

1935.

Kenya.

No. 38179/14.

SUBJECT

CO 533/460

Kenya - Uganda Railway and Harbours.

Annual Reports.

Previous

28211/34.

Subsequent

1926.

1 H.C. Transport 112

11 May

Trans 12 copies of parts IV & II of the General Managers Report 1934

C.S.  
Transport.  
K.D.R.H.

- copy to Mr. Flood
- copy to Mr. Speer
- copy to Mr. S. J. Campbell
- copy to Mr. Libby

2 Division copies of parts I & II as  
 in previous years to  
 CA, Libby, H.C., Libby, H.C.,  
 Treasury, Messrs. Rendel Palmer &  
 Tritton, and Messrs. Coode, Wilson  
 Mitchell & Vaughan see R.F.

J. Ferguson: 8  
5/17/35

B. Freestone  
31 etc.

2 To G.A.

- Libby, H.C.
- Libby, H.C.
- Treasury
- Messrs. Rendel Palmer & Tritton
- Messrs. Coode, Wilson Mitchell & Vaughan see

} (see also 112  
 of Report - 1)  
 8/12a  
 11/6/35

4M

5. H.C. Transport 116

11 May '35

Transmits copies on the General Managers Report 1934.

There is really little room left for  
 comment on this report after the despatch has been  
 read. It will be noted that the proportion of  
 working expenditure to earnings has gone down still  
 further to 44.64% as compared with last year's

figure of 47.41%. Including depreciation the figures are this year 59.73 and last year 63.46. These figures are easily a record on the K.U.R. and I think on any railway of which I have ever heard. The tonnage carried has gone down as compared with 1933, but the bulk of the drop was in the low rated traffic. The higher rated traffic showed increases so that the average receipts have gone up by 2 cents of a shilling per ton <sup>mile</sup> ~~load~~.

I would call attention to ~~the~~ High Commissioner's remarks in para. 4 as to the criticism that the Railway has been putting up its rates, which as we know has had a certain amount of publicity during the past year.

In view of what ~~was~~ said about the cotton seed in Uganda, it is worth while noting that some 36,000 tons were carried.

The falling off in general prosperity in Kenya, especially among the native population, is evidenced by the decline in the number of passengers carried. In 1930 the numbers were 19,000 First, 59,000 Second and just over one million Third. In 1932 the figures were 8,300 First, 31,000 Second, 519,000 Third. In 1934 the figures are 7,739 First, 27,000 Second and 449,000 Third.

As a result of this satisfactory year's working approval has just been given for the withdrawal of the levy on salaries of the Railway staff as from the 1st. of July, and the figures here show I think that the removal is fully justified.

/After

After meeting all the charges for Interest and Sinking Fund there is a surplus of £344,654. This has enabled the "deficit account" to be completely wiped out. By 1932 the "deficit" was £550,782. In 1933 it was reduced to £317,946, and it has now been completely wiped out, leaving a balance of £26,708 to start a Reserve Account. The resulting situation is dealt with in paragraphs 8 and 9 of the despatch, and it will be seen that the High Commissioner again presses that the contribution to the Renewals Fund may now be reduced to 3% instead of 2½% until the year 1946. We have urged this upon the Treasury, but without success hitherto, and I suppose that all we can do is to press the Treasury once more to agree to Kenya's proposal in order to enable the Railway to be able to build up a substantial Reserve. The unfortunate part of the matter however is that the Treasury has still the claim for five million pounds in the background, and if the Railway does build up a substantial Reserve, may quite well proceed to argue that the said Reserve ought to be paid over to the Imperial Government. To do this would of course provoke a storm in Kenya, and very properly so, and from the point of view of tactics it is perhaps doubtful whether we should make any attempt at building up a Reserve by reducing the ~~Kenya's~~ <sup>Kenya's</sup> contribution until the question of the K.U.R. liability for that five million pounds has been definitely got out of the way. We ought to be able to make the Treasury and the <sup>Public</sup> ~~Public~~ realise that they have no chance of getting it, and that even if the Railway had it it would be most inadvisable

/to

to attempt to take it, but there may be difficulty, and until the question is settled the <sup>low</sup>est free surplus that the Railway can show the better from one point of view.

I do not however think that this consideration should be allowed to stand in the way if there is any way by which the Railway can be enabled to build up a substantial Reserve.

In a recent statement ~~from~~ the press I have seen that the Railway has been doing much better in the current year, tonnage moved and receipts all showing very satisfactory increases, and if this can be maintained there seems to be every reason to hope that the figures for 1935 will be at least as good if not even better than those of 1934.

All that is necessary on this paper is I think to acknowledge receipt, again express appreciation and congratulation, to refer to the withdrawal of the levy, and say that discussions are still proceeding with the Treasury on the subject of the contribution to Renewals, but so far they have not resulted in success.

J. W. Hood  
18.6

(Navy appraisals are already arguing that rates ought to be reduced & that an attempt should be made to create a composite revenue fund. Pp 77-78 give General Rhoder's view. Part of the revenue is due to appreciation of investments coming in [38-42] if it had been for the petitions and this would have been a small shortage.)

This seems to me an admirable report. I have not read anything like the whole of it, the great bulk of it does not concern me, but it is a real pleasure to read a report written by someone who so obviously knows his job.

I agree that the sure course is to build up a substantial reserve. However, the question of the £5 million will have to be got out of the way (though speaking as a tax-payer I can see no objection for this amount not being repaid of the Rly. continues to prosper in this way) & in addition to this levy, we shall have trouble with the 1935-36 of the vocal settler, who the amount he sees a little profit in the railway will be a move for a reduction in rates. This year is likely to be a good one, but we cannot tell what will happen next, the coffee market in London is getting loaded up with unwanted stocks & we may well see a break in prices for all but the best sorts. Similarly if the U.S. Govt is forced to pay people to grow cotton (i.e. ~~subsidize~~ subsidize exports) instead of ~~paying~~ them not to grow cotton (i.e. ~~limit~~ limit production) cotton prices may break too. In that case the two principal export crops will be in difficulties & some adjustment in rates may be in order.

It is satisfactory to see that the G. N. fully realizes how unbalanced the rate structure is; I only wish he could do something to correct it.

J. W. Hood  
19.6  
34

This is an excellent report:--an admirable record of excellent work done. The R U K results are, I think, unique; I know of no important line which can show comparable figures.

2. I do not minute on the reserve-renewal rate-question. If my recollection be correct, the line which the C O would take in that contentious and complicated matter was settled, in detail, in discussion with Sir P Cunliffe Lister about a couple of months or so ago.

3. "2% renewals" will be found graven on the General manager's heart! We here have consistently done the best we could to help him in this matter; but hitherto the Treasury have been obdurate. The negotiations are I gather still pending.

The 20-6-35.

*sent to H.C. 10/11/35*

Para: 10 of sub-section - the question of the Joint H.C. is with the fixed charges - we need to refer to it in the reply.

The administration of the H.C. is beyond praise. If the present fueling costs were 50%, instead of 44%, of the receipts, the latter would come down by £250,000 or so, which would be a great boon to many of the Rly's customers. But we are told that any rate revision must wait till it can be compensated. So the customer must wait. With that patience

patience he will do so (assuming he survives,) of the terms, that his sacrifice & to be bound to the altar of the Imperial & X oblige I do not know. Will the Treasury agree to the plan & demand of the facts being laid before Parliament?

Send off a despatch to the Board & then get the Renewals - reserve - but question in shape for submission to the J.C. - on the appropriate before.

L.S.  
11/6/35

9 To H.C. Sept. 32. (5 answered) 5 1935

as at X above.  
rewards the work of Linton.

The Renewals question has been pursued on other pp., & this may be partly

*Atkinson*  
11/12/35  
atm

*W.L.*

10. Comments of the Secretary, Railway Research Service, on the Annual Report for 1934.  
(Received as enclosure to H.Cr.Transport despatch No.36 of the 14th May, 1936.)

Registered for record in accordance with minutes on 38179/19/36 Kenya.

put by.

*W. Ward*  
at once 28/7/36.

*W. Ward*

E  
MEMORANDUM FOR RAILWAY ADVISORY COUNCIL.

6  
13  
COMMENTS ON KENYA & UGANDA RAILWAYS  
REPORT - 1934, BY THE SECRETARY,  
RAILWAY RESEARCH SERVICE.

A copy of the comments of the Secretary of the Railway Research Service in England on the Kenya & Uganda Railways Report for 1934 is circulated for the information of Council.

2. This Research Service has been instituted by the Home Railways to keep them in touch with all developments in Railway matters on other Railways, both in Europe, America and elsewhere. Its Secretary, Mr. Sherrington, is a keen observer of all matters of this kind and, while his views do not carry the weight of a General Manager of a large railway, they are regarded as generally sound by the Home railway authorities. In these circumstances, it is felt that his comments will be of value in considering Railway policy.

Ref. No. A.7/723

GENERAL MANAGER'S OFFICE, NAIROBI.

20th February, 1934

COMMENTS ON KENYA & UGANDA RAILWAYS REPORT - 1934.

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Part I

Introduction:

The commencing charts showing division of receipts and expenditure are admirable and give one a delightfully clear picture of the general situation at a glance, and it is to be hoped that you will not depart from this most useful practice.

The Index is admirable and may be regarded as a model for other reports of a similar nature, not excluding our own Ministry of Transport Annual Returns, in which the index is about as badly designed as any with which we have to deal in this office, and that is saying a good deal.

Page 1.

Your rate of return, namely 5.24 per cent on total capital expenditure, is probably as high as any important railway of which we have knowledge in this office, and it is a figure of which you must be very proud, whilst the ratio of ordinary working expenditure to earnings, which may be regarded as a complementary figure to return of capital investment, must be a source of much gratification to you, not only for the figure itself but for the general trend downwards in recent years.

Page 2.

Until one reads the details in later pages it is difficult to realise how expenditure has been reduced to an extent double that of the reduction in earnings, and it is a remarkable feat to have produced the biggest surplus yet recorded in a year as adverse as 1934 was for the railways of the world. The value of budget estimates, especially when conducted



on a conservative basis, such as you seem to be doing, is well exemplified by the comparison of actual results with estimates as shown on page 2.

Page 4.

The closing of your Deficit Account, made possible by the earnings of a surplus in 1934, is a welcome sign of recovery, but it leads to the thought that if the finances of the Kenya and Uganda Railways had been managed in earlier years on a basis which would have permitted the building up of a reserve fund such a Deficit Account need not have existed at all. The commencement of a reserve fund is therefore to be most heartily welcomed and this matter is referred to again in later paragraphs.

Under the head of Depreciation, judging by railways in other countries, the rate of  $2\frac{1}{2}\%$  strikes one as rather low, though this point again will be referred to in more detail later on. The following are some recent depreciation allowances as determined by the Interstate Commerce Commission of the U.S.A.

<u>Railway</u>	<u>Depreciation Percentage</u> %
Baltimore & Ohio Railroad .....	2.79
Erie Railroad (including the Chicago & Erie Railroad) .....	3.13
Florida East Coast Railway .....	3.72
Minneapolis, St. Paul & Sault Ste. Marie Railroad .....	3.52
Missouri-Kansas-Texas Railroad .....	3.86
Pennsylvania Railroad .....	2.79
St. Louis-San Francisco Railroad ....	3.46
Seaboard Air Line .....	3.30
Wabash Railroad .....	3.41
Wheeling & Lake Erie Railroad .....	3.83

Page 5.

To have reduced the ordinary working expenditure from 1,400,000 odd to under 1,000,000 when the earnings remained unchanged as between 1930 and 1934 is a great achievement, but no mention is made in the report as to whether the deductions in salaries, etc., which were enforced during the period of stress have since been readjusted, and in view of the satisfactory

on a conservative basis, such as you seem to be doing, is well exemplified by the comparison of actual results with estimates as shown on page 2.

Page 4.

The closing of your Deficit Account, made possible by the earnings of a surplus in 1934, is a welcome sign of recovery, but it leads to the thought that if the finances of the Kenya and Uganda Railways had been managed in earlier years on a basis which would have permitted the building up of a reserve fund such a Deficit Account need not have existed at all. The commencement of a reserve fund is therefore to be most heartily welcomed and this matter is referred to again in later paragraphs.

Under the head of Depreciation, judging by railways in other countries, the rate of 2½% strikes one as rather low, though this point again will be referred to in more detail later on. The following are some recent depreciation allowances as determined by the Interstate Commerce Commission of the U.S.A.

<u>Railway</u>	<u>Depreciation Percentage</u> %
Baltimore & Ohio Railroad .....	2.79
Erie Railroad (including the Chicago & Erie Railroad) .....	3.13
Florida East Coast Railway .....	3.72
Minneapolis, St. Paul & Sault Ste. Marie Railroad .....	3.52
Missouri-Kansas-Texas Railroad .....	3.86
Pennsylvania Railroad .....	2.79
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To have reduced the ordinary working expenditure from 1,400,000 odd to under 1,000,000 when the earnings remained unchanged as between 1930 and 1934 is a great achievement, but no mention is made in the report as to whether the deductions in salaries, etc., which were enforced during the period of stress have since been readjusted, and in view of the satisfactory

results your administration has received I trust that such salaries and wages deductions were in 1934, or at any rate, in 1935, a thing of the past.

Page 6.

The operating ratio figure showing the progression from 79% in 1930 to 59% in 1934, inclusive of depreciation, shows a wonderful trend and will be the envy of many other railway administrations.

Page 7.

As a statistician I dislike intensely a chart without a base line, since it gives a false perspective and reminds me too much of the various Australian reports, where the base line of zero is feet away from the page showing the scale. I feel that to give a truer picture all railway reports should not diverge from the inflexible statistical rule of making the base line nought. Incidentally, I feel that the chart on page 7 would be much more admirable if it was shown horizontally with added space for the years, in other words, the scales are distinctly misleading. The same point applies to a great many other charts in this report.

Page 9.

As you truly point out the decrease in low export tonnages and the increase in higher rated traffic is a welcome feature for a railway report in these days when road competition may be regarded as universal. It is highly satisfactory, but, as is pointed out later in the Report, it is hardly a feature which you can bank on to occur again in coming years.

Page 10.

The very detailed cost figures per freight ton mile split up under the various headings are admirable in every way and are a feature which might well be copied by the British railways and by railway administrations in other countries.

Page 11.

This formula for branch line working results is one of continued interest to us here and the sections of your report dealing with this matter have proved extremely useful in this office. I feel quite certain that the problem of branch line operating ratios is one which will acquire ever increasing attention in the coming years and especially in those countries where branch lines have been built for development purposes.

Page 23.

I was sorry to see that you had re-introduced distribution rates, as, although I am not absolutely clear as to the exact meaning of the term "distribution rates", I recall that we did some studies for Roger Gibb on this matter some years ago and I remember his dislike of them and also our impression at that time that they were a most undesirable institution. The remarks on page 23 would seem to show that they are not looked upon with favour by your administration and therefore I presume you were forced into the re-introduction rather than re-adopting them voluntarily.

Page 27.

The drop in departmental train miles is one of the most satisfactory features of this report and we have noted in this office the enormous percentage on many railways of train mileage which is debited to this non-revenue-producing element of expenditure. A further satisfactory feature is the reduction of light mileage and how you have been able to accomplish this with a very small fall in assisting engine miles comparing 1934 with 1929 is rather a mystery to us.

The chart showing the efficiency index is of great interest. As you probably know, the Great Western Railway make a chart out annually of the same nature and a study is made covering the four railways which is based on this Great Western analysis. This recently appeared in the "Railway Gazette".

Apparently you suffer also from the lack of gross ton mile figures and it has occurred to me that if you had had available the figure over the period 1926 - 1934 of gross ton miles per train hour you would have achieved a marvellous figure for efficiency working and a more satisfactory one than any single element of your efficiency table. You will probably recall that Professor Cunningham of Harvard, who was at one time Chief Superintendent of the Lackwanne Railroad, developed this and introduced it during the War period for all American railway operating statistics and it is now standard as a basis of measurement throughout the American railways.

Page 32.

The chart on this page is most ingenious and admirably clear considering the number of various indices which it demonstrates, whilst the chart on the previous page is striking, though in my view it would have been better if drawn showing the zero base line.

Page 40.

The expenditure per route mile on maintenance of permanent way demonstrates that you have probably reached the minimum cost per route mile, but the figure is extraordinarily low and it has been very interesting to us to compare this with figures for other railways.

On the same page the ratio of expenditure to capital value is quite a new index to me and when time permits I shall like to work out some figures for other railways on this new and ingenious basis.

Page 43.

The statement that one-third of the deferred work has been overtaken is quite unique and we have never come across before any figure attempting to show to what extent the deferred maintenance has been caught up. I imagine that with large systems, such as our own and the Canadian and American or French

and German railways, such a statement would be very hard to get out.

Page 44.

The results of the new progress system in connection with locomotive repairs are most striking and to have got down to twelve working days for smaller locomotives and twenty-four working days for Garratt and Mikado type engines is really a very wonderful result under conditions such as must appertain in East Africa.

Page 45.

The mileage figure between general repairs of 68,000 to 78,000 miles is extremely satisfactory and compares extraordinarily well with other figures on our files here. I am wondering to what extent this great improvement is due to the inauguration of intermediate repairs, a policy which certain of our lines are adopting here with considerable success. Considering the labour problem which you must face, these results are ones of which you may well be proud.

Page 46.

The reduction in the number of hot boxes on freight and coaching stock is striking and also the mileage per hot box. If you carry the policy very much further it appears to us here that one could make a very poor case for the adoption of roller bearings.

Page 48.

Here again the charts are in my view very largely spoilt by the lack of a zero base line, and in this case I should have thought it would have been fairly easy to superimpose three charts on to one, with, if necessary, three scales, and each index would have shown more clearly than is actually the case.

Page 50.

The mileage of locomotives per failure is astounding as regards improvement and I presume is due in part to the

laying up of older units of motive power. The definition of a locomotive failure interested us and in connection therewith I am setting out as an appendix to this memorandum the definition of a failure which we have on our file here.

Page 51.

The fall in cost per engine mile is highly satisfactory and it would seem that your administration must have got very nearly to the lowest possible figure in that connection.

Page 72.

It is to be most sincerely hoped that the Government will not fall to the temptation to press for extravagant and uneconomic services now that the finances of the Kenya & Uganda Railways are on such a firm basis, and it would be disastrous if every effort was not made to prevent the drifting back to the position which so unfortunately occurred about six years ago.

Reference is made to the rate structure on the same page and from the experience of this office and the outlook of a transport economist, it would seem that stability in rates is more desirable both to the trader and to the railway than reductions which cannot be retained over reasonable periods. In short, though minor adjustments may be made to improve the rates structure, it is far better to have a slightly higher level of rates <sup>which remains stable than a lower level of rates</sup> which fluctuates in years of depression or prosperity.

Page 74.

To those who have been studying the regulation of road transport on a world-wide basis it is gratifying to find the statement which appears on page 74 "that the regulation of transport will be required by each form of transport for its own protection against itself". This has been very strikingly demonstrated in the United States recently and the realisation of this viewpoint alone made possible the passage of the Motor

Carrier Act 1935. It is undoubtedly true that unlimited competition under present conditions definitely militates against the provision of efficient services and any country that is in the happy position of being able to design a co-ordinated transport policy prior to the growth of strong road competition may indeed consider itself fortunate.

Page 76.

It is noted that the railway administration requested a reduction from  $2\frac{1}{2}$  to 2 per cent as the basis of contribution towards depreciation. In comparison with the railways in other countries it would seem that even the figure of  $2\frac{1}{2}$  per cent is on the low side and both from a financial point of view and from a technical viewpoint it would seem desirable to keep this percentage figure at a fairly high rate in order to ward off a campaign aimed at the reduction of freight rates owing to the size of any surplus earned. This office is not surprised that so far the Secretary of State has not approved of the suggestion to reduce the contribution from  $2\frac{1}{2}$  to 2 per cent as several requests have been received in this office from Government departments in regard to this matter.

The estimates quoted for 1935 cannot be commented on usefully at the present time in view of the fact that preliminary results for 1935 will shortly be available, but the method of budgeting is extremely useful and a practice which should be adopted more extensively in other countries.

Page 77.

The suggestion that the Reserve Fund should total one million pounds before any large reduction in rates be granted is one that will be sympathised with by all those interested in railway finance and one might comment upon the fact that one million pounds in the case of an administration of the size of the Kenya & Uganda Railways is a minimum figure which in the light of what happened in Rhodesia would soon disappear into thin air in the case of a return of international trade depression. An alternative or additional fund



might be possibly considered, which would be termed a Rates Equalisation Fund and such a policy, if adopted, would probably not meet with the opposition of trading interests such as might be expected from the setting up of a large Reserve Fund.  
Page 98.

The extensive detail in these tables is very striking and if similar figures would be available for other railways in the world it would be extremely useful. Such data must be very helpful in clarifying the position at enquiries and other meetings dealing with the question of changes in rates structure.

Page 114.

The average age of the motive power is comparatively speaking young, but for the coaching stock it would seem that obsolescence must enter seriously into consideration. For passenger work it is rare to find such a large proportion of four-wheeled vehicles and if the suggestion is ever carried out of ceasing to operate passenger trains there will be a very heavy renewals account debit, in connection with the figure in Statement 21.

Page 134.

Statement 43 is interesting as giving the estimated life of structures and is the first case which has come to our notice here of these figures being published. It may be that the determination of these figures leads to the request for a lower depreciation rate than  $2\frac{1}{2}$  per cent, but in any case it is most interesting to have these data set out.

The two Z graphs at the end of the report are unusual in formula and no doubt useful under the conditions appertaining in East Africa, but we have come to the conclusion in this office that the step type of graph gives a better picture as illustrative of monthly earnings than the line type such as is here adopted, though, of course, such a viewpoint is purely a matter of opinion.

Part II

The various tables in Part II are exceptionally interesting, but it is not intended to comment on them, as the comments have already run to great length. One is here struck right through these two volumes by the enormous wealth of detail and careful costing work which has led to such remarkable improvement in the financial situation on the Kenya & Uganda Railways and speaks volumes for the managerial efficiency of the administration.

21.1.36.

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RAILWAY RESEARCH SERVICE.

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DEFINITION OF AN ENGINE FAILURE.

Great Western Railway

An engine failure is defined by the Great Western Railway as follows:

- (a) Where an engine, owing to any mechanical or boiler defect, has to come off its train, or turn, short of destination, whether a delay is caused thereby or not.
- (b) Any failure as above which does not cause delay but necessitates an engine being kept out of traffic to such an extent as to render it unable to work its next ordinary booked turn.

London & North Eastern Railway

An engine which has to come off its train owing to any mechanical defect or inability to work its train forward involving five minutes or more delay will be considered as having failed.

Southern Railway

An engine which has to come off its train, or which after leaving the shed signals fails to work its train owing to any mechanical or boiler defect, even if no delay is caused is to be considered a failure. An engine which through a mechanical or boiler defect causes a delay to its train of ten minutes or over to be also considered a failure.

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A locomotive failure is defined by the Mechanical Division of the Association of American Railroads as follows:-

All defects on a locomotive which result in a delay of five minutes or more in passenger service, 20 minutes or more in freight service, and 30 minutes or more in continuous movement and ordinary freight train work and switch service, are considered engine failures. A failure is cancelled if the time lost through an engine failure is regained without causing delay at the terminal, a meeting point, or to other

traffic. Failures are not considered when the delay is due to causes other than the condition of the locomotive, on locomotives coming from outside points to the shops for repairs, or on locomotives making a trial trip after having received shop repairs. Switch and work train failures are shown in the freight engine failure figures.

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C. O.

Mr. *Tomlinson*  
Mr. *Campbell 29*  
Mr. *Flood 29*

Sir C. Parkinson.

Sir G. Tomlinson.

X Sir C. Bottoynley.

Sir J. Shuckburgh.

Permt. U.S. of S.

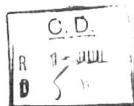
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Secretary of State.

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~~June 1935~~  
5 JUN 1935

**DRAFT.**

Transport  
Kenya Uganda

No. 52

H.C.

⑧ No 46 of the 11<sup>th</sup> of May  
in which you commented on  
the General Manager's Report  
on the Railways and  
Harbours Administration for  
the year 1934.

I regard the report  
as an admirable record  
of <sup>excellent</sup> splendid work performed  
during the year. and I  
desire to congratulate and  
to thank the General Manager and  
his staff accordingly. I  
also desire to place on  
record my appreciation  
of the valuable assistance  
rendered by the

Railway

**FURTHER ACTION.**

Recirc v.  
minutes

Railway Advisory Council and  
Harbour Advisory Board.

3. I have already informed  
you in my telegram No 7  
of the 15<sup>th</sup> of June that I  
was glad to agree to the  
withdrawal of the levy on  
the salaries of the Railway  
Staff as from the 1st of  
July, as unanimously  
advised by the Railway  
Advisory Council and  
approved by you.

3  
38095731

4. <sup>referred to in</sup> ~~As regards~~ the ninth  
paragraph of your despatch,  
I ~~would inform you that~~  
Discussions with the Treasury  
on the subject of the  
Contribution to the Renewals  
Fund are still proceeding,  
but so far they have not had  
any <sup>definite</sup> / ~~result~~ <sup>or</sup> success.

I have etc





S 76  
20

TRANSPORT.  
KENYA-UGANDA.

No. 46

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

RECEIVED  
- 3 JUN 1935  
C. O. REGY

11/18 May 1935.

Sir,

No 1

I have the honour to refer to my despatch, TRANSPORT No. 42 of the 1st May 1935, which forwarded copies of Parts I and II of the General Manager's Report on this Administration for the year 1934 and at the same time to express my high appreciation of the excellent report which he has produced. This Report in every way maintains the high standard of previous years and is so clear and lucid that there is no need for me to make any lengthy comments on it.

inward (4)

2. The satisfactory position of the Administration as disclosed by the figures for the last years working, is one that could not have been anticipated two years ago, and it would seem that this Administration is now well on the way to recovery from the general depression which has been affecting East Africa for the last five years.

3. The combined Railway and Harbour earnings for the year 1934 were £2,560,040 as compared with an estimated total of £2,303,200 and actual earnings of £2,426,184 for the year 1933, while the ordinary expenditure for the year was only some £5,000 more than the preceding year. The gross surplus for the year was £1,433,597, an increase of £128,558 over that for 1933.

The combined earnings show an increase of 5.52 per cent over 1933 and an increase of 20.70 per cent over those for 1932. The eventual surplus of £344,654 is the largest yet

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

recorded ....



recorded and has not only allowed the Deficit Account to be closed but has also admitted of a transfer of £26,708 to the Reserve Account.

These appear to me to be very satisfactory figures indeed, and to reflect great credit on the whole of the Administration.

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