

The charge for haulage from the mine to Westport made against the Wellington Company was 2s. 4½d. per ton, and that, out of this sum, 1½d. per ton only was paid by the Commissioners to the Westport Coal Company for "way-leave" over 83 chains of their line.—W.H.H.—H.E.H.

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No. 87.

The Hon. the MINISTER for PUBLIC WORKS to the RAILWAY COMMISSIONERS.

Public Works Department, Wellington, 14th July, 1894.

*Re Rates for Carriage of Coal over Mokihinui Coal Company's Railway.*

I HAVE the honour to acknowledge the receipt of the Commissioners' memorandum of the 28th ultimo on the above subject, and in reply to state that I am quite unable to agree with the contentions contained therein.

The rate to be retained by the Commissioners for actual haulage (3d. per ton), though undoubtedly high for a distance of only a mile and a quarter, is not so much objected to, but the toll of 1s. 1d. per ton proposed to be collected on behalf of, and handed over to, the Mokihinui Coal Company for the use of the line seems to me to be excessive.

The Commissioners state that the Company has informed them that the cost of the section of the railway between Mokihinui Wharf and the junction with the Cardiff Company's branch line was £16,500. There must, I think, be some mistake in these figures, as the Company's estimate of the cost of the entire railway (3 miles 65 chains in length), exclusive of rolling-stock—duly certified to by a competent engineer, and deposited with the Government immediately before the railway was constructed in terms of the Westland and Nelson Coalfields Administration Act—was only £16,547. It is probable therefore that the figures furnished to the Commissioners relate to the whole line, and not merely to the one mile and a quarter which the Cardiff Company requires to use. If this is not the case, then it is evident that the cost of the section was unduly high, and the Cardiff Company should certainly not be made to suffer for the maladministration of the Mokihinui Company.

I also notice that the Commissioners consider it to be but reasonable that the Cardiff Company should be held responsible for at least half the interest on the cost of constructing this section of the line; but, considering that the Mokihinui Company's output, according to the terms of the several leases held by them, should amount this year to 30,000 tons, while the output required by the Cardiff Company's lease for this year is only 10,000 tons, it seems to me that, if this basis of computing the charges is correct at all—which, to say the least of it, is open to question—the respective proportions in which the interest should be allocated against the two companies should be three-fourths against the Mokihinui Company and one-fourth against the Cardiff Company.

But, as I have already stated, the principle of allowing the Mokihinui Company a return of 7 per cent. on the capital invested by them in the construction of their railway is one that is decidedly open to question, as it should be borne in mind that the present value of that railway is almost wholly due to the construction of the connecting-line between it and Westport. Without that connecting-line the Mokihinui Company's railway would have been almost valueless.

I have also to remind the Commissioners that when the Mokihinui Coal Company undertook the construction of their railway they were fully aware of the obligations imposed upon them by statute to work it, and were also aware that the maximum rates which could be charged thereon were those mentioned in the schedule to the Order in Council of 11th April, 1888; and they also knew that these rates were subject to reduction in the event of a line of railway from Westport being constructed to join their railway. That event has since happened, but, notwithstanding this, the Commissioners have agreed to pay the Company a rate in excess of the maximum rate which the Company was authorised to charge for traffic to and from Page's Creek (and the Cardiff Company's branch line, I understand, joins the Mokihinui Company's line within 15 chains of this point) when the line was worked independently, and through traffic with Westport was impossible. Not only so, but the Commissioners have undertaken to pay them this rate simply as a toll for the use of their railway, whereas the Company when working the line independently had to provide haulage, rolling-stock, and terminal facilities for the rate which they were authorised to charge.

The rate proposed to be charged the Cardiff Company being so clearly excessive, and the terms proposed to be allowed the Mokihinui Company being more advantageous than they have any right under their concession to demand, I must again request the Commissioners to kindly reconsider the matter, and advise me of the decision which they may come to on the subject.

R. J. SEDDON,

The Railway Commissioners, Wellington.

Minister for Public Works.

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No. 88.

The RAILWAY COMMISSIONERS to the SECRETARY, Mokihinui Coal Company.

SIR,—

19th July, 1894.

With reference to your letter of the 23rd May, informing the Railway Commissioners the cost (£16,513 5s. 9d.) of your Company's line from Mokihinui to Seddonville Crossing, I am directed by the Commissioners to ask whether the cost of your Company's wharf at Mokihinui is included in the amount mentioned; and, if so, what is the amount so included.

I have, &c.,

E. G. PILCHER, Secretary.

The Secretary, Mokihinui Coal Company (Limited), Wellington.