

Provisional Directors :—

The objects of the Company will be the building of railway rolling-stock, and the selling or leasing of same to the Government, district railways, mineral companies, sawmillers, grain merchants, and others who may require railway carriages, wagons, timber trucks, horse boxes, goods or brake vans.

The rolling-stock on the Government constructed railways has proved quite inadequate to meet the requirements of the traffic, and much loss and inconvenience has been suffered in consequence during the wool and grain season.

The uncertain supply of trucks has also seriously cramped such industries as are dependent upon railway carriage.

If such has been the case in the past, the Company may reasonably anticipate success, consequent on the vastly-increasing traffic which must result from the extension of the Government railways, the opening of communication between Christchurch and Dunedin and between Dunedin and the Bluff and Kingston.

Railways are being constructed under the provisions of the District Railways Act in Canterbury, Otago, and Southland, there being at present four lines contracted for or for which tenders are invited.

The Government are calling for tenders for the construction of the Tapanui line. The River-ton railway is being rapidly pushed forward towards completion, while many other lines are being surveyed.

Under these circumstances the necessity for a much-increased supply of rolling-stock is acknowledged; and the Government, having inquired into the subject, approve of the objects of the Company.

The operations of the Company would be similar to those of wagon companies in England, where wagons are sold on terms (the payments extending in some cases to seven years), or are leased at a monthly or yearly rental; and the profits accruing to the Company would be derived from the sale of wagons and the renting of others, a rebate on goods carried in the Company's wagons being allowed by the Government.

It would be the purpose of the Company to build railway rolling-stock of every description to order. The wheels and axles, springs and buffer-springs, and such material as may be required in the shape of girder iron, &c., would be imported; but the manufacture and erection of carriages and wagons would be carried out in the colony, and it is confidently expected that this branch of the business would realize a large profit alone.

It is estimated that one thousand goods wagons can be leased or sold during the ensuing eighteen months.

With the view of at once beginning operations, so that a supply of wagons may be available within as short a time as possible, the Provisional Directors have been in treaty for the purchase of the freehold land and buildings of the Otago Ironworks, Dunedin, and such plant and tools as may be required, the latter to be taken at valuation.

The site of these works is admirably adapted for the requirements of the Company, there being one acre of freehold land immediately adjoining the railway reserve at Castle Street, with the right to use a siding from same.

The buildings are very suitable for the requirements of the Company, and but a small outlay would be required for additions and alterations.

A number of railway wagons have already been built by the present proprietors, others being now in course of construction.

No. 6.

The GENERAL MANAGER, Dunedin, to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

General Manager's Office, Dunedin, 17th July, 1878.

With reference to the enclosed papers *re* proposed Wagon Company, I have the honor to state that, after giving the matter due consideration, I am of opinion that it would be advantageous for the department, under the present circumstances, should the Government entertain the proposal therein made.

1. It would save a very great outlay to the Government in the meantime in the construction of the wagons.

2. The additional rolling-stock would enable us to develop traffic which we have hitherto been unable to touch for want of sufficient plant.

3. The profits accruing from such traffic could well enable the Government to make some such concession as asked for by the Company.

In addition to what they propose, I would suggest the insertion of the following conditions, *viz.* :— That the wagons should not be leased for a longer period than five years, and that the wagons be maintained and kept in good repair at the expense of the Company. The expense of oiling and examining the wagons to be borne by the Government.

In the agreement there should be a purchasing clause, so that at the expiry of the lease, if the Government did not think it desirable to extend it, the Government to have the option of purchasing the wagons at valuation.

With reference to the rebate asked for by the Company, I am of the opinion the farthing per ton per mile is rather high, and think that one penny per truck per mile would be sufficient, with a maximum charge for any distance not to exceed six shillings per truck.

I have, &c.,

ALEX. GRANT,
General Manager.

The Hon. J. Macandrew,
Minister for Public Works, Wellington.