in 10 ton lots	Maximum per ton 25/00	Lime & Limestone C.P. in 10 ton lots	Maximum per ton 25/00
Cement Clinker - in 10 ton lots	50/00	Mamases - in 10 ton lots	25/00
Coal, Coke & Patent Fuel - in 20 ton lots	20/00		

(Coast to Kenya Stations).

(6) On the suggestion of the Hon. Mr. FITZGERALD, the Railway Administration was asked to ascertain the revenue that would be derived from a surcharge on a sliding scale and this suggestion was favoured by the Hon. LORD FRANCIS SCOTT.

(7) After further discussion, it was AGREED that the proposals put forward by the Railway Administration should be examined in detail at this stage of the discussion.

I. PASSENGER FARES AND PARCELS RATES:-

1. Excursion Fares.

Council AGREED to recommend:-

- (a) That the basis of Excursion Fares be increased from single fare for the return journey to single fare plus one-quarter;
- (b) That Excursion Tickets be issued only during the Christmas and Easter holiday periods and for two months of the year only, from the Highlands to the Coast and vice versa and from Uganda to the Highlands, the details being left to the Administration.

2. Peak-and and Market Tickets.

Council AGREED to recommend

That the issue of these Tickets be suspended.

3. Steamer Call Excursion Tickets.

Council AGREED to recommend

That the basis for these tickets be increased from single fare for the return journey to single fare plus one-quarter.

4. Excursions in Conjunction with Shipping Companies.

Council AGREED to recommend

That the basis for these tickets be increased from single fare for the return journey to single fare plus one-quarter.

5. Commissions:-

(a) 1. Traders and Merchants.

Council AGREED to recommend

That the maximum be limited to single fare plus one-quarter as regards return tickets and its equivalent as regards single tickets.

(b) 2. Boards of Missionaries.

Council **AGREED** to recommend

That this concession be withdrawn.

(c) 7. Representatives attending Meetings of Public Bodies Recognized by the High Commissioner.

The Hon. LORD FRANCIS SCOTT moved and the Hon. CHARLES TUCKER seconded that the basis of the fare should be 1/2 fares for the double journey instead of single fare. Public bodies recognized by the High Commissioner to be differentiated from Government bodies which are not entitled to the concession.

(2) The Hon. HARRY SCOTT proposed and the Hon. Mr. MARSHALL seconded that in cases where expenses are paid by Government the normal Government rebate should be given.

Council **AGREED** to recommend the adoption of these proposals.

(d) 8. Specialized Representatives of Missionary Societies.

Council **AGREED** to recommend

That the basis of these tickets be increased from single fare for the return journey to single fare plus one-quarter.

(e) 12. School and Sunday School Picnics and Excursions.

Council **AGREED** to recommend

That this concession be withdrawn.

(f) Council **AGREED** to recommend

That the basis for the following concession tickets be increased from single fare for the return journey to single fare plus one-quarter:

- 12. Charitable Evening Parties
- 13. Excursions by Road
- 14. Excursions and their immediate dependents
- 15. Excursions to places of approved interest.
- 16. Excursions to Hospitals.
- 17. Excursions and other special fares appointed by the Director of Education, etc.

g. Home Returns.

The Hon. LORD FRANCIS SCOTT moved and the Hon. LORD MARSHALL seconded that the basis of the concession should be 1/2 fares for the double journey instead of single fare. Public bodies recognized by the High Commissioner to be differentiated from Government bodies which are not entitled to the concession.

Council AGREED to recommend:-

- (a) that the concession as regards horses remain as at present;
- (b) that a letter be addressed to the Jockey Club, asking for the enforcement of conditions when submitting applications for the concession;
- (c) that concessions as regards horses should apply only to meetings held under the auspices of the Jockey Club and the Polo Association in the case of races and polo meetings and to properly organised Gymkhana race meetings;
- (d) that the conveyance of passengers to Race Meetings at reduced rates be abolished.

Council ALSO AGREED that where the conditions laid down in the Tariff Book were not strictly complied with, full rates should be charged without further correspondence.

Reduced Parcels Tariff.

On the proposal of the Hon. LORD FRANCIS SCOTT, seconded by the Hon. Mr. FITZGERALD,

Council AGREED to recommend

That the provisions of Section (d) of Clause 212 of the Tariff Book be altered and that consignments be charged at one-third instead of one-quarter Parcels Rates on the articles specified therein.

8. Distribution Rates.

After some discussion, on the proposal of the Hon. Mr. FITZGERALD, seconded by the Hon. Mr. MARSTON

Council AGREED to recommend

That Distribution Rates be withdrawn.

The Hon. COLONEL TUCKER dissented.

9. Export Rate on Sugar.

On the proposal of the Hon. GENERAL MANAGER the memorandum on the proposed revision of the Export Rate on Sugar was withdrawn.

10. Rate for Cement, Corrugated and Galvanised Iron, and Asbestos Sheets.

After some discussion

Council AGREED to recommend

That the rate for Corrugated and Galvanised Iron and Asbestos Sheets in 10 ton lots and over should be charged at Class 8 and smaller quantities at Class 6, but that the rate for Cement in 10 ton lots and over should be Class 9 and Class 7 for smaller quantities.

11. Rates for Petrol and Kerosene.

After considerable discussion, it was proposed by the Hon. Mr. FITZGERALD that the existing Class rates on Petrol and Kerosene should be increased by a surcharge of 12½% in the case of Petrol and 10% in the case of Kerosene.

For the Resolution -

The Hon. Mr. Fitzgerald
The Hon. Major Scott
The Hon. Mr. Marston

Against

The Hon. Lord Francis Scott
The Hon. Colonel Tucker

The Hon. MR. JONES proposed that the recommendation of the Railway Administration that Petrol should be increased to Class 4 and Kerosene to Class 7 be accepted, but that a rebate of 15% on Petrol and 12½% on Kerosene be given.

This was carried by 3 votes against 1, 3 members not voting.

After further discussion

Council FINALLY AGREED to recommend

That the rate on petrol be increased to Class 4, but that the rate on Kerosene remain as at present.

12. Classes 9 and 10 and Maximum and Expert Rates:

After considerable discussion

Council AGREED to recommend

That the increases in Classes 9 and 10 as set out in the memorandum presented to them be applied, but that existing Maximum Rates should remain unchanged.

The estimated increase in Revenue from the above recommendations is as follows:-

	2	2
Revision of Classes 9 and 10	19,000	
Increase in rates on Cement, Corrugated and Galvanised Iron and Asbestos Sheets	17,000	
Increase in rate on Petrol	<u>40,476</u>	76,476

Passenger Fares and Parcels
Notes:-

(a) Excursion Fares to 1/4 fares	}	750
(b) Excursions for 2 months per annum.		
(c) Traders and Merchants Concessions limited to 1/4 fares		
(d) Meetings of Public Bodies @ 1/4 fares		
(e) Missionary Societies @ 1/4 fares		
(f) Theatrical Touring Parties @ 1/4 fares		
(g) Ambulance Brigades @ 1/4 fares		
(h) Newspaper Staff @ 1/4 fares		
(j) Teachers, etc., @ 1/4 fares		
Race Meetings - Concession confined to horses and ponies under certificates .....				250
Reduced Parcels Tariff increased from one-quarter Parcels Rate to one-third		164
Abolition of Distribution Rates	<u>E.902</u>	<u>4,164</u>
TOTAL		<u>689, 648</u>

The following Resolution was proposed by the Hon. MAJUR SCOTT and seconded by the Hon. DR. HUNTER:-

That, in view of the fact that it is essential to obtain additional revenue in order to decrease the deficit on the 1932 Budget, this Council accepts the recommendations of the Railway Administration framed in accordance with Council's Resolution dated 23rd/25th September, 1931, as recorded in Minute 672 (Folio 340) with the following modifications:-

1. The increased rate proposed for Classes 9 and 10 not to apply to Maximum Rates, all of which are to remain unchanged;
2. Cement in 10 ton lots and over to be transferred to Class 9 instead of Class 6 as recommended and Cement in smaller quantities to be transferred to Class 7 instead of Class 6 as recommended.
3. No increase to be made in the rate on Kerosene, in view of the fact that kerosene is largely used in Kenya for agricultural purposes and that it is difficult for the Administration to differentiate between kerosene used for lighting and kerosene used for power purposes.

The effect of the above amendments is that the estimated revenue to be derived from the proposals of the Administration is reduced from £100,000 to £20,000.

Council advise that this shortfall of £20,000 in the total of additional revenue aimed at by the Administration should be accepted, rather than that any further increase of rates should be applied at the present time.

The reason for the adoption of these proposals in preference to the alternative proposal for a general surcharge on all rates which has been under consideration by Council are:-

- (a) That certain definitely losing rates will be eliminated from Class 10;
- (b) That heavy reductions which have been conceded to certain classes of traffic since 1st January, 1927, are in part rescinded and that this re-adjustment now that extra revenue is essential appears to be fair and logical;
- (c) That the increase in the rate on petrol recommended by the General Manager is fully justified in view of the difficulties which confront the Administration;
- (d) That the proposals of the Administration constitute a well-considered and far more satisfactory method of obtaining additional revenue on which to present a budget than the proposal for a general surcharge. A general percentage surcharge is an arbitrary and unscientific measure which must inevitably result in a general increase in the cost of living and should be regarded as an emergency and temporary expedient designed to meet a specific contingency;
- (e) That the General Manager has advised the Council that circumstances may arise in the course of next year which will necessitate the provisions of additional revenue, and that the Council considers that the introduction of a general surcharge should be held in reserve as a final emergency measure.

The Hon. COLONEL TUCKER proposed the following amendment, which was seconded by the Hon. LORD FRANCIS SCOTT:-

That this Council, recognising the need for increasing the revenue in the 1928 Estimates by means of additional charges for the conveyance of merchandise, considers that the existing Tariff and scales generally should not be disturbed, but that a temporary 10%

surcharge should be adopted on Classes 3 to 10 and Exceptional Rates, calculated to yield £100,000, but leaving Classes 1 and 2 as well as the maxima in the Exceptional Rates and Export Rates undisturbed. The advantages derivable from the adoption of this method include:-

- (a) Ability to fluctuate the surcharge or abolish it at any moment when warranted by circumstances without permanently disturbing the main rating policy of the Railway;
 - (b) A clear field for the Adviser of Transport foreshadowed in the Report of the Joint Parliamentary Committee;
- and
- (c) The spreading of what it is hoped will be a temporary burden generally over the whole community.

For the amendment:-

The Hon. Mr. Helm
 The Hon. Colonel Tucker
 The Hon. Lord Francis Scott

Against

The Hon. Major Scott
 The Hon. Mr. Harston
 The Hon. Dr. Hunter
 The Hon. Mr. Jones

The Hon. Mr. Fitzgerald abstained from voting.

The substantive motion was then put to Council:-

For

The Hon. Major Scott
 The Hon. Mr. Harston
 The Hon. Dr. Hunter
 The Hon. Mr. Jones

Against

The Hon. Mr. Helm
 The Hon. Colonel Tucker
 The Hon. Lord Francis Scott

The Hon. Mr. Fitzgerald abstained from voting.

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R 12

Kenya & Uganda Railways & Harbours

RAILWAY ADVISORY COUNCIL

EXTRACT FROM MINUTES.

Meeting N 29

NAIROBI

Date 18th, 19th and 20th November, 1931.

Minute N 680

305

REPORT OF THE KENYA SUB-COMMITTEE ON MAIZE TRAFFIC - GENERAL MANAGER'S MEMORANDUM: (R.A.C.9)

The Hon. GENERAL MANAGER made a statement in amplification of his memorandum already circulated to Council and after prolonged discussion the following Resolution was passed unanimously. The Hon. LORD FRANCIS SCOTT not voting:-

(a) That in view of the information now available in regard to the lowest cost at which any traffic can be carried, Council AGREES that the lowest rate at which maize export traffic can at present be moved under "Z" conditions (as explained in the General Manager's memorandum of the 25th July, 1931), is 2.612 cents per ton mile and further AGREES that the minima export maize rate should be increased to cover the cost of movement under those conditions.

Council therefore recommends that the export maize rate under "Z" conditions should, as from the 1st January, 1932, be increased by an amount which is calculated to secure earnings at the average rate (including Branch Lines) of Shs.15/- per ton over a distance not exceeding 650 miles to the Port, and that, therefore, the rate on the Main Line should, as from 1st January, 1932, be Shs.13/50 per ton and on Branch Lines Shs.13/50 per ton plus the Branch Line charge of 25 cents per bag.

(b) Council realizes that the above recommendations present maize interests with a situation which will cause serious difficulties in the industry, particularly in relation to export traffic, and the Council would welcome any practicable solution of these difficulties. The Council, however, accepts the facts and figures tabulated by the General Manager which show that the Administration cannot on a basis of 360,000,000 ton miles of traffic per annum carry more than 170,000 tons of traffic at "Z" rates spread over the year. If "Z" conditions are not adhered to the movement of low-rated traffic must involve the Administration in expenditure in excess of a "Z" rate. It is clear that it would be a violation of Section 20 of the Transport Order-in-Council for the Railway Administration to bear this expenditure and this Council cannot, therefore, particularly in the present financial position of the Railway Administration recommend any departure from the provisions of this Section.

(c) Council recommends that cotton seed and all other low-rated traffic be dealt with in accordance with the principles indicated in this resolution.

ACTION TAKEN (d).....

Kenya & Uganda Railways & Harbours

RAILWAY ADVISORY COUNCIL

EXTRACT FROM MINUTES.

Meeting N

Date

Minute N

1d. Council further recommends that a sub-committee of the Council, consisting of -

The Hon. Mr. Horn, Chairman
The Hon. Mr. Jones
The Hon. Colonel Tucker

should examine the allocation among the industries affected of the 170,000 tons referred to above, in consultation with representatives of those industries and with the Railway Administration.

ACTION TAKEN