

1886.
NEW ZEALAND.

WAIMEA PLAINS RAILWAY

(FURTHER PAPERS RELATIVE TO PROPOSED PURCHASE OF).

[In Continuation of D.-5A, 1885.]

Presented to both Houses of the General Assembly by Command of His Excellency.

1. Mr. CUTHBERT COWAN to Sir JULIUS VOGEL.

(Telegram.)

Dipton, 11th November, 1885.

WAIMEA directors have accepted me as medium negotiate sale of line. Inform Minister of Public Works I meet them on 17th, in Dunedin. Any suggestions before that will have attention.

CUTHBERT COWAN.

2. Sir JULIUS VOGEL to Mr. CUTHBERT COWAN, M.H.R.

(Telegram.)

Christchurch, 11th November, 1885.

I HAVE sent copy of your telegram to Minister Public Works, requesting him if he has any answer to make to send it you direct.

JULIUS VOGEL.

3. The Hon. the MINISTER for PUBLIC WORKS to Mr. CUTHBERT COWAN, M.H.R.

(Telegram.)

Wellington, 11th November, 1885.

YOUR telegram to Sir Julius forwarded to me. I shall be very glad to receive any communication from you on behalf of the Waimea Railway Company, and submit it to the consideration of the Government.

EDWARD RICHARDSON.

4. Mr. CUTHBERT COWAN, M.H.R., to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.)

Dunedin, 23rd December, 1885.

HAVE got offer of Waimea line for one month for £108,000, and some stiff conditions. Price will return money invested without interest or profit. Offer by first mail.

CUTHBERT COWAN.

5. Mr. CUTHBERT COWAN, M.H.R., to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Benmore, 24th December, 1885.

I have the honour to enclose the terms and conditions on which the Waimea Plains Railway Company is prepared, for one month from yesterday, to part with their line and its equipment.

In this matter I ask your earnest consideration, and that a decision upon the question should be come to in a full Cabinet.

The price quoted is under £3,000 a mile for a going line which is of consideration to the Government to possess. The company is determined to hold on to the property unless their capital is returned without interest. In the price quoted I gather there is an amount of £7,000 charged for interest during construction. In the offer a provision is made that the accuracy of the amount may be substantiated by an Auditor appointed by the Government.

The three years' rates covered by Bill of last session and the current year's rates the company insist upon getting, or an equivalent. I trust the Government will consider the case of these people, and, if possible, reduce the amount of their liability.

1—D. 6.

I also enclose, for your information, a trial balance-sheet of the company, from which you will notice that, whereas the average of three years' rates is £4,338, the estimate of the current year is £2,587, based upon the reduced estimate of cost under last session's Bill, and the operation of the clause providing that 30 per cent. of earnings is to be deemed profit.

However, in the interests of the district, I ask that you will take this matter into your consideration and submit it to the Cabinet, as, although the demands of the company are hard, I am sure that the general feeling is that the Government should possess the line, and if that can be done by refunding the company their capital without profit no reasonable objection can be raised.

I will be pleased to do anything further that I can to bring the negotiation to a final conclusion.

The Hon. the Minister for Public Works, Wellington.

I have, &c.,

CUTHBERT COWAN.

Enclosure 1 in No. 5.

The SECRETARY, Waimea Plains Railway Company, to Mr. CUTHBERT COWAN, M.H.R.

DEAR SIR,—

Dunedin, 23rd December, 1885.

Referring to the interview that took place yesterday between yourself, the Chairman of Directors, and myself, at which we discussed the terms and conditions on which the company was prepared to sell the railway, I am authorized to say that the company is prepared to treat with the Government for the sale of the railway and its equipment (including two locomotives) on the following terms and conditions, viz :—

1. The purchase-money to be £108,000 (say, one hundred and eight thousand pounds).
2. The Government to purchase the property, subject to the debenture loan, £75,000, and to pay the company the balance, say £33,000, either in cash or in debentures saleable at par.
3. Any proportion of the rates the Government may require the company to forego to be added to the amount of purchase-money.
4. The Government to undertake to place the company in a position to recover the rates should further legislation in that direction be found to be necessary.
5. The company's right to collect the guaranteed interest up to the 31st March, 1886, to be preserved.
6. The Government to pay to the company interest at 7 per cent. per annum on £90,000, from the 31st March, 1886, till date of payment of purchase-money.

The company is prepared to sell the line at a price that will yield the paid-up capital, without interest, and it is reckoned that a sale on the foregoing terms will produce the sum required; but my directors will be prepared to submit the company's accounts for examination by the Government Auditor, and to accept the price that he may certify will be sufficient for the purpose.

As the directors contemplate making financial arrangements shortly, which may preclude a sale of the line, they cannot keep the above offer open beyond a month from this date.

I am, &c.,

Cuthbert Cowan, Esq.

R. H. LEARY, Secretary.

Confirmed.—H. DRIVER, Chairman of Directors.

Enclosure 2 in No. 5.

PROFIT AND LOSS ACCOUNT.

				Dr.			Cr.		
				£	s.	d.	£	s.	d.
1885.									
31st March.	To balance	..	..	8,811	6	9	..	..	..
	By three years' rates	..	..	£13,016	14	6	..	..	..
	Less charged	..	..	£4,744	17	6	..	..	..
	Ditto ..	..	..	4,867	6	2	..	..	..
				9,612	3	8			
	By Government quota of guaranteed interest	..	..	..	..	..	3,404	10	10
	To refund of part of ditto	..	..	851	7	1	..	2,162	16 0
	By balance	..	..	..	..	..	4,095	7	0
				£9,662	13	10		£9,662	13 10
	To balance	..	..	4,095	7	0	..	..	..
	By estimated profits to 31st March, 1886	..	..	..	..	..	1,609	1	6
	Guaranteed interest to 31st March, 1886, viz.,								
	7 per cent on £90,000	..	..	£6,300	0	0	..	..	..
	Less profit to 1st August	..	..	£1,609	1	6	..	..	..
	Less 30 per cent. of traffic to								
	31st March, 1886	..	..	1,068	18	0	..	..	..
				2,677	19	6			
	To balance to credit ..	..	..	1,135	15	0	..	3,622	0 6
				£5,231	2	0		£5,231	2 0

Memorandum of Amount required to return Capital							£	s.	d.
Cost of line per balance-sheet	..	..	..	..	..	..	109,048	1	7
Balance to credit of profit and loss	..	..	..	..	..	..	1,135	15	0
* Say £108,000.							* £107,912	6	7
Rates, three years, to 31st March, 1885	..	..	..	..	..	..	£13,016	14	6
Rates, one year, to 31st March, 1886 (say)	..	..	..	..	..	..	2,587	0	0
							£15,603	14	6
Amount required to return capital as above (say)	..	..	..	..	..	..	£108,000	0	0
Half-rates as above (say)	..	..	..	..	..	..	7,800	0	0
							£115,800	0	0

6. The Hon. the MINISTER for PUBLIC WORKS to Mr. CUTHBERT COWAN, M.H.R.

Re *Waimea Plains Railway*.

SIR,—

31st December, 1885.

In reply to your letter of the 24th instant on the subject of the purchase of the above-mentioned railway I have the honour to inform you that, having carefully considered the offer made by the company, it appears to me that, whilst a purchase of the railway on these terms would be, no doubt, a very excellent arrangement for the company, it would, at the same time, be an exceedingly bad one for the ratepayers.

The offer is, in fact, so unfavourable to the ratepayers that I do not think that Parliament would be in the least degree likely to acquiesce in it, even if the Government could see their way to recommend it; but, before giving you a final answer as to the views of the Government on the subject, I have thought it desirable to refer the matter to Cabinet.

In view of the present holidays, however, and of the probable absence of myself and Sir Julius Vogel in Auckland for some little time, it may probably be some weeks before a full Cabinet can be got together to decide upon the question, and I have therefore thought it better in the meantime to acknowledge your letter, with an indication as to my own views on the subject, pending the decision of the Government being given upon it.

I have, &c.,

EDWARD RICHARDSON,

Minister for Public Works.

Mr. Cuthbert Cowan, M.H.R., Dipton.

7. Mr. CUTHBERT COWAN, M.H.R., to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.)

Dipton, 18th January, 1886.

Will offer Waimea be considered by Cabinet before 23rd? If necessary, I will ask company for extension of time. Can I help in getting conditions modified?

CUTHBERT COWAN.

8. The UNDER-SECRETARY for PUBLIC WORKS to Mr. CUTHBERT COWAN, M.H.R.

(Telegram.)

Wellington, 20th January, 1886.

Re *Waimea Railway*: Your telegram of 18th instant having been referred to Hon. Mr. Richardson, who is in Auckland, he directs me to inform you that he cannot submit company's offer to Cabinet until his return to Wellington; and he thinks, therefore, that it might be as well if you were to get extension of time as you suggest; but he cannot hold out any hopes at all of offer being favourably considered by Cabinet unless considerably modified.

C. Y. O'CONNOR.

9. Mr. CUTHBERT COWAN, M.H.R., to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.)

10th February, 1886.

Offer of Waimea may lapse on 15th instant. Does Government wish further extension? Will be glad to try and arrange matter.

CUTHBERT COWAN.

10. The Hon. the MINISTER for PUBLIC WORKS to Mr. CUTHBERT COWAN, M.H.R.

(Telegram.)

Christchurch, 12th February, 1886.

The report I advised you I was getting as to the real value of the Waimea line to the Government of course cannot be considered by Cabinet till we meet at end of this or early next month. Probably the company, if they really wish to sell, will not withdraw.

EDWARD RICHARDSON.

11. The SECRETARY, Waimea Plains Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Dunedin, 26th February, 1886.

I understand that Mr. Cowan, M.H.R., has communicated to you the terms upon which the company is prepared to sell the Waimea Plains Railway to the Government. The sum of £108,000 was mentioned to Mr. Cowan as the price which it was estimated would admit of the return of the shareholders' capital. In preparing the statement showing what would be the company's position if the line were sold at the price mentioned, the interest payable by the company for the year ending the 31st March, 1886, was, by an oversight, omitted.

By the enclosed estimate it will be seen that, so far from a sale at £108,000 yielding the share-capital, it would result in a loss to shareholders of £5,263, besides the interest on their capital, which, at 7 per cent. (yearly payments), amounts to about £16,500.

I have, &c.,

The Hon. the Minister for Public Works, Wellington.

R. H. LEARY, Secretary.

Enclosure in No. 11.

ESTIMATE showing the PRICE required for the RAILWAY to produce the Share-capital.

1885.				£	s.	d.	£	s.	d.
31st March.	Capital and liabilities as per balance-sheet	..	..	..	..	..	129,250	9	6
	Assets as per balance-sheet	..	..	..	..	..	120,439	2	9
	Balance to debit of profit and loss	..	..	..	..	..	8,811	6	9
	Three years' rates, to 31st March, 1885	..	..	..	13,016	14 6			
	Less entered (two years)	..	..	..	9,612	3 8			
					3,404	10 10			
	Less refund to Government	..	..	..	851	7 1			
					2,553	3 9			
	Government quota of guaranteed interest to 31st March, 1885	..	..	..	2,162	16 0			
							4,715	19	9
	Loss to 31st March, 1885	..	..	..	..	..	4,095	7	0
	Estimated profit for the year ending 31st March, 1886	..	..	..	1,609	1 6			
	Estimated guaranteed interest for same period,								
	7 per cent on £90,000	..	..	£6,300	0	0			
	Less profit to 1st August	..	£1,609	1 6					
	Less 30 per cent of traffic, 1st								
	August to 31st March	..	1,068	18 0					
				2,677	19	6			
					3,622	0 6			
	Interest payable	..	..	..	..	..	5,351	10	0
					5,231	2 0			
	Balance	..	..	..	4,215	15 0			
					£9,446	17 0	£9,446	17	0
	Cost of line as per balance-sheet	..	..	..	..	..	109,048	1	7
	Loss to 31st March, 1886, as above	..	..	..	..	..	4,215	15	0
	Price required to produce the share-capital	..	..	..	..	..	£113,263	16	7

12. The UNDER-SECRETARY for PUBLIC WORKS to the CHAIRMAN, Waimea Plains Railway Company.

Re Waimea Plains Railway.

SIR,—

Wellington, 13th March, 1886.

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 26th ultimo, to the effect that the offer which your company recently made through Mr. Cowan, M.H.R., to sell the Waimea Plains Railway to the Government, will, if accepted, not permit of the return to the shareholders of the company of the whole of the capital which they have invested in the railway.

In reply, I am to inform you that the matter will shortly be laid before Cabinet.

I have, &c.,

The Chairman, Waimea Plains Railway Company,
Dunedin.W. S. SHORT,
For Under-Secretary for Public Works.

13. The UNDER-SECRETARY for PUBLIC WORKS to the SECRETARY, Waimea Plains Railway Company.

(Telegram.)

Wellington, 11th March, 1886.

WILL you kindly supply for Minister's information, as early as possible, a statement giving the nearest approximation you can of results of working Waimea Plains Railway for year ending 31st instant. It should be in three subdivisions, showing, first, the results from 31st March to 31st July; second, the results from 31st July to 28th February; and, third, the results for

present month. The results should, if possible, be exact extracts from records up to end of last month; but results for this month will, of course, be an estimate based on previous records.

C. Y. O'CONNOR.

14. The SECRETARY, Waimea Plains Railway Company, to the UNDER-SECRETARY for PUBLIC WORKS.

SIR,—

Dunedin, 17th March, 1886.

Referring to your telegrams of the 11th and 16th instant respectively, I have the honour to forward, as requested, statements giving the nearest approximate results of the working of the company's line for the twelve months ending the 31st instant.

I may explain that, in preparing the statement giving an estimate of the amount required to be paid for the railway to admit of the return of the paid-up capital, I had assumed that from the 1st August last the working expenses would equal the traffic. I am pleased, however, to find there will probably be a profit of about £700 for that period, making about £2,300 for the year.

C. Y. O'Connor, Esq.,

I have, &c.,

Under-Secretary for Public Works.

R. H. LEARY, Secretary.

Enclosure 1 in No. 14.

Waimea Plains Railway.

STATEMENT of TRAFFIC and WORKING EXPENSES from 1st April, 1885, to 31st July, 1885.

<i>Traffic.</i>						£	s.	d.	£	s.	d.
Goods and parcels	..	..	..	..	..	3,142	11	6			
Passengers	..	..	..	..	..	732	0	10			
									3,874	12	4
<i>Working Expenses.</i>						£	s.	d.			
Management and repairs	..	..	..	..	..	867	10	10			
Wages	..	..	..	..	..	504	0	6			
Fuel and stores	..	..	..	..	..	245	12	4			
Wagon- and carriage-hire	..	..	..	..	..	184	3	4			
Rating expenses	..	..	..	..	..	112	8	3			
Sundry working expenses	..	..	..	..	..	105	9	5			
General expenses	..	..	..	..	..	71	12	1			
Directors' fees	..	..	..	..	..	38	17	0			
Property-tax, $\frac{1}{2}$ of £95 17s. 8d.	..	..	..	..	..	31	19	2			
County-rates, $\frac{1}{2}$ of £281 12s. 6d.	..	..	..	..	..	93	10	10			
									2,255	3	9

Dunedin, 17th March, 1886.

R. H. LEARY, Secretary.

Enclosure 2 in No. 14.

Waimea Plains Railway.

STATEMENT (Approximate) of TRAFFIC and WORKING EXPENSES.

						1st Aug., 1885, to 27th Feb., 1886.	28th Feb., 1886, to 31st Mar., 1886.
<i>Traffic.</i>						£ s. d.	£ s. d.
Through traffic	..	..	..	..	..	683 17 6*	35 2 3*
Goods and parcels (company)	..	..	..	..	..	1,723 15 11	224 19 4*
Passengers (company)	..	..	..	..	..	1,152 9 11	213 18 1*
						£3,560 3 4*	£473 19 8*
<i>Working Expenses.</i>							
Maintenance	..	..	..	..	..	1,361 11 0*	165 12 3*
Wages	..	..	..	..	..	783 13 11*	91 15 6*
Fuel and stores	..	..	..	..	..	247 4 5*	19 8 7*
Wagon- and carriage-hire	..	..	..	..	..	149 6 0*	20 7 1*
Sundry working expenses	..	..	..	..	..	108 3 8*	13 12 5*
General expenses	..	..	..	..	..	59 5 10*	15 0 0*
Directors' fees	..	..	..	..	..	28 7 0*	10 10 0*
Property-tax	..	..	..	..	..	55 18 9	7 19 9
County-rates	..	..	..	..	..	164 12 4	23 9 4
						£2,958 2 11*	£367 14 11*

* These figures must be taken as approximate.

Dunedin, 17th March, 1886.

R. H. LEARY, Secretary.

15. The MAYOR of GORE to the Hon. the Minister for PUBLIC WORKS.

Waimea Plains Railway.

SIR,—

Gore, 11th March, 1886.

As a number of Government and other settlers in this district have just been served with summonses for the Waimea Plains Railway-rate, I take this opportunity of addressing you upon the question of the purchase of the above railway-line by the Government.

It will be necessary, not merely to look at it from a financial point of view, although that, no doubt, is a very material point, but grave consideration must be given to the interests of the settlers, who are at the present moment more or less in very distressed circumstances, owing to the bad seasons and the depressed state of the produce- and stock-markets.

To enforce the collection of the railway-rate from these men would simply mean ruin to most of them and the depopulation of the district. I am now referring more particularly to the settlers who have purchased their land from the Government on deferred payment, and the majority of whom certainly bought their land in complete ignorance of their liability for the rate at the time these lands were sold. It is stated, and has not been denied, so far as I know, that no reference whatever was made by the auctioneer to the liability which existed, and which might have to be met by the purchasers.

Whether or not this is a matter of fact, it is now clear that these men were unaware of it, and are now unable to pay it.

At a deputation which waited upon the Premier at Dunedin on the 29th January last, it was stated that there were no less than 199 Government settlers, holding upwards of 58,000 acres of land, all of whom are in the position I have just stated. They are not only unable to pay this rate, but the mere fact of the liability attaching to their lands so hampers their movements in financing for the carrying-on of their operations, that, unless immediate relief is given, the consequences may be very serious indeed. No money-lending institution or agent will make them advances, fearing that at any moment their lands and crops may be confiscated for the payment of the railway-rate. The rate levied up to the present amounts to something like 50 per cent of the annual valuation of their farms, for which you must see it is impossible for them to provide.

In praying the Government to take over the line the settlers are only asking that the same justice be meted out to them as to the settlers on the other district railways which have been taken over, and to which you must admit they are fairly entitled. Besides, they consider that the line, when once in the hands of the Government, can be worked to a profitable issue, far more so in all probability than any other district railway in the colony. The line is now practically part of the main line from Dunedin to the Lake District, and, if any line should be acquired by the Government, they consider the Waimea Railway to have special claims for the favourable consideration of the Government.

It is needless for me to point out to you in how many ways the line can be more cheaply worked as a Government line than under its present administration. The Dunedin office and staff would be done away with, the cost for rolling-stock would be lessened, as I understand the company has at present to pay considerable rents to the Government for trucks, carriages, &c., and the interest upon the borrowed capital upon which the line is now worked would be materially reduced.

The existence of the railway-rate has been extremely detrimental to the settlement of the district. Even before the rate was actually levied, the fear of it kept many good farmers from taking up the land; and, unless the rate is abolished, or something very near it, I fear that settlement may be looked upon as at an end in the district, and, as I have said, even those now upon the land will have to abandon their holdings.

The settlers are friendly disposed towards the Government, and would, I am sure, do their utmost to help them in the accomplishment of carrying out the transfer of the line; but to expect them to meet this rate, or to face the consequences of future rates being levied upon them, is out of the question. I hope, therefore, that the Government will seriously consider the matter, and, as I am sure they are anxious for the genuine settlement of the country, endeavour if possible to save the Waimea District from utter ruin and probable depopulation.

The Hon. E. Richardson,
Minister for Public Works, Wellington.

I have, &c.,
THOMAS GREEN,
Mayor of the Borough of Gore.

16. The UNDER-SECRETARY for PUBLIC WORKS to His Worship the MAYOR, Gore, Dunedin.

Re *Waimea Plains Railway*.

SIR,—

2nd April, 1886.

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 11th ultimo, urging the desirability of the Waimea Plains Railway being purchased by the Government, in order, *inter alia*, to relieve the settlers of the district from the payment of the district railway-rate, for which you state summonses have lately been issued by the railway company.

In reply, I am to inform you that the matter of arranging for the purchase of this railway has been under the consideration of the Government for some time past, and that the Government have all along been prepared to purchase the line, but as yet they have been quite unable to make any satisfactory arrangement with the company as to the price to be paid for it.

The Government, however, intend shortly to make another offer to the company, which it is hoped will meet with acceptance, but this offer, of course, will have to be subject to the approval of Parliament.

Thomas Green, Esq.,
Mayor of the Borough of Gore.

I have, &c.,
H. J. H. Blow,
For Under-Secretary for Public Works.

17. The Hon. the MINISTER for PUBLIC WORKS to the SECRETARY, Waimea Plains Railway.
SIR,— 8th April, 1886.

In pursuance of your correspondence with Mr. Cuthbert Cowan on the subject of the Waimea Plains Railway, I have the honour to inform you that the Government, while unable to accede to the terms demanded by your company, is willing, after giving the matter full consideration, to enter into an agreement for the purchase of the railway on the following conditions:—

1. The agreement shall be subject to the ratification of Parliament next session.
2. The price to be paid to your company shall be £33,000 in cash, the Government undertaking to settle with the Insurance Association as regards your debt to it, amounting to £75,000, not including, however, any interest that may be due by your company on the 31st March, 1886.
3. The above offer is made on the assumption that the purchase will take date as from the 31st March, 1886.
4. The company to forego one-half of the rates due by ratepayers up to the 31st March, 1886, and to have no claim to any rates, profits, or Government contributions towards guaranteed interest after that date.
5. Interest to be paid by Government on the amount of purchase-money, namely, on £33,000, from the 31st March, 1886, until conveyances are completed and money paid over, at the rate of 4 per cent. per annum.

If you agree to sell the railway on the terms above mentioned, it is, of course, to be understood that it includes all land upon which the railway itself, and the buildings and erections of every kind in connection with the railway, at present stand, and also all land in any way acquired for the railway or for any purpose in connection therewith; and that the company will remain liable for the discharge of all liabilities in connection with the works done or in progress, and also in connection with all materials obtained or agreed for; and that a good and satisfactory title shall be given by the company to the Government for all the lands above referred to, and also for all works, materials, buildings, tools, rolling-stock, furniture, goods, chattels, effects, and things of what nature soever in use upon the said railways, or in hand for future use upon or in connection therewith; and the company shall, before transferring the land as above provided for to the Government, pay for all such lands all such sums of money and do all such things in connection therewith as may be due or awarded to the owners, lessees, or occupiers on account thereof, including the cost of completing the titles thereto and of transferring the said titles to the Government.

It is also to be understood that, before the purchase-money herein provided for is handed over, the company shall provide and complete at its own cost all fencing and level crossings and cattle-stops which it is legally liable to provide or which it has undertaken to provide by agreements, either written or verbal, with the landowners or the adjoining local bodies.

I have, &c.,
EDWARD RICHARDSON,
The Secretary, Waimea Plains Railway Company. Minister for Public Works.

18. The SECRETARY, Waimea Plains Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

SIR,— Dunedin, 16th April, 1886.

I have the honour to acknowledge the receipt of your letter of the 8th instant (No. 66/1008), offering to purchase the Waimea Plains Railway and its equipment, on certain conditions, at the sum of £33,000, subject to the company's indebtedness, namely, £75,000, to the New Zealand Government Insurance Association; and I am directed to say, in reply, that, unless the Government is prepared to modify the conditions proposed, my directors will be unable to recommend the shareholders to part with their property.

One of the conditions of your offer being that the company shall forego about £7,800 of its assets, namely, half the rates for the four years ending the 31st ultimo, the price offered is virtually £25,200, minus the cost of fencing and other work which you propose the company shall construct at its own cost before receiving payment of the purchase-money.

The company is only prepared to sell the railway as it stands, together with its equipment, but not to complete the fencing of the line and construct other works, as implied in the last paragraph of your letter, unless the cost be added to the purchase-money.

Assuming the Government purchase the property as it now stands at £33,000, and the company forego half the rates, the loss of capital would amount to about £13,000, thus:—

	£	s.	d.
Cost of railway and equipment	109,169	6	2
Deduct loan	75,000	0	0
	<hr/>		
Purchase-money proposed	34,169	6	2
	33,000	0	0
	<hr/>		
Amount of rates abandoned	1,169	6	2
Amount to debit of profit and loss by reason of the company being unable to collect rates in consequence of faulty legislation, after crediting guaranteed interest for the year ending 31st March, 1886	7,800	0	0
	<hr/>		
	4,297	16	7
	<hr/>		
	£13,267	2	9
	<hr/>		

It must be remembered that, in order to disarm opposition to the passing of an Act last session, rectifying a technical defect, the company was forced to submit to a reduction of guaranteed interest amounting, up to the 31st March, 1885, to upwards of £2,800, which, added to the proposed further reduction of £7,800, will equal a loss of £10,600 justly due to the company; and that in consequence of defective legislation, and through no fault of the company, it was deprived altogether of guaranteed interest for the period commencing the 1st August, 1880, and ending the 31st March, 1882, and amounting to about £11,000, for which my directors consider the company has an equitable claim on the colony, inasmuch as the shareholders were induced to subscribe for shares in the belief that section 75 of "The District Railways Act, 1877," providing for the guarantee of interest, could be enforced.

In fulfilment of a promise made to the ratepayers, the company is prepared to sell the railway on fair terms, but the conditions of your offer, involving, as they do, the abandonment of a large portion of the company's assets, and the expenditure of an unknown sum of money on new work, virtually reduces it to a sum far below the value of the railway, and correspondingly augments the company's loss.

My directors think that you cannot have realized how large a sacrifice the company is asked to make for the benefit of the ratepayers, and trust that, upon reconsideration, you will see your way to accept the company's offer made through Mr. Cuthbert Cowan, M.H.R.

I may state, for your information, that the profits made during the past twelve months have exceeded by the sum of about £2,000 those of the previous year.

Were the Government to acquire the railway at the price asked by the company, there can be little doubt that, even in the present depressed condition of trade, the line could be worked to yield between 3 and 4 per cent. interest on cost, and that in the course of a few years it will become one of the best-paying sections of the railway-system of the colony.

I have, &c.,

The Hon. the Minister for Public Works, Wellington.

R. H. LEARY, Secretary.

19. Mr. CUTHBERT COWAN, M.H.R., to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.)

Lumsden, 20th April, 1886.

I hear your offer to purchase Waimea Railway has been sent back for consideration certain points. Earnestly urge you try to meet demand of company so far as reasonable. Wire Dipton.

CUTHBERT COWAN.

20. The Hon. the MINISTER for PUBLIC WORKS to the SECRETARY, Waimea Plains Railway Company.

(Telegram.)

Wellington, 20th April, 1886.

WAIMEA Plains Railway: Referring to your letter of 16th in reply to mine of 8th instant, you know all the railways have been purchased with the condition that half-rates be foregone, and it is impossible to alter that principle; indeed, if that were altered, ratepayers would lose by purchase. If, however, you wire me that your company will accept my offer in letter of 8th, with the exception of the conditions named by me in the last paragraph, that is to say, to omit all the words of that paragraph between the word "shall" at end of third line, and the word "agreements" in eighth line, and to insert in lieu thereof the words "give full effect to all existing," so as to make that portion of the paragraph read, "the company shall give full effect to all existing agreements either written or verbal," &c., I will recommend it to my colleagues. The other conditions are common to all the other purchases. You must act at once as Cabinet will be separating before Parliament meets.

EDWARD RICHARDSON.

21. The Hon. the MINISTER for PUBLIC WORKS to Mr. CUTHBERT COWAN, M.H.R.

(Telegram.)

Wellington, 20th April, 1886.

WAIMEA Railway: We are prepared to deal fairly with company, and I have, by wire to-day, gone as far as I can to meet their views. If they now refuse, they must take the consequences.

EDWARD RICHARDSON.

22. The SECRETARY, Waimea Plains Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.)

Dunedin, 21st April, 1886.

YOUR telegram of yesterday considered by directors; they are willing to agree to proposed modification of terms in last paragraph your letter 8th instant, but not to forego rates unless amount added to price. If public policy necessitates relief to ratepayers, that relief should be at expense of colony, not of company, which has already lost twenty months' guaranteed interest, amounting about £11,000.

R. H. LEARY.

23. The Hon. the MINISTER for PUBLIC WORKS to the SECRETARY, Waimea Plains Railway Company.

(Telegram.)

Wellington, 27th April, 1886.

IN reply to your telegram of 21st instant sorry you are not able to agree to proposals, which I cannot increase. As regards relief proposed to be given to ratepayers, if that were withdrawn, they could not be asked to consent to purchase. As it is, even with that relief, it is doubtful if it would not be much better for them to pay the rates due, and wait until the Act allows the Governor to purchase. Unless with the ratepayers' consent it would not be possible to buy, as the purchase is on their account and the Government jointly.

EDWARD RICHARDSON.

24. Mr. CUTHBERT COWAN to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.)

Dunedin, 4th May, 1886.

HAVE met directors Waimea, who will not accept your offer. Am authorized by them to say if you offer £37,000 they will close as from 31st March last, accepting one-half of four years' rates and other conditions imposed by you. I would urge you to meet them, as sum demanded is trivial compared with importance of line becoming property of Government.

CUTHBERT COWAN.

25. Mr. CUTHBERT COWAN, M.H.R., to the Hon. the PREMIER.

(Telegram.)

Dunedin, 4th May, 1886.

HAVE met directors Waimea *re* offer of Minister for Public Works. They want a rise of £4,000 on his offer, which I think can fairly be made. They will accept his conditions, including the foregoing of one-half of four years' rates, being an amount of £7,756. I would urge you in interests of district to meet this demand of directors, importance of line becoming property of the Government warrants your stretching a point. Kindly see Mr. Richardson to-day. Price demanded entails on shareholders loss in capital £1 10s. a share, or, computing loss of interest as well, £4 10s. a share.

CUTHBERT COWAN.

26. Mr. F. FERGUS to the Hon. ROBERT STOUT.

(Telegram.)

4th May, 1886.

UNDERSTANDING that negotiations between Government and Waimea Railway Company have come to a hitch by reason of difference of £4,000, would urge that Government should make some concession, seeing that settlers will be permanently relieved of rate, and interests of district vastly benefited by line becoming Government property.

F. FERGUS.

27. Mr. CUTHBERT COWAN, M.H.R., to the Hon. the COLONIAL TREASURER.

(Telegram.)

Dunedin, 4th May, 1886.

AM here interviewing Waimea directors. Richardson's offer is £4,000 short of their views. They accept conditions, including the foregoing of one-half of four years' rates. Kindly try induce Richardson to meet directors, as extra sum demanded is trivial compared with value of line to Government.

CUTHBERT COWAN.

28. The Hon. the MINISTER for PUBLIC WORKS to Mr. CUTHBERT COWAN, M.H.R.

(Telegram.)

4th May, 1886.

HON. Mr. Stout has handed me your telegram on the subject of the Waimea Railway. I also * have received yours direct to myself.

I can only express my regret that the company have not seen their way to accept my offer, as I cannot recommend my colleagues to make any further advance on price now offered. Indeed, the last concession made was one that I had serious doubts as to whether I could justify it.

Am convinced that Parliament would not consent to pay a higher price even if I could recommend its being done, and if it did agree to pay a higher price I am sure it would not be in the interest of the ratepayers, as they would gain by waiting till power of compulsory purchase can be availed of.

EDWARD RICHARDSON.

29. Mr. CUTHBERT COWAN, M.H.R., to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.)

Dunedin, 4th May, 1886.

Am extremely disappointed at your reply. Ratepayers' interest is not future, they want relief from £17,500 rates now or shortly due again. Wish you to consider question from view of value of line to Government. You forget the fact that Waimea is the line of greatest consideration to Government to possess of all the district lines, and it was on its back that the other lines were considered. As district is in earnest to effect change of ownership, will you accept pecuniary assistance from them to meet difference of price between Government and company; if so, say what part of it? Please submit this to Cabinet.

CUTHBERT COWAN.

30. The Hon. the MINISTER for PUBLIC WORKS to Mr. CUTHBERT COWAN, M.H.R.

(Telegram.)

Wellington, 4th May, 1886.

WAIMEA Railway: The Cabinet fully realizes that ratepayers want present assistance. Had it not been so, the Government would not have authorized me to make any such offer as that already made. The matter has been considered by Cabinet on several occasions, and, in accordance with your request, again this afternoon. The value of the line to the Government has been fully explained by me and understood by it. I regret to say that the Cabinet feel compelled to decline any further concession. Sir Julius Vogel has handed me your telegram of to-day, and, as it is similar to those already dealt with, you will not expect further reply to it from me.

EDWARD RICHARDSON.

31. The Hon. the MINISTER for PUBLIC WORKS to T. FERGUS, Esq., M.H.R.

(Telegram.)

Wellington, 6th May, 1886.

REPLYING to your telegram *re* Waimea Railway of 4th, I have only to state that the price offered by me on behalf of the Government is the utmost that the Government, after taking the various interests into consideration, can ask Parliament to give. The company has been informed to this effect.

EDWARD RICHARDSON.

32. DEPUTATION from the COMPANY to the Hon. the MINISTER for PUBLIC WORKS.

(Memorandum.)

Wellington, 24th May, 1886.

A DEPUTATION waited on the Hon. Mr. Richardson, at 9 a.m., on the subject of the price to be paid by the Government for the Waimea Plains Railway.

The company was represented by Mr. Wales and Mr. Leary, and the ratepayers by Mr. Cowan, M.H.R., and Mr. Valentine.

After a considerable amount of discussion, occupying about an hour and a half, during which it was elicited that the company demanded £4,000 more than the Government has offered, Mr. Wales definitely proposed, on behalf of the company, to split the difference, and accept £2,000 more than Government offer; he also stated that he had full power from the company to agree to a sale within certain limits.

Hon. Mr. Buckley was present during the latter portion of the discussion.

The proposal of the company now is that they will accept the offer contained in Hon. Mr. Richardson's letter of the 8th April last, as further explained by telegram of the 16th April, if the amount offered in said letter, namely, £33,000, be increased to £35,000.

Under this arrangement the company would be bound to give full effect to all existing agreements, as stipulated for in telegram of the 16th ultimo, before mentioned, but would not be bound to fence the railway throughout, or pay half cost of said fencing, that being a contingent liability which may accrue from time to time, but not a present existing liability.

C. Y. O'CONNOR.

P.S. As the negotiations for the purchase of this line seem likely now to come to a practical issue, it may be well to mention that this company has taken no steps as yet to supply the Government with the land plans and other records asked for in connection with all the district railways proposed to be purchased some eighteen months ago, and which were promptly supplied by all the other companies. There may, therefore, be even more delay in getting conveyance completed in this case than was the case with respect to the other companies. The reason given by the Waimea Plains Company for not supplying the data asked for was that there seemed no chance of their agreeing with the Government as to the price to be paid.—C. Y. O'C.

33. The Hon. the Minister for PUBLIC WORKS to the SECRETARY, Waimea Plains Railway Company.

SIR,—

Wellington, 2nd June, 1886.

In pursuance of correspondence which has already passed on the subject of the proposed purchase of the Waimea Plains Railway, I have now the honour to inform you that the Government is willing to enter into an agreement for the purchase of this railway on the following conditions:—

1. The agreement shall be subject to the ratification of Parliament.
2. The price to be paid to your company to be £35,000 in cash, the Government undertaking to settle with the Insurance Association as regards your debt to it, amounting to £75,000, not including, however, any interest that may have been due by your company on the 31st March, 1886.
3. The Government does not undertake to make the payment above provided for prior to the 31st January, 1887, but may make it sooner than that if it can conveniently be done; provided however that payment cannot in any case be made until contract is signed and all conveyances of land, &c., duly completed.
4. The above offer is made on the assumption that the purchase will take date as from the 31st March, 1886.
5. The company to forego one-half of the rates due by the ratepayers up to the 31st March, 1886, and to have no claim to any rates, profits, or Government contributions towards guaranteed interest after that date.
6. Interest to be paid by Government on the amount of purchase-money, namely, on £35,000, from the 31st March, 1886, until conveyances are completed and money paid over, at the rate of 4 per cent. per annum.

If you agree to sell the railway on the terms above mentioned, it is, of course, to be understood that it includes all land upon which the railway itself, and the buildings and erections of every kind in connection with the railway, at present stand, and also all lands in any way acquired for the railway or for any purpose in connection therewith; and that the company will remain liable for the discharge of all liabilities in connection with the works done or in progress, and also in connection with all materials obtained or agreed for; and that a good and satisfactory title shall be given by the company to the Government for all the lands above referred to, and also for all works, materials, buildings, tools, rolling-stock, furniture, goods, chattels, effects, and things of what nature soever in use upon the said railway, or in hand for future use upon or in connection therewith; and the company shall, before transferring the lands as above provided for to the Government, pay for all such lands all such sums of money and do all such things in connection therewith as may be due or awarded to the owners, lessees, or occupiers on account thereof, including the cost of completing the titles thereto and of transferring the said titles to the Government.

It is also to be understood that, before the purchase-money herein provided for is handed over, the company shall give full effect to all existing agreements, either written or verbal, with the landowners or the adjoining local bodies.

I have, &c.,

EDWARD RICHARDSON,

The Secretary, Waimea Plains Railway Company.

Minister for Public Works.

34. The SECRETARY, Waimea Plains Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.)

PURCHASE Waimea Railway: Meeting my Board Monday to consider your letter 2nd June. Presume line deemed to be worked on behalf Government from 31st March, and consequently maintenance and cost of carrying on the business (exclusive of payments properly chargeable to construction) are to be charged against traffic receipts; also that, in consideration of company waiving half-rates, Government will undertake to facilitate recovery of other half by putting beyond question company's power to do so, thus providing against possible technicalities.

R. H. LEARY, Secretary.

35. The Hon. the MINISTER for PUBLIC WORKS to the SECRETARY, Waimea Plains Railway Company.

(Telegram.)

You interpret my offer correctly. As to recovery of half back rates, if offer is accepted by company, Bill will be introduced to give effect to purchase, with provision in it to enable you to collect said half-rates.

EDWARD RICHARDSON.

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