

CORRESPONDENCE WITH MR. BROGDEN RELATIVE TO FORMATION OF COMPANY
FOR CONSTRUCTION OF RAILWAYS IN NEW ZEALAND.

No. 1.

Mr. JAMES BROGDEN to the Hon. J. D. ORMOND.

SIR,—

Wellington, 24th July, 1872.

I have the honor to transmit to you a proposal from my firm in relation to the construction of Railways in New Zealand, which I should feel obliged by your laying before the Cabinet, together with this letter, at your early convenience.

You will observe that the proposal embraces, in the first place, the construction of two continuous main lines of Railway, along routes which my communications with the Government and the information I have acquired from other sources, lead me to believe would be most advantageous to the Colony, and therefore most likely to be profitable to the Company.

You will further observe that, except as regards certain centres of population already established, the general direction of each of these lines is left to the Company, power being reserved to the Government, however, to indicate other points which must be touched by the Railway.

I submit, in both the above respects, the suggestions I make may reasonably be accepted by the Government.

You will further observe that certain of the lines now projected by the Government are treated as detached main lines, and are only to be constructed as required by the Government, and the ultimate connection of which with the two trunk lines before referred to will be postponed until circumstances of traffic or otherwise render it necessary or desirable to construct such connections.

You will further observe that the Company will not be entitled to the guarantee upon their outlay in respect of any branch lines, unless such branch lines are constructed with the consent of the Government to the guarantee attaching, and that, even then, the guarantee will only operate for the residue of the term then unexpired of the main line which they feed. It may be urged that the Company would refrain from constructing branch lines unless the Government consented to the guarantee attaching to the outlay; but I submit that this argument is disposed of by the circumstance that the Company is directly and largely interested in getting rid of the guarantee, not only in connection with the profits upon the capital, but also as freeing them from a certain extent of control on the part of the Government.

I would beg especially to call your attention to one important feature in the proposal submitted, which cannot be introduced with any degree of convenience into the construction of Railways by the Government themselves; namely, that although a type character of line is given, to be ultimately reached, and a maximum cost fixed for such type character, the immediate mode of construction will be limited to the requirements of traffic, and the guarantee will operate only on actual outlay, though it will of course increase from year to year, as the necessities of traffic render it expedient to bring the line up to the ultimate type.

I further submit that the proposal to take over all existing works, including the Lyttelton and Christchurch Railway, is one of great importance to the Colony. It may be used, in the first place, to relieve the Colony from a considerable burthen of debt, or, if it should not be deemed expedient to discharge any part of the existing debt, it will place at the disposal of the Government, and of the Provinces of Canterbury and Otago, large funds available for public works and immigration. It will enable the Company, moreover, to carry out more rapidly and cheaply the construction of the continuous main line in the Middle Island, and it will save the Government a large part of the loss which they must incur if an uniform gauge of 3 feet 6 inches is to be established throughout the Island.

You will further observe that I have entered into detail only in such particulars as I conceived would be deemed essential, leaving all other such matters (about which there can be little difficulty) to be filled up after the main proposals have been dealt with.

I do not know how far I am justified in commenting upon the political aspect of the proposal as compared with the mode of operations now employed by the Government in the construction of railways, but the knowledge I have obtained during my residence in the Colony leads me to believe that the adoption of the proposal would be attended with considerable advantages.

In the first place, a Company formed through us would be enabled at once to bring to the work an amount of practical knowledge and skill, which it is difficult for a Government, that has not hitherto been engaged in large undertakings of this character, to secure, and the result in this aspect would be increased economy and efficiency. In the next place, the Colony itself must reap important advantages from the circumstance that a Company with a capital of several millions had a direct interest in its progress. Furthermore, the actual liability of the Colony on account of these works would be strictly limited, whilst it possessed ample security that they would be carried out in their integrity.

It is not for me, however, to enter largely upon these points, or indeed to do more than indicate some of the advantages that would result from the adoption of the proposal. Should it be accepted I shall be prepared to submit to the Government suggestions in relation to the carrying out of immigration and the sale of land, which would probably be satisfactory to the Government and to the Company when formed, but I may at once say that I cannot recommend my firm or the Company, if formed, to accept land in payment for any part of the works, except upon terms which I am satisfied would be considered undesirable by the Colony.

Trusting that the Government will favour me with an early reply in regard to this proposal,

I have, &c.,

The Minister of Public Works, Wellington.

JAMES BROGDEN.