

1911

EAST AFRICA PROTECTORATE

C. O.  
33338

Recd.  
Held 16 Oct. 11

3 3 3 3 8

Governor  
Board 520

10th Sept.

Previous Paper.  
No. 10.

RAILWAY PROVIDENT FUND.

Reports for approval arrangements made for the disposal of the monies. Suggests that 3% interest should be payable to the members for 1912-3. Presume 3rd bonus may be increased from 25% to 30% after 1st April 1912. Asks that special attention may be given to the investment of the funds. Suggests that the new arrangements should come into force on the 1st April next.

Mr. Fiddes,

The procedure proposed appears to meet all the difficulties involved by our requirement that the deposits of the Fund shall not be placed with the National Bank of India but shall be invested in trustee securities. The only point which the Treasury are likely to fasten on is, I think the assumption in paragraph 9 that after the 1st of April next the third bonus may be increased from 25% to 30% of <sup>the</sup> compulsory deposits to all contributors. Sir P. Girouard states that the extra cost will be about £400 per annum and will of course increase with the increase of deposits. But it is already provided in No. 8 of the Rules of the Fund <sup>(as amended)</sup> that, if the <sup>aggregate</sup> amount payable by way of third bonus at the rate of 25% is less than 1% of the net earnings of the Railway for the year, the third bonus

*Handwritten notes:*  
See 709 cons - 9/11/11  
Labouch to G.A. - 20 Sept 12  
No. 10

Subsequent Paper

29462

bonus may be increased so as not to exceed in all half of <sup>compulsory</sup> the deposits made on behalf of the depositor during the whole year, subject to the condition that the <sup>aggregate</sup> ~~aggregate~~ amount of the third bonus shall not exceed 1% of the net earnings <sup>of the Railway</sup>.  
~~It is not clear, therefore, that any extra cost will necessarily be involved. I mean that it is possible, that the extra cost, or part of it, will be justified under the Rule quoted above.~~ <sup>herefore, part of</sup>  
In any case I think that the considerations stated in paragraph 9 of this despatch, and the fact that the rate of interest originally promised has had to be lowered considerably because of our requirement that the deposits shall be invested in trust securities, justify the increased expenditure proposed.

I gather that the arrangements detailed relate solely to compulsory deposits and the Government bonus. The Treasury recognised, in their letter of the 21st of June 1910 (19000), that voluntary deposits would require different treatment, at any rate for a time.  
Copy to Treasury, and ask for their approval of the arrangements now proposed.

*Alome*  
*Pr. 21*

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OCT 11

GOVERNMENT HOUSE,  
NAIROBI,

BRITISH EAST AFRICA

EAST AFRICA PROTECTORATE.

No. 520

September 18th, 1911.

Sir,

*50000  
10000/10*

I much regret the delay in answering your despatch No. 180 of August 24th, 1910, relative to the monies of the President Fund of the Uganda Railway. In obedience to the instructions contained in paragraph 2 of your despatch and as a result of a meeting between the Acting Treasurer, the Chief Accountant, Uganda Railway, and the Manager of the National Bank of India, the following arrangements have been made for the disposal of these monies, and I trust they will meet the requirements laid down by the Treasury.

2. The Manager of the National Bank of India, Nairobi, will give their London Office a statement of the amounts which they have on deposit and which will become due on the first day of each month. The London Office will in turn notify the Nairobi Office within a month.

THE RIGHT HONOURABLE

LEWIS HARCOURT, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES

DOWNING STREET,

LONDON, S.W.

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33338

GOVERNMENT HOUSE  
NAIROBI.  
BRITISH EAST AFRICA  
OCT 11

EAST AFRICA PROTECTORATE.

No. 520

September 18th, 1911.

Sir,

*Inc 100  
10000/10*

I much regret the delay in answering your despatch No. 480 of August 25th, 1910, relative to the monies of the Provident Fund of the Uganda Railway. In obedience to the instructions contained in paragraph 2 of your despatch and as a result of a meeting between the Acting Treasurer, the Chief Accountant, Uganda Railway, and the Manager of the National Bank of India, the following arrangements have been made for the disposal of these monies, and I trust they will meet the requirements laid down by the Treasury.

2. The Manager of the National Bank of India, Nairobi, will give their London Office a statement of the amounts which they have on deposit and which will become due on the first day of each month. The London Office will in turn worth by month

THE RIGHT HONORABLE  
LEWIS HARCOURT, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES

DOWNING STREET,

LONDON, S.W.

month advise the Crown Agents of the amounts which have become due and are to be transferred to the Fund for Investments. By this arrangement we shall gain the benefit of a telegraphic transfer without incurring any expenses upon it. The Bank have also agreed to all transfers from East Africa to the Fund being made at par.

3. As regards future monthly deposits in the Fund the Treasurer will give the Crown Agents previous notice each month of the amount to be invested on the first of the following month. The Crown Agents can then make the necessary arrangements for investing the monies and charge the amount involved to the general grant for the Protectorate.

4. A record of all transactions made by the Crown Agents will have to be included by them in the Railway Revenue Account, and if any interest has accrued and been received on any investment it will have to be shown. Investments can thus be made at the time when deductions are made from salaries, and the deposits will at no time lie idle either through being transferred or for any other cause.

5. All deposits with the National Bank are for periods of 12 months; at the end of this time therefore these will have all been refunded if the conditions stated in paragraph 2 above are complied with. The adherence to the rate of 4%

interest

interest on these deposits has been agreed to by the Bank.

6. When the deposits with the Bank are discontinued the Chief Accountant, Uganda Railway, will keep the Treasurer advised of all monthly transactions in sufficient time to enable him to comply with the conditions stated in paragraph 3. The amount required from the Railway Revenue Funds as deposit and bonus will be transferred to the general account of the Protectorate and the Crown Agents will debit the Protectorate Account with the value of their investments; the cost of transfer will thereby be saved. There should be no difficulty in carrying out the working of the new arrangement and I trust that it will meet with your approval.

7. With regard to the rate of interest payable to the members of the Fund, I propose that this should be at the rate of 3% for the next financial year. We may be in a position to increase this later when we know how the new system works.

8. I would ask that, if the new proposals are approved, they should come into force from 1st April 1912, as this will give plenty of time to make the necessary arrangements.

9. With regard to the 3rd bonus I presume that after the 1st April 1912 this may be increased from 25% to 30% to all contributors. The extra cost involved will be about £100 per annum at present and will increase proportionately, but

this

this is a very small amount in comparison with the steadily increasing net earnings of the line.

Furthermore, on account of the number of Mohammedan contributors, who from religious motives decline to accept interest on their deposits, the difference between the interest earned and the interest paid will more than cover the working expenses of the fund at the end of the current year. The fund will therefore be self-supporting in the 3rd instead of the 6th year of its existence, the period estimated when the Fund was founded.

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10. In conclusion I would ask that special attention be given to the investment of the monies of the Fund, and that advantage be taken of the low price of securities in which Trust Funds may be invested.

I have the honour to be,

Sir,

Your humble, obedient servant,

*[Signature]*  
GOVERNOR.

Per East  
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New  
1/10/1910

Sir

DRAFT.

Secretary to  
Inquiry

(1910/10)

With reference to your  
letter 8294 of the 21<sup>st</sup> of June  
1910, I am able to transmit  
to you, to be laid before the  
C.L. of the Inquiry, the  
accompanying copy of a  
despatch from the Govt of the  
C.L. relating to  
the ~~conducting~~ proposal  
for the disposal of the  
matters of the President  
Board of the Uganda  
Railway.  
I am to request  
your approval of the  
arrangement and proposed

Ans x 30/1/10

Per  
7 Dec 1910

Copy for 7/9/10

to 30/10

Butler 30/10

Per Mr. [unclear] D

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