

1890.

NEW ZEALAND.

MIDLAND RAILWAY.

PAPERS RELATIVE TO THE CONSTRUCTION AND LEASING OF GREY-HOKITIKA AND BRUNNER RAILWAYS BY THE COMPANY.

*Return to an Order of the House of Representatives dated 25th June, 1890.**Ordered, "That there be laid before this House all papers and correspondence that have passed between the Government and the Midland Railway Company re the construction of the Grey-Hokitika Railway and leasing of the Brunner Railway by the said company."—(Mr. SEDDON.)*

No. 1.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

SIR,—

Public Works Office, Wellington, 1st October, 1889.

With reference to the conversation which you and Mr. Scott had with the Premier and the Hon. Mr. Mitchelson on Saturday last on the subject of the completion of the Greymouth to Hokitika Railway, and of your proposal, arising therefrom, that your company should get a lease of the Brunner Railway in the event of your taking over the Greymouth to Hokitika line, I have the honour to inform you,—

(1.) That the Government does not consider that your proposal to reduce the agreed-upon expenditure on the Midland Railway at Springfield and Belgrove by £40,000, in order to put you in funds towards the carrying-out of the Greymouth to Hokitika line, can be assented to. It would therefore be necessary to provide for the construction of the Hokitika line in some other way.

(2.) As regards the leasing of the Brunner Railway, the question is one of so much importance, and surrounded with so many intricacies, and there are so many separate interests involved, that considerable time and care would have to be taken before any definite conclusion could be arrived at as to whether or not the Government would be justified in giving you a lease of this line as requested; and in the meantime it is suggested, in order that the matter may be properly considered, that you should submit a definite proposal as to the terms upon which such lease could reasonably be granted, and that in this proposal you should set forth how all the many interests involved may be properly conserved, and how the conditions of rental, &c., can be fixed in such a way as to do justice to the Government and the company under the many variations through which it is possible that the traffic of the future may pass.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

R. Wilson, Esq., C.E., Midland Railway, Christchurch.

No. 2.

The GENERAL MANAGER, Midland Railway Company, to the UNDER-SECRETARY for PUBLIC WORKS.

SIR,—

Christchurch, 3rd October, 1889.

I am in receipt of your favour of the 1st instant. I regret that the Government do not see their way to temporarily reduce the amounts to be spent at the Springfield and Belgrove ends of the line, as this would have materially expedited the construction of the Greymouth-Hokitika line. At the same time, I am prepared to submit a proposal for leasing the Greymouth-Brunner section if you will supply me with statistics of the cost of working the line, and also of the cost and method of working the harbour, as I presume the lease would have to include both railway and harbour.

I have, &c.,

ROBERT WILSON.

C. Y. O'Connor, Esq., Under-Secretary for Public Works, Wellington.

1—D. 8c.

No. 3.

The UNDER SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway.

SIR,—

Public Works Office, Christchurch, 4th November, 1889.

I have the honour to acknowledge the receipt of your letter of the 3rd ultimo on the subject of the cost of working Greymouth Railway and Harbour.

In reply, I am to refer you for cost of working railway to the annual reports of the Working Railways Department for some years past, which will be forwarded to you from Wellington in a few days, but am at the same time to say that the Government does not take any responsibility as regards the accuracy of these statements, which the company should form their own opinion upon and take for what they are worth.

As regards the cost of working the Greymouth Harbour, I enclose return herewith, but this is also supplied without any guarantee of its accuracy or completeness. It does not include anything for up-keep of river training-mounds, and ocean breakwaters, which have hitherto been maintained—being in course of construction—out of the construction vote. Neither does it include anything for dredging. Some years back dredging was required alongside wharf, and it seems probable that it will be required again shortly, but during the last few years no such dredging has been done.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

R. Wilson, Esq., General Manager, Midland Railway, Christchurch.

Enclosure.

GREYMOUTH HARBOUR.—Statement of Cost of working the Harbour for the Period from the 1st April, 1888, to the 30th June, 1889, Fifteen Months (exclusive of Interest and Sinking Fund).

Harbour expenses—				£	s.	d.	£	s.	d.
Salaries, harbour staff	...	...	...	990	0	0			
Incidental	...	...	...	104	16	7			
Repairs to buildings	...	...	...	7	14	6			
Beacon tramway alterations	...	...	...	25	13	0			
							1,128	4	1
Tug service—Net receipts	...	...	...	£1,501	14	10			
Loss	...	...	...	715	14	10			
							2,217	9	8
Expenses of Board—									
Salaries — Secretary, &c. (proportion not charged to works)	...	...	...	157	0	0			
Rates	...	...	...	151	4	3			
Printing, advertising, &c.	...	...	...	68	0	0			
Incidental (repairs to office, law expenses, &c.)	...	...	...	195	0	8			
							571	4	11
Total for fifteen months	...	...	...				£3,916	18	8
Total for twelve months at above rate, £3,133 11s., say	...	...	...				£3,200	0	0

No. 4.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Memorandum.)

Public Works Office, Wellington, 4th November, 1889.

At the request of Mr. O'Connor I have the honour to transmit herewith copies of the Working Railways Statements for the last five years.

H. J. H. BLOW,

Assistant Under-Secretary for Public Works.

R. Wilson, Esq., C.E., General Manager, Midland Railway, Christchurch.

No. 5.

The GENERAL MANAGER, Midland Railway Company, to the UNDER-SECRETARY for PUBLIC WORKS.

SIR,—

Christchurch, 6th November, 1889.

I have to acknowledge the receipt of your letter of the 4th instant, with enclosure, with respect to the cost of working the Greymouth—Brunnerton Railway and the Greymouth Harbour, and to thank you for the information therein contained.

I have, &c.,

ROBERT WILSON,

General Manager, Midland Railway Company (Limited).

C. Y. O'Connor, Esq., Under-Secretary for Public Works, Wellington.

No. 6.

The GENERAL MANAGER, Midland Railway Company, to the ASSISTANT UNDER-SECRETARY for PUBLIC WORKS.

SIR,—

Christchurch, 7th November, 1889.

I have to acknowledge the receipt of your memorandum of the 4th instant, and to thank you for the five copies of the Working Railways Statement sent therewith.

I have, &c.,

ROBERT WILSON (per J.P.K.),

General Manager, Midland Railway Company (Limited).

H. J. H. Blow, Esq., Assistant Under-Secretary, Public Works, Wellington.

No. 7.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Christchurch, 23rd December, 1889.

In further reference to your letter of the 1st October, 1889, I have the honour, on behalf of the New Zealand Midland Railway Company, to submit the following proposal to complete the Greymouth-Hokitika Railway:—

1. The Government to give the company a subsidy in the form of the works already executed on the line, together with the necessary lands for line, sidings, stations, &c.

2. The schedule of maximum rates and fares to be the same as that contained in the New Zealand Midland Railway contract of 1888.

3. This section of railway to be always exempt from all local taxation, and for a period of at least ten years from general taxation; the remainder of the company's lines to be also exempted from all local taxation, and the Government to use its best endeavours to relieve the company from property-tax in respect to its line of railway and works in progress.

4. The company to complete and open for traffic the Hokitika line within twelve months from completion of agreement.

5. The Government to grant to the company a lease of the Greymouth-Brunnerton line and sidings, including rolling-stock, plant, &c., together with machinery and appliances for loading vessels at Greymouth. Such lease to remain in force until the Government, under the powers in the contract, purchases the whole of the company's lines.

The conditions of lease to be—(a.) The maximum rates and fares chargeable by the company to be the same as those now in force on that line. The method of apportionment of through traffic to be the same as at present in force, and the same system of books and returns to be retained and to be kept separate for this section, the Government having power to inspect and audit the same at any time. (b.) The company to maintain rolling-stock, working-plant, way, and works, including surface of wharves at Greymouth, but not the wharf-piles or harbour-works. (c.) The company to be empowered to charge for haulage of stone for harbour-works, to cover cost and maintenance, and percentage payable to Government on that traffic. (d.) The company to pay the Government half-yearly 40 per cent. of the gross receipts earned by this section. (This system of payment enables the Government to benefit by all increase of traffic over the section.)

This offer is made on the understanding that the arrangements will be completed between the Government and this company before the 31st March next, subject to ratification by Parliament as soon thereafter as it may meet, and also subject to my directors cabling that special finance for this purpose is arranged.

I have, &c.,

ROBERT WILSON,

General Manager, Midland Railway Company (Limited).

The Hon. the Minister for Public Works, Wellington.

No. 8.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 24th January, 1890.

SIR,—

Re *Greymouth-Hokitika Railway*.

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 23rd ultimo, containing proposals for the completion of the above-mentioned railway by your company.

In reply, I am to state that the company's proposals have received the careful consideration of the Government, but, as the terms thereof are not considered to be sufficiently favourable, the Government is unable to see its way to recommend them to Parliament for acceptance. I am also to state that it is considered that it would be very objectionable in any case that such questions as the remission of property-tax on the Midland Railway should be involved in a contract for the completion of the Hokitika to Greymouth Railway.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

R. Wilson, Esq., C.E., General Manager, Midland Railway, Christchurch.

No. 9.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Christchurch, 14th May, 1890.

Referring to our interview in Wellington, I now enclose herewith a memorandum of amended offer for a lease by the company of the Greymouth-Hokitika and Greymouth-Brunnerton lines, drawn in general accordance with the purport of our conversation.

If you will kindly return the memorandum with any additions or amendments which you may have to make in order to render the offer acceptable by the Government, I will at once forward it to my board of directors, and ask them to reply by cable, with a view to the Government bringing the matter before the House during the coming session.

You will note in clause 5 that I suggest 35 per cent. of the gross receipts of the Greymouth-Brunnerton line be paid as rent. I have carefully considered this part of the question, and do not see my way to advise the board to increase the percentage named.

As my directors may take some little time to consider the offer when submitted, I trust you will send me as soon as possible an official communication which I can forward to them by first mail.

I have, &c.,

Hon. T. Fergus, Wellington.

ROBERT WILSON.

Enclosure.

MEMORANDUM of AMENDED OFFER for LEASE of GREYMOUTH-HOKITIKA and GREYMOUTH-BRUNNERTON LINES.

Christchurch, 14th May, 1890.

1. The Government to grant to the New Zealand Midland Railway Company (Limited) a lease of the Greymouth-Brunnerton Railway and sidings, also buildings, rolling-stock, plant, &c., together with the buildings, machinery, and apparatus for loading vessels at Greymouth. The Government also to grant to the company a lease of the Greymouth-Hokitika Railway, including all works already partially executed or finished, and all plant and materials on the ground, together with the necessary lands for the line, sidings, stations, &c.

2. The leases of the Greymouth-Brunnerton and Greymouth-Hokitika lines to remain in force until such time as the Government of New Zealand, under powers contained in the New Zealand Midland Railway contract, purchase the whole of the company's lines.

3. The New Zealand Midland Railway Company to undertake to complete and open for traffic the Greymouth-Hokitika line within, say, eighteen months from date of signature of these leases.

4. At the determination of the lease of the Greymouth-Hokitika line—*i.e.*, when the Government purchase the whole of the lines of the company—the Government shall pay to the company a sum of money equal to the cost to the company of completing the unfinished works, and making this line safe for traffic. The Government also to pay to the company a sum of money equal to the value of any improvements which they may make to the Greymouth-Brunnerton line during the period of the lease.

5. By way of rent for the Greymouth-Brunnerton and Greymouth-Hokitika lines, the company to pay to the Government half-yearly 35 per cent. of the gross receipts earned by the Greymouth-Brunnerton line only, until this payment reaches a maximum of £13,000 per annum. If 35 per cent. of the gross receipts earned by the Greymouth-Brunnerton line exceeds £13,000 in any one year, the excess over this amount to be divided equally between the Government and the company. The company shall, however, have the right to deduct from the amount equal to 35 per cent. of the gross receipts of the Greymouth-Brunnerton line, before paying the same to the Government, any sums of money which the company may be called upon to pay from time to time as rates and taxes, including property-tax and local taxation, upon the Greymouth-Brunnerton and Greymouth-Hokitika lines.

6. The company's rates and fares on the Greymouth-Brunnerton line always to be the same as, or not higher than, those prevailing on the Westport Section of the Government railways. The method of apportionment of through traffic to be the same as at present in force, and the same system of books and returns to be retained, and to be kept separate for this section. The Government to have the power to inspect and audit same at any time.

7. The company to maintain such rolling-stock, buildings, working-plant, way, and works as at present maintained under Government administration. The Government to supply free of cost to the company a further supply of standard 53lb. rail and fastenings sufficient to complete the relaying of this Greymouth-Brunnerton section.

8. The company to be empowered to charge for haulage of stone for the harbour-works if this stone is run over any portion of the lines leased by the company.

No. 10.

EXTRACT from LETTER from GENERAL MANAGER, Midland Railway Company, dated 29th May, 1890. [The remaining portion of this letter deals with other subjects.]

Greymouth-Hokitika and Brunnerton Leases.— My directors also write relative to the first offer which I submitted to you for taking over these lines, the paragraph of their letter being as follows: "Greymouth-Hokitika.—As the Government have refused to accept the offer which my directors made with regard to this line, they feel that they cannot take any further steps in the matter: at the same time they are prepared to consider any reasonable offer that the Government may think fit to make, but they cannot give much hope that their terms will be

modified to any large extent. The offer which you made was carefully considered by the board, and any important modification will necessitate a reconsideration of the whole matter, with consequent delay. Besides this, it now appears that the working-expenses of the Greymouth-Brunnerton Railway have risen enormously, and that the population of the Hokitika district is steadily diminishing, facts which will not be likely to induce the Board to look more favourably upon the venture than they did at first. My directors will await the telegram relating to this subject that you say you will send."

I await a reply to my letter of the 14th May, addressed to the Hon. Mr. Fergus, submitting a modified offer for the leases of the two sections in question; and, as I informed you, this offer (after approval by the Government) will have to be considered by the board before a final arrangement can be come to. I would therefore suggest that you should give this matter your early consideration; otherwise there will hardly be time to submit the question to the House of Representatives during the coming session.

I have, &c.,

ROBERT WILSON,
General Manager, Midland Railway Company (Limited).

No. 11.

The Hon. the MINISTER for PUBLIC WORKS, to the GENERAL MANAGER, Midland Railway Company.

SIR,—

Public Works Office, Wellington, 21st June, 1890.

I have the honour to acknowledge the receipt of your letters of the 14th and 29th ultimo, relative to the proposals for the completion of the Greymouth-Hokitika Railway, and the leasing of the Greymouth-Brunnerton line by the Midland Company.

The amended offer accompanying your letter of the 14th ultimo has been duly considered by the Government, but, as the terms therein stated are not on the whole so favourable as those in previous offers, there does not seem to be any probability of an agreement between us, more particularly as your directors insist that "modification in taxation must be a *sine qua non*," and that "they cannot give much hope that their terms will be modified to any large extent," also that you do not see your way to advise the company to give more than 35 per cent. of the gross receipts as rent for the Greymouth-Brunnerton line.

As regards the rent, which is the main item, the amended offer is decidedly less favourable than the former ones. Instead of 37½, which you said your directors might possibly see their way to give, the amended offer is for 35 per cent., less all rates and taxes. As the average excess of receipts over expenditure on the Greymouth-Brunnerton line for the last five years has been 45 per cent., and as the traffic will in all probability increase considerably year by year, the Government does not see its way to entertain any offer to lease the line which does not propose to give 45 per cent. of the gross earnings as rent.

Under these circumstances, therefore, unless you are able, on a reconsideration of the question, to advise your directors to modify their offer in this respect, I am afraid there is very little hope of the negotiations leading to any satisfactory results.

I have, &c.,

T. FERGUS,

Minister for Public Works.

R. Wilson, Esq., General Manager, &c., Midland Railway, Christchurch.

[Approximate Cost of Paper.—Preparation, £1 5s.; printing (1,300 copies), £3 7s. 6d.]

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1890.

