

1885.
NEW ZEALAND.

PURCHASE OF DISTRICT RAILWAYS

(PAPERS RELATIVE TO).

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

No. 1.

RESOLUTION of the HOUSE of REPRESENTATIVES, dated 30th October, 1884.

THAT the Government be requested to come to the best arrangements they can with a view to the acquisition of the lines by the colony, such arrangements to be subject to the ratification of Parliament.

No. 2.

RAKAIA and ASHBURTON FORKS RAILWAY.

Memoranda of Particulars of Promotion, Construction, and Cost of Railway.

1. THE Rakaia and Ashburton Forks Railway Company (Limited) was formed in May, 1878, to construct a railway from South Rakaia Township in the direction of the Ashburton Forks, Provincial District of Canterbury; length $22\frac{1}{2}$ miles.
2. The consent of the ratepayers and owners of property to the construction of the proposed line was obtained in September, 1878.
3. The estimated cost of the railway was £74,000.
4. The Governor's approval of and assent to its construction was gazetted on the 17th October, 1878.
5. The railway was completed and opened for traffic in February, 1880.
6. The certified cost of the railway was £74,000.

No. 3.

CORRESPONDENCE RESPECTING THE PURCHASE OF THE RAKAIA AND ASHBURTON FORKS RAILWAY.

1. Petition of DUNCAN CAMERON and others.

To the Honourable the Speaker and Members of the House of Representatives of New Zealand in Parliament assembled.

THE petition of the undersigned residents in the Rakaia and Ashburton Forks Railway District humbly sheweth: That in the year 1878 a railway was constructed in pursuance of "The District Railways Act, 1877," such railway being called the Rakaia and Ashburton Forks Railway, and running from Rakaia to Methven, a distance of twenty-two and a half miles. That the said railway was opened on the 26th day of February, 1880, and has since continued working. That the railway company is now taking proceedings, under "The District Railways Act Amendment Act, 1883," to compel payment of rates for the period extending from the 1st April, 1882, to the 31st March, 1883. That a very large proportion of the land in the said district is devoted to agriculture, and is continually increasing both in value and productiveness, and the traffic carried upon the said railway very largely increases the traffic returns upon the Hurunui-Bluff line of railway. That the traffic returns upon the said line for the last year showed a profit of $3\frac{1}{2}$ per cent. on the outlay, and, for the reason mentioned in the last preceding paragraph, it is probable that these returns will steadily increase. That, at the time of the construction of the said railway, it was understood that all branch lines of railway were for the future to be constructed under the powers conferred by the District Railways Act, but that since that time large sums of money have been laid out in various branch lines, your petitioners being thus subjected to taxation, both generally for the increased colonial indebtedness caused by the construction of branch lines in other districts, and specially for the construction of the line through their own district.

Your petitioners would therefore pray that your honourable House, taking into consideration these premises, may be pleased to afford relief to your petitioners by instructing the Government to take over the said line of railway as part of the colonial railways.

And your petitioners will ever pray.

DUNCAN CAMERON and 142 others.

2. No. 469, Session 2.—Report on the Petition of DUNCAN CAMERON and others

THE petitioners, resident in the Rakaia and Ashburton Forks Railway District, pray the Government to take over the said line of railway.

I am directed to report that the Committee are of opinion that this petition be referred to the Government for consideration.

24th October, 1884.

JAMES W. THOMPSON, Chairman.

3. The UNDER-SECRETARY, Public Works Department, to DUNCAN CAMERON, Esq.

SIR,—

Wellington, 31st October, 1884.

With reference to a petition which you recently forwarded to the House of Representatives urging that the Rakaia and Ashburton Forks Railway should be taken over by the Government, I am directed by the Minister for Public Works to inform you that the Government was instructed by the House of Representatives, on the 30th ultimo, to enter into negotiations with the various district railway companies with the view of taking over their lines, and that steps are already being taken to carry out this instruction.

I have, &c.,

Duncan Cameron, Esq., and others,
Ashburton.

C. Y. O'CONNOR,
Under-Secretary for Public Works.

4. The Hon. the MINISTER for PUBLIC WORKS to the CHAIRMAN, Rakaia and Ashburton Forks Railway Company, Christchurch.

SIR,—

Wellington, 14th November, 1884.

I have the honour to forward to you herewith the copy of a resolution passed by the House of Representatives

In conformity therewith the Government will be prepared to enter into an agreement with you for the lease and purchase of the Rakaia and Ashburton Forks Railway, subject to the following conditions:—

- (1.) That the agreement shall be subject to the ratification of Parliament next session.
- (2.) That you postpone all proceedings for the recovery of rates against such of the ratepayers as pay you two-fifths of the amounts you are authorized to collect on account of the period ending the 31st March last; such proceedings to be resumed only in the event of Parliament refusing to ratify the agreement.
- (3.) That the agreement shall bind you to waive all proceedings against ratepayers for more than the two-fifths mentioned in the last paragraph, and to return any excesses you may have received.
- (4.) That, from the 31st March last to the date of the agreement coming into operation, the ratepayers shall only be held liable to make good any deficiency up to 2 per cent. instead of 5 per cent.

On the basis of these conditions the Government, if you are willing to lease and sell, and will at once signify a desire to that effect, will consider the offer they will make to you. You must be good enough to furnish also the information described in the memorandum at foot.

In making arrangements with the ratepayers as indicated above, you are at liberty to inform them that, should Parliament ratify the arrangement proposed, the Government will include in the ratification a proposal to reduce the present responsibilities of the ratepayers from 5 to 2 per cent., to run over a course of twenty years, commencing with the date on account of which the first payment is made.

I have, &c.,

The Chairman, Rakaia and Ashburton Forks
Railway Company, Christchurch.

EDWARD RICHARDSON,
Minister for Public Works.

Enclosure 1 in 4 of No. 3.

RESOLUTION of the HOUSE of REPRESENTATIVES, dated 30th October, 1884.

[Vide No. 1.]

Enclosure 2 in 4 of No. 3.

MEMORANDUM of INFORMATION required.

1. General plan showing the position of the railway in relation to lands and reserves, &c., adjacent to it.
2. Ground-plan showing the line of railway throughout, and the positions of the stations; and also detail plans (if any) of stations. On this plan there should also be shown the land required for, and intended to be handed over to Government in connection with, the railway; and it should be accompanied by a schedule showing how and from whom the said land has been acquired, and the amount paid for it, and also the nature of the title which it is proposed to give to the Government to hold it by. Where any land required is not as yet settled for, its estimated value and the price demanded for it should be stated, also the name of the owner and occupier.
3. Longitudinal section of line throughout, also cross-sections (if any).
4. Quantities in cuttings, embankments, bridges, and culverts, &c.; also state character of excavation, whether rock or otherwise, where known. Also length and number and character of fencing, gates, and cattle-stops. Also length and character of approach-roads and roads in station-yards, and the cost of same where not included in contracts.
5. Length of main line and sidings.
6. Number of points and crossings.
7. Number and size of buildings, turntables, weighbridges, &c., at each station separately.
8. Originals of all contracts for construction-works, including contracts for buildings and for platelaying and ballasting. To be accompanied by all plans and specifications, and tables of quantities, and schedules, &c., illustrative of the said contracts.
9. Weight and character of rail and fastenings used, and prices paid for same in England. If more than one character of rail and fastenings used, state each, and describe where laid and to what extent.
10. Size and character of sleepers used.
11. Original contracts for supply of sleepers, and prices paid for supplies (if any) not obtained by contract.
12. List of rolling-stock, giving character and class of each description of vehicle, and prices paid for same in England.
13. List showing any other items not above enumerated.
14. Original estimate for railway, as prepared by the company's engineer, and all the detail quantities leading up to same if procurable.

15. A statement showing the actual cost of construction of railway, exclusive of interest on capital during the period of construction; and also giving particulars of the various classes of work upon which the expenditure took place.
16. A statement of the interest paid or due on the capital subscribed or expended from time to time up to date of opening of railway for traffic.
17. Amount of capital subscribed.
18. Amount of capital paid up.
19. Number of shareholders.
20. Number of ratepayers held to be liable.
21. Statement of liabilities (if any) secured by mortgages on the property or any part of it.
- In the event of any of the above information having been already sent to the Government, it will be sufficient to quote the date of its having been so sent, instead of sending it again.

5. The SECRETARY, Rakaia and Ashburton Forks Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Rakaia and Ashburton Forks Railway Company (Limited),
178, Hereford Street, Christchurch, 18th November, 1884.

SIR,—

I have the honour, by direction of the chairman of this company, to acknowledge the receipt this day of your letter No. 57/489, of the 14th instant, with enclosures, and to inform you that its contents will be considered at a meeting of my Board to be held on 21st idem.

I have, &c.,

The Hon. the Minister for Public Works.

J. HENDERSON, Secretary.

6. The CHAIRMAN, Rakaia and Ashburton Forks Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Rakaia and Ashburton Forks Railway Company (Limited),
178, Hereford Street, Christchurch, 3rd December, 1884.

SIR,—

I have the honour to acknowledge the receipt of your letter No. 57/489, of the 14th November, 1884 together with copy of a resolution passed by the House of Representatives, bearing date the 30th October, 1884, *re* district railways, and memorandum proposing in conformity therewith a series of conditions under which the Government would be prepared to make an offer to lease and purchase the Rakaia and Ashburton Forks Railway, subject to the ratification of Parliament next session.

The letter having been submitted to a meeting of the directors of the company, they considered that, although it was in every way desirable that an arrangement for the purchase of the line should be agreed upon with the Government, the financial position of the company would prevent them from being able to recommend to the shareholders an agreement based upon the terms proposed, more particularly those which provide for the abandonment of past due rates, and consequent forfeiture of guaranteed interest.

I would therefore submit the following information regarding the company, and respectfully ask your careful consideration of the same, *viz.* :—

1. The Rakaia and Ashburton Forks Railway was the only district railway constructed under the original Act, 1877, by which 7 per cent. interest was guaranteed to the shareholders.

2. That the line was constructed under favourable conditions, and, being laid with steel rails and kept in repair under Government superintendence, has not deteriorated in value by the traffic up to the present time.

3. That, after inspection by a Government officer, the value was certified at £74,000, at which sum it has also been assessed for property-tax purposes.

4. That, from the amount of traffic, the line may fairly be considered to have been a necessity to the district, and has been a financial success in comparison with other branch lines constructed by the Government.

5. That the Government returns show that, owing to the construction of the company's line, and the opening-up of the district to agriculturists, a considerable increase of traffic has resulted to the public railways connecting with the district; Return No. 33 of Public Works Statement, 1883, and Return No. 31 in General Manager's Report, New Zealand Railways, 1884, showing that, while the company received for traffic £4,888 10s. 2d. and £7,477 12s. 5d., the Government were paid for goods conveyed upon this company's line the sums of £5,908 10s. 9d. and £7,911 5s. 6d. respectively.

6. That the company have issued debentures to the amount of, say, £64,200, bearing interest at 7 per cent., which the directors have punctually paid, but are depending upon the guaranteed interest and past due rates to recoup them.

7. That, owing to admitted defective legislation, the company have until recently been prevented from recovering that portion of guaranteed interest due by the ratepayers, and have only received up to the 31st March last—

From the railway-line (net profits)	£7,218	1	4
From the Government	3,176	15	11
From the rates levied on district	120	14	10

Total £10,515 12 1

being only $3\frac{1}{2}\frac{1}{5}$ per cent. instead of the 7 per cent. guaranteed.

8. That the Government have not yet authorized the collection of rates due for year ending the 31st March last, thus rendering it impossible for the company to proceed with collection or to obtain the amount receivable from the consolidated revenue of the colony.

9. That by the Act of 1877 the company was to be allowed 10 per cent. on the value of the line in the event of Government purchasing same.

10. That the directors of the company are desirous of being able to recommend to the shareholders a sale of the line to the Government, but they are bound to see to the settlement of the debentures, interest on which will have to be paid until the line is taken over, which, under any circumstances, cannot be done by the Government until the end of the present financial year.

11. That the directors have received notice from the debenture-holders, to whom the rates are secured, prohibiting them from agreeing to forego same.

12. That the directors would be willing to recommend the shareholders to accept such sum as after settlement of the debentures would repay the shareholders their capital, and make good the 7 per cent. interest as guaranteed up to the time the line is transferred to the Government, waiving their claim to the additional 10 per cent. mentioned in clause 9.

I have, &c.,

GEORGE HART,

Chairman.

The Hon. the Minister for Public Works, Wellington.

7. The Hon. the MINISTER for PUBLIC WORKS to the CHAIRMAN, Rakaia and Ashburton Forks Railway Company.

SIR,—

Wellington, 12th December, 1884.

I have the honour to acknowledge the receipt of your letter of the 3rd instant, intimating that your directors, while considering that it was in every way desirable that an arrangement for the purchase of your railway should be made with the Government, were precluded, by the financial position of the company, from being able to recommend the shareholders to consent to the sale of the line on the terms proposed in my letter of the 14th ultimo, and submitting certain information with regard to your railway for the consideration of the Government.

In reply, I have to express regret that the company cannot see their way to treat with the Government on the basis proposed. Such being the case, I can only intimate to you that the negotiations for the purchase of your line must be considered at an end, at any rate for the present. Will you, therefore, please consider my letter of the 14th ultimo as hereby withdrawn.

I have, &c.,

EDWARD RICHARDSON,

Minister for Public Works.

George Hart, Esq., Chairman, Rakaia and Ashburton
Railway Company, Christchurch.

[NOTE.—Nothing further occurred until the Hon. Sir Julius Vogel, Colonial Treasurer, visited Christchurch in March, 1885, when negotiations were reopened and conducted personally between the directors of the company and himself for the purchase of the railway by the Government, which ended in the terms of the agreement set forth in No. 1, D.—5B.]

No. 4.

WAIMATE RAILWAY.

Memoranda of Particulars of Promotion, Construction, and Cost of Railway.

1. THE Waimate Railway Company (Limited) was formed in 1878 to construct a railway from Waimate Township to Waihao Valley, Provincial District of Canterbury; length, sixteen miles.
2. The consent of the ratepayers and owners of property to the construction of the proposed line was obtained on the 2nd December, 1878.
3. The estimated cost of the railway was £100,000.
4. The Governor's approval of and assent to its construction was gazetted on the 27th February, 1879.
5. The Waihao Downs section of the railway (length $8\frac{1}{2}$ miles) was completed and opened for traffic on the 24th April, 1883.
6. The certified cost of the whole railway was £100,000. The cost of the Waihao section was fixed at £40,500.

No. 5.

CORRESPONDENCE RESPECTING THE PURCHASE OF THE WAIMATE RAILWAY.

1. Petition of JOHN GEDDES and others.

To the Honourable the Speaker and Members of the House of Representatives of New Zealand in Parliament assembled. The petition of the undersigned ratepayers of the Waimate Railway District, in the Provincial District of Canterbury, humbly sheweth:—

1. THAT the Waimate Railway was projected and a poll of the ratepayers taken in the year 1878; but the line was not proceeded with until the year 1882.
2. That during this period the undersigned, not being aware that the land was under any liability on account of such railway, acquired property, either by purchase or lease, within the said district.
3. That the consent of the undersigned has not been obtained to the said railway.
4. That the amount of the rate demanded by the company exceeds in every case, and in some cases tenfold, for the benefit conferred on the district.
5. That the existing classification is unjust, inasmuch as a large portion of the district which is directly benefited is rated the lowest.

6. That the system of taking the property-tax valuation as a basis for rating purposes is unfair, as by means thereof the improved farms have to contribute more than the unimproved land, whilst the latter is benefited to a greater extent per acre; and this is particularly the case with one or two of the promoters of the railway, who, while benefiting greatly in comparison with others, almost escape taxation.

7. That your petitioners are informed, and believe, that the amount expended up to the time when the line was opened was under £30,000. This was stated in articles believed to be contributed by an official of the company, and published in newspapers circulating in the district.

8. Your petitioners are informed, and believe, that the deficiency between income and expenditure, which is to be made up by a rate, is based upon interest calculated on over £40,000, and in such sum large sums which ought to be charged for repairs have been included, thereby contravening paragraph 2, section 7, of the Act of 1882.

9. Your petitioners are not aware whether the consent of sufficient ratepayers has been obtained under section 2 of the Act of 1883; but they are aware that the consent of some ratepayers was obtained through misrepresentation as to the liability which would attach to the land.

Wherefore your petitioners pray that your honourable House will inquire into (1) the circumstances under which the certificate of the Governor, under subsection 2 of section 2 of the Act of 1883, was advised to be given, more particularly as to whether the necessary consent has been given, and, if so, how such consent was obtained; (2) the circumstances under which the certificate as to deficiency was given by the Minister for Public Works: and they further pray that you will take into consideration the mode of levying the rate, by which improved lands are charged more in comparison with the benefits derived than unimproved land; and that you will afford the petitioners such other relief as to you may seem just. And your petitioners will ever pray.

JOHN GEDDES and two others.

2. PUBLIC PETITIONS COMMITTEE.—Report on the Petition of JOHN GEDDES and others, Waimate; No. 453, Sess. 2.

THE petitioners, ratepayers of the Waimate Railway District, pray for the House to consider the mode of levying the rate by the Waimate Railway Company, and the circumstances under which the certificate as to deficiency was given.

I am directed to report that the Committee are of opinion the petition be referred to the Government for consideration.

23rd October, 1884.

JAMES W. THOMSON,

Chairman.

3. EXTRACT from the JOURNALS of the HOUSE of REPRESENTATIVES. No. 119, 1884. Friday, 24th October, 1884.

Ordered, That the petition of John Geddes and others, John Sharp and others, and Duncan Cameron and others, together with the reports of the Public Petitions Committee thereon, be referred to the Government.—(Mr. J. W. Thomson.)

A true extract.—F. G. CAMPBELL, Clerk, House of Representatives.

4. The UNDER-SECRETARY, Public Works Department, to JOHN GEDDES and others.

SIR,— Public Works Department, Wellington, 4th November, 1884.

With reference to a petition which you recently forwarded to the House of Representatives, urging that relief might be granted to yourself and others in the matter of the rates levied by the Waimate Railway Company under the District Railways Acts, I am directed by the Minister for Public Works to inform you that the Government was directed by the House of Representatives on 30th ultimo to enter into negotiations with the various district railway companies with the view of taking over their lines, and the Hon. Mr. Richardson hopes that the outcome of these negotiations will be to relieve you of a large portion of the burden to which you are at present subjected.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

John Geddes and others, Waimate.

5. The Hon. the MINISTER for PUBLIC WORKS to the CHAIRMAN, Waimate Railway Company.

SIR,— 14th November, 1884.

I have the honour to forward to you herewith the copy of a resolution passed by the House of Representatives.

In conformity therewith the Government will be prepared to enter into an agreement with you for the lease and purchase of the Waimate District Railway, subject to the following conditions:—

1. That the agreement shall be subject to the ratification of Parliament next session.

2. That you postpone all proceedings for the recovery of rates against such of the ratepayers as pay you two-fifths of the amounts you are authorized to collect on account of the period ending the 31st March last; such proceedings to be resumed only in the event of Parliament refusing to ratify the agreement.

3. That the agreement shall bind you to waive all proceedings against ratepayers for more than the two-fifths mentioned in the last paragraph, and to return any excesses you may have received,

4. That from the 31st March last to the date of the agreement coming into operation, the ratepayers should only be held liable to make good any deficiencies up to 2 per cent., instead of 5 per cent.

On the basis of these conditions the Government, if you are willing to lease and sell, and will at once signify a desire to that effect, will consider the offer they will make to you. You must be good enough to furnish all the information described in the memorandum at foot.

In making arrangements with the ratepayers, as indicated above, you are at liberty to inform them that, should Parliament ratify the arrangement proposed, the Government will include in the ratification a proposal to reduce the present responsibilities of the ratepayers from 5 to 2 per cent., to run over a course of twenty years, commencing with the date on account of which the first payment is made.

I have, &c.,

EDWARD RICHARDSON,
Minister for Public Works.

The Chairman, Waimate Railway Company (Limited), Waimate, Canterbury.

Enclosure 1 in 5 of No. 5.

RESOLUTION of the HOUSE of REPRESENTATIVES, dated 30th October, 1884.

[Vide No. 1.]

Enclosure 2 in 5 of No. 5.

MEMORANDUM of INFORMATION required.

[Vide Enclosure 2 in 4 of No. 3.]

6. The SECRETARY, Waimate Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.
SIR,—

Waimate Railway Company, Waimate, 20th November, 1884.

I have the honour to acknowledge receipt of yours of the 14th (P.W., No. 57-493), and, in answer thereto, beg to inform you that it will at once be laid before the board of directors.

I have, &c.,

FRANK SLEE,
Secretary.

The Hon. the Minister for Public Works, Wellington.

7. The SECRETARY, Waimate Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.
SIR,—

Waimate, 22nd November, 1884.

I have the honour to inform you, by direction of the chairman of the Waimate Railway Company (Limited), in answer to yours (P.W., No. 57-493) of the 14th, that, in conformity with the resolution lately passed by the House of Representatives, the company is desirous to lease and sell to the Government their line of railway.

Further, I have the honour to inform you that I am instructed to furnish you with the plans and documents referred to by you, to enable the Government to consider and make their offer.

I have, &c.,

FRANK SLEE,
Secretary.

The Hon. the Minister for Public Works, Wellington.

8. The SECRETARY, Waimate Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.
Waimate Railway.—Re Leasing and Selling.

Waimate, 6th December, 1884.

I have the honour to request that you will supply me with the lithograph standard drawings as per list enclosed, to assist me in sending the plans, &c., as required by you in your letter to the company of the 14th November. By doing so much time will be saved; and I hope to be able to send you all documents and information required within a few days after receiving the above-named drawings.

Should there be any charge for same the company will remit the amount on receipt.

I have, &c.,

FRANK SLEE,
Secretary.

The Hon. the Minister for Public Works, Wellington.

Enclosure in 8 of No. 5.

NEW ZEALAND PUBLIC WORKS STANDARD DRAWINGS USED FOR WAIMATE DISTRICT RAILWAY.—(1) Picket-fence and wicket, P.W.D. 7234; (2) Class B, solid platform, P.W.D. 6956; (3) outside loading platform; (4) privies and urinals (Class B, single set); (5) fourth-class railway-station (24th March, 1875); (6) fifth-class station (Class B), P.W.D. 6844; (7) stationmaster's house (Class B), P.W.D. 6712; (8) goods-shed (Class B), 100 x 30, Sheet No. 1; (9) goods-shed, 100 x 30, Sheet No. 2, P.W.D. 7003; (10) water-tanks, Sheet No. 1; (11) water-tanks, Sheet No. 2, P.W.D. 6329; (12) 16-ft. gate, with cage and wicket; (13) 12-ft. gate (B); (14) cross-sections, &c., &c., P.W.D. 7243; (15) level crossings, cattle-stops, &c.; (16) bridges, 40ft. span, P.W.D. 6945; (17) wood culverts; (18) masonry culverts, Sheet No. 1; (19) masonry culverts, Sheet No. 2; (20) permanent-way; (21) points, crossings, and sidings; (22) alterations to goods-shed doors, P.W.D. 8407.

9. The UNDER-SECRETARY, Public Works Department, to the CHAIRMAN, Waimate Railway Company.

Re *Waimate District Railway Leasing, &c.*

SIR,—

12th December, 1884.

In reply to your letter of the 6th instant, forwarding a list of sundry standard drawings which you state would assist you in furnishing the information required by the Government in connection with the proposed lease or purchase of your line by the colony, I am directed by the Minister for Public Works to forward the drawings as requested.

I have, &c.,

C. Y. O'CONNOR,
Under-Secretary for Public Works.

The Chairman, Waimate Railway Company, Waimate.

10. The SECRETARY, Waimate Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Waimate Railway.

SIR,—

Waimate, 30th December, 1884.

I have the honour to send you, under two separate covers, plans, &c., as required by you in your letter of the 14th November (P.W. 57-493) *re* selling and leasing the company's line.

I will now enumerate the documents I send in accordance with the requisitions, numbered 1 to 21, in the memorandum of information required annexed to that letter: 1. Map of district and route, 3 sheets. 2. Land plans, 8 sheets. 3. Plan and section, A.-1, 7 sheets; bridges, A.-2, 3 sheets; cross-section, A.-3, 2 sheets. 4. Station-yards, 4 sheets. 5. General drawings, List B, 8 sheets. 6. General drawings, List C, 14 sheets. 7. Plan and sections, Waihao Downs Drain, 1 sheet; plan and sections, deviation, $\frac{1}{8}$ to $\frac{1}{8}$, 2 sheets; schedule of total quantities, summarized from contract schedules and engineer's certificates. 8. Originals of all contracts, with copy of engineer's final certificates added—viz., sleeper contracts Nos. 1 and 2; fencing contracts; formation contracts Nos. 1, 2, and 3; platelaying and ballasting contract; station-building, yards, &c., contract; Tarring and Downs Ditch contract; bridge (Waihao North) contract; alterations, &c., as made under the supervision of J. H. Lowe, Esq.; extra timber. 9. Rails, 52-lb. iron, and fastenings in accordance, purchased from Government, rails at £6 4s. per ton, fish-plates at £20 10s. per ton, fang-bolts at £11 12s. 9d. per ton, spikes at £11 8s. 8d. per ton, points and crossings at £9 5s. 6d. per set—total cost, with sundry charges, £5,777 6s. 4d. 10. Sleepers, 7in. by 8in. by 5in. sawn heart of totara or black pine (matai). 11. Included in No. 8 (see above). 12. None. 13. None. 14. Original estimate, by J. E. F. Coyle, £98,111. 15. Statement of cost of railway as audited by Government Auditor for rating basis, with interest added to 1st March, 1884, £42,815 16s. 9d.; statement of cost of railway as taken by Government for basis authorizing levying of rates, £40,500; statement of cost of railway, less interest on debentures, £39,128 10s.; statement of cost of railway, with interest on debentures to date of opening line added, £40,541 15s. 9d. 16. Statement of interest on debentures to date of opening line, £1,413 5s. 9d.; statement of interest on debentures to 1st November, 1884, £4,860 6s. 9d. 17, 18, and 19. Statement of shares, capital, and number and names of shareholders. 20. Rate-books, Classes 1, 2, 3, and 4. 21. Statement of liabilities secured by mortgage debentures, £39,100.

Any other information obtainable I have the honour to inform you I am instructed to supply on application.

I have, &c.,

FRANK SLEE,
Secretary.

The Hon. the Minister for Public Works, Wellington.

11. The UNDER-SECRETARY, Public Works Department, to the CHAIRMAN, Waimate Railway Company.

SIR,—

Public Works Office, Wellington, 19th January, 1885.

In pursuance of my letter to you dated the 14th November last, and of your reply dated the 30th December, I am now directed by the Minister for Public Works to inform you that, subject to the approval of Parliament, the Government will be willing to purchase the Waimate Railway so far as at present constructed, including 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 including all land acquired for the said railway, on the following terms:—

1. The agreement for purchase to take date as from the 31st March, 1885.

2. The amount to be paid by the Government for the railway above described to be £33,913, the company remaining liable for the discharge of all liabilities in connection with the works done or in progress, and also in connection with the materials obtained or agreed for and the lands taken or acquired in connection with the said railway.

3. The payment of the £33,913 above mentioned to be made in debentures, having fifteen years to run, and bearing interest at the rate of 4 per cent. per annum. The interest to be payable in the colony up to the 31st March, 1887, and the interest and principal thereafter to be payable either in New Zealand or in London, at the option of the holder.

4. The company to be entitled to collect from the ratepayers one-half only of the total amount, which may be authorized by the Minister to be raised by rates up to the 31st March next, and to be entitled to so much (if any) of the Government contribution towards guaranteed interest up to

the same date as may then remain unpaid; but the company shall have no further claim on account of rates or guaranteed interest of any description for any period subsequent to the 31st March, 1885, aforesaid.

5. A good and satisfactory title, to be given by the company to the Government for all land occupied by the railway, or by any buildings and erections of any kind in connection therewith, and also all land in every way taken or acquired for the purposes of the railway; and the company shall pay for all such land all such sums as may be due or awarded to the owners, lessees, or occupiers on account thereof, including the cost of completing titles thereto, and of transferring the said titles to the Government.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

The Chairman, Waimate Railway Company, Waimate.

12. The SECRETARY, Waimate Railway Company, to the UNDER-SECRETARY, Public Works Department.

Waimate Railway Company Line.

Waimate, 24th January, 1885.

SIR,—

I have the honour to acknowledge receipt of yours of the 19th January (P.W. 85-24, No. 59-377), offering, upon certain terms and conditions, to purchase (subject to the approval of Parliament) the company's line for the sum of £33,913, payment to be made in Government 4-per-cent. debentures, having fifteen years to run.

I have the honour to inform you that I have called a meeting of the board of directors for an early date, at which your proposition will be put before them, and the decision come to by them will be immediately forwarded to you.

I have, &c.,

FRANK SLEE,

Secretary.

The Under-Secretary for Public Works, Wellington.

13. The SECRETARY, Waimate Railway Company, to the UNDER-SECRETARY, Public Works Department.

Waimate Railway Company Line.

Waimate, 31st January, 1885.

SIR,—

Again referring to yours of the 19th, conveying offer to purchase the Waimate Railway for the sum of £33,913, I have the honour to inform you that I have now formally submitted your offer to the directors, and that they, being most desirous to meet the Government's views on the subject, cannot positively decline the offer, although they would respectfully suggest and trust that the Government on reconsideration will see their way to modify their offer by adopting the amount certified to by their own officer, Mr. John Ollivier, for purposes of assessment—namely, £42,815 16s. 9d. (although the Government thereafter adopted the sum of £40,500 as the basis of assessment); and we make this suggestion with more confidence, seeing that the actual cost of the railway to the company stands in their books at £45,600. But please understand this suggestion is made tentatively, supposing, as the directors do, that the Government are desirous of acting fairly towards the company, and not to be understood in any way declining your offer, for which the directors respectfully thank you; and from the foregoing you will gather that the directors do hereby accept the Government's offer, in the event of the Government on reconsideration not seeing their way to adopt the course suggested.

I have, &c.,

FRANK SLEE,

Secretary.

The Under-Secretary, Public Works Department, Wellington.

14. The SECRETARY, Public Works Department, to the CHAIRMAN, Waimate Railway.

Re Purchase of Waimate Railway by Government.

Public Works Office, Wellington, 16th February, 1885.

SIR,—

In reply to your letter of the 31st ultimo, accepting on behalf of the directors of the Waimate Railway Company (Limited) the offer of the Government to purchase the Waimate Railway for the sum of £33,913, but requesting the Government at the same time to reconsider the matter with a view to increasing the amount of payment, I am directed by the Minister for Public Works to inform you that, having reconsidered the matter, the Government do not see their way to adopt the course suggested by you. In closing with your company for the amount above mentioned, it must be distinctly understood that such amount will be paid to your company and the purchase concluded in the manner prescribed in my letter of the 19th January, and subject to the conditions contained therein.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

The Chairman, Waimate Railway Company (Limited), Waimate.

15. TELEGRAM from the ACTING UNDER-SECRETARY, Public Works Department, to the SECRETARY, Waimate District Railway.

Secretary, Waimate District Railway, Waimate. Wellington, 10th March, 1885.
Re purchase of railway. You have not yet replied to my letter of 16th February. Please do so officially quickly, so that it may be definitely dealt with.

THOMAS MACKAY,
 Acting Under-Secretary, Public Works.

16. The SECRETARY, Waimate Railway Company, to the ACTING UNDER-SECRETARY, Public Works Department.
Waimate Railway Company (Limited).

SIR,— Waimate, 11th March, 1885.
 I have the honour to inform you that I am instructed by the directors of the above company that the offer contained in yours of the 19th January to purchase the above line of railway is accepted.

I have the honour also to acknowledge receipt of yours of the 16th ultimo, informing the company that the Government did not see their way to modify the offer made by them, and that the Government considered the company's letter of the 31st January as an unconditional acceptance of the offer contained in yours of the 19th January.

Under these circumstances, the company did not consider it necessary to answer further, and beg to apologize if the neglect has caused any inconvenience.

I have, &c.,
 FRANK SLEE,
 Secretary.

The Acting Under-Secretary, Public Works Department, Wellington.

[NOTE.—The agreement is set forth in No. 2 of D.—5B.]

No. 6.

DUNTRON and HAKATERAMEA RAILWAY.

Memoranda of Particulars of Promotion, Construction, and Cost of Railway.

1. THE Duntroun and Hakateramea Railway Company (Limited) was formed in 1878, to construct a railway from the Township of Duntroun, in the Provincial District of Otago, to Roundhill, Hakateramea Valley, in the Provincial District of Canterbury. Length, forty-one miles.
2. The consent of the ratepayers and owners of property to the construction of the proposed line was obtained in October, 1878.
3. The estimated cost of the railway was £125,000.
4. The Governor's approval of, and assent to, its construction was gazetted on the 21st December, 1878.
5. The Waitaki section of the railway—length, sixteen miles—was completed and opened for traffic in July, 1881.
6. The certified cost of the Waitaki section was £62,100.

No. 7.

CORRESPONDENCE RESPECTING THE PURCHASE OF THE DUNTRON AND HAKATERAMEA RAILWAY.

1. The Hon. the MINISTER for PUBLIC WORKS to the CHAIRMAN, Duntroun and Hakateramea Railway Company.

SIR,— Wellington, 14th November, 1884.
 I have the honour to forward to you herewith the copy of a resolution passed by the House of Representatives.

In conformity therewith, the Government will be prepared to enter into an agreement with you for the lease and purchase of the Duntroun to Hakateramea Railway, subject to the following conditions: (1.) That the agreement shall be subject to the ratification of Parliament next session. (2.) That you postpone all proceedings for the recovery of rates against such of the ratepayers as pay you two-fifths of the amount you are authorized to collect on account of the period ending the 31st March last, such proceedings to be resumed only in the event of Parliament refusing to ratify the agreement. (3.) That this agreement shall bind you to waive all proceedings against ratepayers for more than the two-fifths mentioned in the last paragraph, and to return any excesses you may have received. (4.) That from the 31st March last to the date of the agreement coming into operation the ratepayers shall only be held liable to make good any deficiency up to 2 per cent. instead of 5 per cent.

On the basis of these conditions the Government, if you are willing to lease and sell, and will at once signify a desire to that effect, will consider the offer they will make to you. You must be good enough to furnish also the information described in the memorandum at foot.

In making arrangements with the ratepayers as indicated above, you are at liberty to inform them that, should Parliament ratify the arrangement proposed, the Government will include in the

ratification a proposal to reduce the present responsibilities of the ratepayers from 5 to 2 per cent., to run over a course of twenty years, commencing with the date on account of which the first payment is made.

I have, &c.,

EDWARD RICHARDSON,
Minister for Public Works.

The Chairman, Duntroon-Hakateramea Railway Company (Limited), Dunedin.

Enclosure 1 in 1 of No. 7.

RESOLUTION of the HOUSE of REPRESENTATIVES, dated 30th October, 1884.

[Vide No. 1.]

Enclosure 2 in 1 of No. 7.

MEMORANDUM of INFORMATION required.

[Vide Enclosure 2 in 4 of No. 3.]

2. JOHN MCGREGOR Esq., Dunedin, to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Dunedin, 9th December, 1884.

I have the honour to acknowledge receipt of your letter dated 14th November, relative to leasing and selling the Duntroon-Hakateramea Railway, and in reply, I am authorized by the directors to state that they are willing to lease and sell the railway to the Government.

By to-day's steamer I have forwarded to you all the documents referred to in your memorandum as per list herewith attached, and will be glad to furnish any further information that you may require.

In determining the value of the company's railway, I am requested to point out to you that the Upper Waitaki Bridge forms an important part of the line, and is the legal property of the company. The cost of this bridge alone on the 30th June, 1881, stood at £22,097, against which contributions were received from the Waitaki County Council, £5,000; Waimate Council, £5,510; and Government £5,510: equal to £16,020.

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

I have, &c.,

JOHN MCGREGOR.

Enclosure 1 in 2 of No. 7.

DUNTROON HAKATERAMEA RAILWAY.

LIST of documents forwarded to Minister for Public Works, Wellington, in reply to letter dated the 14th November.—(1) Contract plans for No. 1 Bridges Contract, 2 sheets; (2) contract plans for No. 2 Contract, Waitaki section, 11 sheets; (3) contract plans for Duntroon Station, 3 sheets; (4) List A, special drawings, 6 sheets; (5) List B, standard drawings of general construction, 7 sheets; (6) List C, standard drawings, station buildings, 12 sheets; (7) plan of Otekaieke Station-yard, 1 sheet; (8) contract drawings, Waitaki River sections, 2 sheets; (9) working plans and sections for extension of railway, 12 to 24; (10) original contract, specifications, schedule of quantities and prices, and certificates for contract No. 1, bridges; (11) for contract, Waitaki section; (12) for contract, Waitaki River section; (13) copy of Engineer's original estimate for completion of railway; (14) copy of original contract for rails and fastenings; (15) description of land taken for railway; (16) statement showing actual cost of construction of railway; (17) answers to questions in Minister's memorandum, Nos. 17 to 21; (18) copy of Commissioners' balance-sheet, showing cost of Upper Waitaki Bridge; (19) statement showing cost of railway, including Waitaki Bridge.

Enclosure 2 in 2 of No. 7.

DUNTROON-HAKATERAMEA RAILWAY.—(Length of Main Line and sidings, 16 miles 60 chains.) STATEMENT showing actual cost of Construction of Railway, exclusive of interest on capital during period of construction.

Class of Work—

	£	s.	d.
No. 1 bridges contract and Waitaki section	42,818	6	0
Waitaki River section	2,110	4	11
Sleepers from North Island	251	1	9
Additional sidings, buildings, fencing, &c., constructed by Working Railways Department	997	5	9
Engineering, and Inspectors' salaries	3,661	17	4
Law costs in New Zealand	743	8	0
Debenture expenses, including mortgage to Public Trustee	770	14	3
Secretary and Accountant	250	0	0
Directors' fees	100	0	0
Waitaki Bridge contract, on balance	7,763	18	4
Engineering, ditto	537	10	0
Advertising expenses	224	8	11
Hauling and stacking rails, and cablegram about rails	265	11	2
Computer's certificate	25	0	0
Revising officer	50	0	0
Cablegrams to and from London	87	2	5
Law costs, preliminary expenses	55	5	0
Waitaki Bridge	6	5	8
Storer	24	4	3
Land	760	0	0
Cost of railway exclusive of interest	61,502	3	9
Assessors' expenses, £81 5s.; Commissioner Scott, £44 7s. 6d.	125	12	6
	£61,627	16	3
Interest due on capital expended up to date of opening railway for traffic	6,747	5	3
Interest due from date of opening railway to the 31st March, 1884	14,963	0	10
Cost of railway, with interest, to 31st March, 1884	£83,338	2	4

Enclosure 3 in 2 of No. 7.

DUNTROON-HAKATERAMEA RAILWAY.

ANSWERS to Questions Nos. 17 to 21 inclusive—No. 17: Amount of capital subscribed?—£74,000. No. 18: Amount of capital paid up?—£370. No. 19: Number of shareholders?—7. No. 20: Number of ratepayers held to be liable?—146. No. 21: Statement of liabilities (if any) secured by mortgages on the property or on any part of it? (1) Public Trustee of the colony, £20,000, with interest at 7 per cent.; (2) Allan and Stumbles, contractors, £27,800, with interest at 7 per cent.; (3) J. B. Blair, contractor, £7,166; (4) National Bank of New Zealand, £2,000, with interest at 6 per cent.; (5) J. McGregor, Dunedin, £1,500; (6) George Cowie, Colonial Bank, £700; (7) C. R. Howden, £700; (8) W. Fraser, £200; £60,066 secured by company's mortgage debentures.

Enclosure 4 in 2 of No. 7.

DUNTROON-HAKATERAMEA RAILWAY.

STATEMENT showing cost of Railway, including Upper Waitaki Bridge, but exclusive of interest.

	£	s.	d.
Railway, as per statement No. 16	61,627	16	3
Upper Waitaki Bridge, additional cost	16,020	0	0
	<u>£77,647</u>	<u>16</u>	<u>3</u>

3. The Hon. the MINISTER for PUBLIC WORKS to JOHN MCGREGOR, Esq.

SIR,—

Wellington, 2nd January, 1885.

In pursuance of my letter to you, dated the 14th November last, and of your reply dated the 9th ultimo, I have now the honour to inform you that, subject to the approval of Parliament, the Government will be willing to purchase the Duntrou—Hakateramea Railway, so far as at present constructed, including all land upon which the railway and all buildings and erections of every kind in connection with the railway at present stand, and also including all land acquired for the said railway, and also including all the property or interest, more or less, which the company may have in the Upper Waitaki Bridge, on the following terms:—

1. The agreement for purchase to take date as from the 31st March, 1885.
2. The amount to be paid by the Government for the railway as above described to be £58,000, the company remaining liable for the discharge of all liabilities in connection with the works done or in progress, and also in connection with the material obtained or agreed for, and the lands taken or acquired in connection with the said railway.
3. The payment of the £58,000 above mentioned to be made in debentures having fifteen years to run, and bearing interest at the rate of 4 per cent. per annum; the interest to be payable in the colony up to the 31st March, 1887, and the interest and principal thereafter to be payable either in New Zealand or in London, at the option of the holder.
4. The company to be entitled to collect from the ratepayers half only of the total amount which may be authorized by the Minister to be raised by rates up to the 31st March next, and will also be entitled to so much, if any, of the Government contributions towards guaranteed interest up to same date as may then remain unpaid; but the company shall have no further claim on account of rates or guaranteed interest of any description for any period subsequent to the 31st March, 1885, aforesaid.
5. The company to buy back from the Government (at par) the company's debentures at present held by the Government, and also to pay to the Government all back interest thereon, including 5 per cent. per annum on the overdue amounts.
6. A good and satisfactory title to be given by the company to the Government for all land occupied by the railway, or by any buildings and erections of any kind in connection therewith, and also all land in any way taken or acquired for the purposes of the railway, and the company shall pay for all such land all such sums as may be due or awarded to the owners, lessees, or occupiers on account thereof, including the cost of completing titles thereto, and of transferring the said titles to the Government.

I have, &c.,

John McGregor, Esq.,
Duntrou and Hakateramea Railway Company, Dunedin.

EDWARD RICHARDSON,
Minister for Public Works.

4. The OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Re *Duntrou—Hakateramea Railway Company in Liquidation.*

SIR,—

Dunedin, 8th January, 1885.

I shall feel obliged if you will inform me what steps have been taken (if any) with a view to purchase the above line of railway, subject to ratification of Parliament next session.

I have, &c.,

GEO. S. BRODRICK,
Official Liquidator.

The Hon. the Minister for Public Works, Wellington.

5. The UNDER-SECRETARY, Public Works Department, to the OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company.

SIR,—

Wellington, 17th January, 1885.

In reply to your letter of the 8th instant, inquiring what steps have been taken towards the purchase of the Duntrou and Hakateramea Railway by Government, subject to the ratification of Parliament, I am directed by the Minister for Public Works to inform you that an offer was made to the company to take over the line upon certain conditions. To this offer no reply has yet been received.

I have, &c.,

C. Y. O'CONNOR,
Under-Secretary for Public Works.

Geo. S. Brodrick, Esq., Official Liquidator, Dunedin.

6. J. MCGREGOR, Esq., to the Hon. the MINISTER for PUBLIC WORKS.

Duntroon and Hakateramea Railway.

SIR,—

Dunedin, 19th January, 1885.

I have the honour to acknowledge receipt of your letter dated the 2nd instant *re* purchase of the Duntroon and Hakateramea Railway, and in reply am instructed to inform you that the company cannot sell the railway for £58,000, subject to the conditions named by you, because (1) the actual cost of construction, without interest, amounts to £61,200; (2) the accrued interest on capital expended to date of opening amounts to £6,747; (3) the rates and guaranteed interest that should have been paid but for defects in the several District Railways Acts, with the addition of three-fifths of last year's and half of current year's rates, proposed to be remitted by your letters of the 4th November and 2nd instant, amount to £11,564, as per statement attached, which shows that £80,411 would represent the actual cost of the railway to the company on the 31st March, 1885, in terms of proposals laid down by Government.

The directors respectfully submit that, if Government is willing to purchase the railway, that £80,411 is the fair and equitable price that should be paid on the 31st March, 1885, for the property, if the provisions of the District Railways Acts are to be strictly carried out, and your present proposals for remission of rates agreed to.

The directors request me to ask you to be good enough to reconsider your offer with the above facts and figures before you.

I have, &c.,

The Hon. the Minister for Public Works, Wellington.

J. MCGREGOR.

Enclosure 1 in 6 of No. 7.

Duntroon and Hakateramea Railway.

STATEMENT showing Cost of Construction, Interest on Capital and Rates, and Guaranteed Interest, 31st March, 1885.

	Government Guarantee of 2 per Cent.			Rates leviable in District.			Cost of Construction, with Interest to Date of Opening.		
	£	s.	d.	£	s.	d.	£	s.	d.
Cost of construction as per Commissioner's certificate .. ..	..	..	..	..	..	..	62,100	0	0
Accrued interest on capital expended to date of opening .. ..	..	..	..	..	..	..	6,747	0	0
Rates from the 31st July 1881, to the 31st March, 1882 .. ..	..	..	..	2,070	0	0	..	..	..
Government guarantee of 2 per cent. from the 31st July, 1881, to the 31st March, 1882	828	0	0	..	..	..	..	..	..
Rates from the 31st March, 1882, to the 31st March, 1883 .. ..	..	..	..	3,105	0	0	..	..	..
Government guarantee of 2 per cent. from the 31st March, 1882, to the 31st March, 1883	1,242	0	0	..	..	..	..	..	..
Rates from the 31st March, 1883, to the 31st March, 1884 .. ..	..	..	..	2,819	0	0	..	..	..
Government guarantee of 2 per cent. from the 31st March, 1883, to the 31st March, 1884	1,127	0	0	..	..	..	..	..	..
Rates from the 31st March, 1884, to the 31st March, 1885 (estimated)	..	..	..	2,145	0	0	..	..	..
Government guarantee of 2 per cent. from the 31st March, 1884, to the 31st March, 1885 (estimated)	855	0	0	..	..	..	..	..	..
	<u>4,052</u>	<u>0</u>	<u>0</u>	<u>10,139</u>	<u>0</u>	<u>0</u>	<u>68,847</u>	<u>0</u>	<u>0</u>
Proportion of rates to the 31st March, 1885 .. ..	..	..	..	..	..	..	10,139	0	0
Proportion of 2 per-cent. guarantee to the 31st March, 1885 .. ..	..	..	..	..	..	..	4,052	0	0
							83,038	0	0
Less two-fifths of £2,819, being amount of rate 1883 and 1884 .. ..	..	..	..	1,127	0	0	..	..	..
Less half of £3,000, estimated deficiency 1884 and 1885 .. ..	..	..	..	1,500	0	0	..	..	..
							2,627	0	0
Balance .. ..	..	..	..	..	..	..	80,411	0	0

7. The OFFICIAL LIQUIDATOR, Duntroon and Hakateramea Railway Company, to the UNDER-SECRETARY, Public Works Department.

Re Duntroon and Hakateramea Railway Company (Limited), in Liquidation.

SIR—

Dunedin, 21st January, 1885.

I have the honour to acknowledge receipt of your letter of the 17th instant, and note that an offer to purchase this railway by the Government, subject to ratification by Parliament, has been made to the company by letter dated the 2nd instant. This offer should have been sent to me as Official Liquidator of the company.

I have, &c.,

GEO. S. BRODRICK,
Official Liquidator.

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

8. The UNDER-SECRETARY, Public Works Department, to the OFFICIAL LIQUIDATOR, Duntroon and Hakateramea Railway Company.

Re Duntroon and Hakateramea Railway Company (Limited), in Liquidation.

SIR,—

Wellington, 27th January, 1885.

In reply to your letter of the 21st instant, pointing out that the offer recently made to the above company should have been made to you as Official Liquidator of same, I am directed to inform

you that the Government were unaware that the company was in liquidation when the offer in question was made, as neither the company, yourself, nor any other person had communicated with this department on the subject.

As it appears also that under "The Companies Act, 1882," liquidators can be appointed with varying powers, and as it is desirable that your exact position in the matter should be known to this office, the Hon. Mr. Richardson would be obliged if you would kindly obtain from the Registrar of the Supreme Court, and send him a certified copy of the order appointing you to the position you hold, so that the exact state of the matter be realized.

Should it thus appear that you are in a position to treat with the Government for the sale of the railway, the Minister will be glad to hear from you as to your views on the subject, and the terms you would be prepared to accept.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

Geo. S. Brodrick, Esq., Official Liquidator,
Dunedin.

9. The OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company, to the UNDER-SECRETARY, Public Works Department.

Re Duntrou and Hakateramea Railway Company (Limited), in Liquidation.

SIR,—
Dunedin, 2nd February, 1885.

As requested in your letter of 27th ultimo, I now enclose copy of the order appointing me Liquidator. A copy was sent some time ago to the Public Trustee and also to the Manager of Railways, from whom I have received the audited accounts regularly.

I have, &c.,

C. Y. O'Connor, Esq.,

GEO. S. BRODRICK,

Under-Secretary for Public Works, Wellington.

Official Liquidator.

Enclosure 1 in 9 of No. 7.

THE SUPREME COURT OF NEW ZEALAND.—OTAGO AND SOUTHLAND DISTRICT.

In the matter of "The Companies Act, 1882," and in the matter of the Duntrou and Hakateramea Railway Company (Limited).

Friday, the 14th day of December, 1883.

UPON reading the report of the Registrar herein, and upon hearing Mr. Solomon, of counsel for the petitioning creditors, this Court doth order that Mr. George Septimus Brodrick, of Dunedin, accountant, be appointed Official Liquidator in the winding-up of the said Duntrou and Hakateramea Railway Company (Limited), upon his giving to this honourable Court security to the satisfaction of the Registrar for the due performance of his duties as such Liquidator as aforesaid.

By the Court,

COLIN MCK. GORDON,

Registrar.

10. The UNDER-SECRETARY, Public Works Department, to the CROWN SOLICITOR, Dunedin.

SIR,—
Wellington, 16th February, 1885.

The Government, being desirous of purchasing the Duntrou-Hakateramea Railway have for some time past been negotiating for the same with the Duntrou-Hakateramea Railway Company (Limited).

A short time since a Mr. Brodrick, of Dunedin, informed us that he was Liquidator for the company, and requested that the negotiations might be made through him. He was accordingly asked for a copy of the order of the Supreme Court appointing him Liquidator. This information he supplied, but as the order was made in pursuance of a report of the Registrar, the supposition is that he is appointed to carry out whatever the Registrar may have recommended should be done; and consequently Mr. Brodrick may have no power to negotiate for the sale of the railway, or his power in that respect may be limited.

Will you therefore please obtain at as a early date as possible a copy of the Registrar's report, and advise the Government as to whether the negotiations should be carried on with Mr. Brodrick irrespective of the company; and will you also give a clear statement of Mr. Brodrick's position as regards the company.

I enclose for your information copies of the correspondence with Mr. Brodrick.

I have, &c.,

B. C. Haggitt, Esq.,

C. Y. O'CONNOR,

Crown Solicitor, Dunedin.

Under-Secretary for Public Works.

11. The CROWN SOLICITOR, Dunedin, to the UNDER-SECRETARY, Public Works Department.

Re Duntrou and Hakateramea Railway.

SIR,—
Dunedin, 23rd February, 1885.

On receipt of your memorandum of the 16th instant, I attended at the Registrar's office and inspected the papers connected with the liquidation of the Duntrou-Hakateramea Railway Company (Limited), including the Registrar's report referred to in your memorandum. This report is merely formal, and is to the effect that Mr. Brodrick is a fit and proper person to be appointed Liquidator of the company; and, this being so, I have not thought it worth while to send you a copy.

Mr. Brodrick has given security by bond to the satisfaction of the Court for the due performance of his duties as Official Liquidator of the company, and is clothed with all the powers of an Official Liquidator under sections 157 and 158 of "The Companies Act, 1882."

Negotiations for the purchase of the railway might undoubtedly be carried on with Mr. Brodrick, irrespective of the former directors of the company, with whom I presume your negotiations have been proceeding; and, in strictness, Mr. Brodrick is the proper person to deal with the

property of the company, the directors' powers having ceased on the order being made for winding-up the company. The circumstances of this company are, however, exceptional, there being very few shareholders and virtually only one creditor—the contractor for the line—who cannot be considered as in any degree hostile. You are, of course, aware that the Public Trustee holds debentures of the company, and a mortgage of all its property to secure them.

I have seen Mr. Brodrick, and also his solicitors (Messrs Sievewright, Stout, and Co.), in reference to the negotiations for the purchase of the company's railway and property. Mr. Brodrick does not wish to interfere with the negotiations which the Government are carrying on, and, in fact, would prefer that they should be continued until an understanding as to a price and terms of payment has been arrived at; but he stipulates that no agreement shall be entered into except with himself. He has promised to write to me on the subject, and on receipt of his letter I will forward it to you.

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

I have, &c.,
B. C. HAGGITT.

12. The CROWN SOLICITOR, Dunedin, to the UNDER-SECRETARY, Public Works Department.
Re Duntroon and Hakateramea Railway Company (Limited).

SIR,—
Dunedin, 24th February, 1885.
Since writing you yesterday I have received from Messrs. Sievewright, Stout, and Co. a letter, of which I send you copy on the other side. It is not very well expressed, but the intention is that the negotiations should be carried on with the directors of the company, and a satisfactory conclusion as to price, &c., arrived at with them, which Mr. Brodrick will indorse if he is satisfied with it, which he will be if at all reasonable.

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

I have, &c.,
B. C. HAGGITT.

Enclosure 1 in 12 of No. 7.

Duntroon and Hakateramea Railway Company.

DEAR SIRS,—
Dunedin, 24th February, 1885.
Referring to the conversation of your Mr. B. C. Haggitt with the writer on Saturday last, we have seen the Liquidator of the above company, and are instructed to state that he consents to Mr. McGregor treating with the Government for the sale of the railway on the distinct understanding that the price and terms are to be left entirely in his (the Liquidator's) discretion.

This consent is given merely to facilitate a settlement of matters, and is not to be looked upon as in any way constituting Mr. McGregor the Liquidator's agent for the purpose of disposing of the railway.

Messrs. Haggitt Bros. and Brent, Solicitors.

Yours truly,
SIEVEWRIGHT, STOUT, AND CO.

13. The UNDER-SECRETARY, Public Works Department, to the CROWN SOLICITOR, Dunedin.
Re Mr. Brodrick's position as Liquidator of Duntroon-Hakateramea Railway Company (Limited).

SIR,—
Public Works Department, 28th February, 1885.
With reference to your letter of the 23rd February on the above subject, I am directed by the Minister for Public Works to thank you for the very lucid statement of the matter which you have sent, and also to forward to you enclosed herewith copies of Mr. Brodrick's letters of the 8th and 21st ultimo, showing that, although Mr. Brodrick is apparently now willing to allow us to negotiate directly with the company, he was of a different opinion at the date of his last letter above referred to.

B. C. Haggitt, Esq., Crown Solicitor, Dunedin.

I have, &c.,
C. Y. O'CONNOR,
Under-Secretary for Public Works.

14. TELEGRAM from the HON. the MINISTER for PUBLIC WORKS to the OFFICIAL LIQUIDATOR of the Duntroon and Hakateramea Railway Company.

Re Purchase of Duntroon and Hakateramea Railway.

Wellington, 3rd March, 1885.

GOVERNMENT offered directors of company £58,000, in addition to one-half the total amount of rates which might be authorized to be raised up to the 31st March instant, and also so much (if any) of the Government contribution towards guaranteed interest up to same date as may then remain unpaid; but the company to have no further claim on account of rates or guaranteed interest of any description for any period subsequent to the 31st March aforesaid. But this offer has been declined.

Will you accept the offer before the Government takes steps to sell the line under mortgage? See letter of the 2nd January, sent to Mr. McGregor.

G. S. Brodrick, Esq., Liquidator,
Duntroon and Hakateramea Railway Company (Limited), Dunedin.

EDWARD RICHARDSON,
Minister for Public Works.

15. JOHN MCGREGOR, Esq., to the HON. the MINISTER for PUBLIC WORKS.

Duntroon-Hakateramea Railway.—[Without prejudice.]

SIR,—
Wellington, 14th March, 1885.

In pursuance of our interview this morning, I have the honour to inform you that the Duntroon-Hakateramea Railway Company are prepared to sell the line for the sum of £68,847, with 5 per cent. added, from the 31st July, 1881—the date of opening the railway—to the 31st March, 1885, provided that the same rate of interest—namely, 5 per cent.—is charged on the £20,000 advanced to the company by the Public Trustee,

Should the above offer be agreed to, the company waive all rights under District Railways Acts to collect rates and Government guaranteed interest. I have, &c.,

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

JOHN MCGREGOR.

P.S.—The sum of £10,500 contributed by County Councils, and £5,500 by Government towards cost of Waitaki Bridge, an important part of the railway line, are not included in the £68,847, although a distinct asset of the company.—J. McG.

16. The ACTING UNDER-SECRETARY, Public Works Department, to JOHN MCGREGOR, Esq.
Re *Duntroon and Hakateramea Railway*.

SIR,— Wellington, 17th March, 1885.
I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 14th instant, in which you offer (without prejudice), on behalf of the Duntroon-Hakateramea Railway Company, to sell their railway to Government for £68,847, with 5 per cent. added, from the 31st July, 1881, provided that interest at the same rate is accepted by the Public Trustee on the £20,000 advanced by him to the company.

In reply, I am to inform you that the Government do not see their way to entertain the proposition contained in your letter, and that, unless you are able to make some modifications of a substantial nature in your proposals, the negotiations must be considered as at an end.

I have, &c.,

J. McGregor, Esq., Wellington Club.

THOMAS MACKAY,
Acting Under-Secretary for Public Works.

17. The ACTING UNDER-SECRETARY, Public Works Department, to the OFFICIAL LIQUIDATOR,
Duntroon and Hakateramea Railway Company.

Re *Duntroon and Hakateramea Railway*.

SIR,— Wellington, 18th March, 1885.
Referring to the information you were promised by the Hon. the Minister for Public Works at your interview with him to-day concerning the items which may be outstanding on "Government guarantee" and "rate leviable in district," I am now to state that the only item in suspense is the sum of £1,127 9s. 9d. for Government guarantee of 2 per cent. to the 31st March, 1884, which has been impounded by the Controller-General in consequence of the interest due by the company to the Public Trustee on loan not being paid.

The estimated rates for the year ending the 31st March, 1885, and the Government guarantee to the same date are £2,145 and £855 respectively. I have, &c.,

THOMAS MACKAY,
Acting Under-Secretary for Public Works.

G. S. Brodrick, Esq., Official Liquidator,
Duntroon and Hakateramea Railway Company (Limited).
Address, Wellington Club, Wellington.

18. The OFFICIAL LIQUIDATOR, Duntroon and Hakateramea Railway Company, to the Hon.
the MINISTER for PUBLIC WORKS.

Re *Duntroon and Hakateramea Railway Company (Limited), in Liquidation*.

Wellington, 18th March, 1885.

I HAVE the honour to submit for your consideration the terms upon which I am willing to sell the Duntroon and Hakateramea Railway to the Government, subject to ratification by the Supreme Court, viz.:—

Cost of construction to date of opening	...	...	...	£62,100
Accrued interest on capital expended to date of opening	...	...	...	£6,747
Say half	...	...	...	3,373
				<hr/>
				3,374
				<hr/>
				£65,474
Allowance for depreciation	...	...	...	1,000
				<hr/>
Government Guarantee—				£64,474
31st July, 1881, to 31st March, 1882	...	...	...	828
31st March, 1882, to 31st March, 1883	...	...	...	1,242
31st March, 1883, to 31st March, 1884	...	...	...	1,127
31st March, 1884, to 31st March, 1885	...	...	...	855
Half-rates, 31st March, 1883, to 31st March, 1884 (not recoverable)	...	...	...	1,409
Half-rates, 31st March, 1884, to 31st March, 1885	...	...	...	1,072
				<hr/>
				£71,007
Three months' interest from 31st March, 1885, to ratification by Parliament	...	...	...	533
				<hr/>
				<u>£71,540</u>

GEO. S. BRODRICK,
Official Liquidator.

The amount contributed by the County Councils towards the cost of the Waitaki Bridge has been included in the above amount.—G. S. B.

19. The Hon. the MINISTER for PUBLIC WORKS to the OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company.

Re *Duntrou-Hakateramea Railway.*

SIR,—

Public Works Office, Wellington, 19th March, 1885.

I have the honour to acknowledge the receipt of your letter of the 18th instant, and in reply, now have to state:

That the Government, after fully discussing the various proposals made between you, acting on behalf of the company and myself, have authorized me to state that they are prepared to vary the offer made to Mr. J. McGregor, acting on behalf of the company, in my letter to him of the 2nd January last, that in place of the sum of £58,000, mentioned therein, as the sum payable for the railway, the Government will, subject to the ratification of Parliament next session, pay the sum of £61,100.

All the conditions set forth in my letter of the 2nd January, above quoted, to remain the same.

I have, &c.,

EDWARD RICHARDSON,

Minister for Public Works.

G. S. Brodrick, Esq., Official Liquidator,
Duntrou and Hakateramea Railway Company, Wellington.

20. The OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Re *Duntrou and Hakateramea Railway Company.*

SIR,—

Wellington Club, Wellington, New Zealand, 19th March, 1885.

I have the honour to acknowledge receipt of your letter of this day, 19th instant, referring me to the offer made by the Government to purchase the Duntrou and Hakateramea Railway, addressed to Mr. McGregor, and dated the 2nd January, 1885, for the sum of £58,000, as the sum payable for the railway, and that the Government are now prepared to vary the offer made to Mr. McGregor, and will, subject to the ratification of Parliament next session, pay the sum of sixty-one thousand one hundred pounds sterling for the railway. All the conditions set forth in your letter of the 2nd January, 1885, above quoted, to remain the same.

I have now the honour to inform you that, as Official Liquidator to the company, I accept the above offer of £61,100, subject to the conditions contained in your letter of the 2nd January, 1885, and subject to ratification by the Supreme Court.

I have, &c.,

GEO. S. BRODRICK,

Official Liquidator.

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

21. The ACTING UNDER-SECRETARY, Public Works Department, to the OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company.

SIR,—

19th March, 1885.

I have the honour, by direction of the Minister for Public Works, to acknowledge the receipt of your letter of this date, in which he observes that you use the word "sterling" after the words "sixty-one thousand one hundred pounds;" whereas it was a condition (3) of his letter of the 2nd January that the payment was to be in debentures, and as it is necessary there should be a clear understanding on that point he will be obliged by your writing him that such are the terms on which payment is to be made by the Government, as set forth in his letter of the 2nd January last.

I have, &c.,

THOMAS MACKAY,

Acting Under-Secretary, Public Woks.

G. S. Brodrick, Esq., Official Liquidator,
Duntrou and Hakateramea Railway Company, Dunedin.

22. The OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Re *Duntrou and Hakateramea Railway.*

SIR,—

High Street, Dunedin, 27th March, 1885.

I have the honour to acknowledge receipt of your letter of the 19th, referring to the word "sterling," used by me after the words "sixty-one thousand one hundred pounds." This does not interfere with the mode of payment, as stated in condition (3) of your letter of the 2nd January, and I do not object to its being erased, if you wish it.

I shall feel obliged by your forwarding me an official agreement, duly executed, for me to place before the Judge of the Supreme Court for the purpose of obtaining his sanction to the sale.

As the sale, if sanctioned by the Judge, is to date from the 31st March, 1885, and the payment in debentures, bearing only 4 per cent. interest from that date, it is understood that the Government is to allow the company the difference between 4 per cent. and the current rate of interest until the debentures are handed over and the purchase completed.

I have, &c.,

GEO. S. BRODRICK,

Official Liquidator.

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

23. The ACTING UNDER-SECRETARY, Public Works Department, to the OFFICIAL LIQUIDATOR, Duntroon and Hakateramea Railway Company.

Re Duntroon-Hakateramea Railway.

SIR,—

Wellington, 4th April, 1885.

I have the honour, by direction of the Minister for Public Works, to acknowledge the receipt of your letter of the 27th ultimo, and, in reply, to inform you that the necessary agreement will be prepared to give effect to the arrangements which have been entered into by the Government for the purchase of the railway.

With regard to the last paragraph of your letter, in which you say, "it is understood that the Government is to allow the company the difference between 4 per cent. and the current rate of interest until the debentures are handed over and the purchase completed, I am further directed to inform you that the Government do not see their way to accede to this variation of the agreement, particularly as the Public Trust Fund is the real creditor of the company, and it is not in their power to consent to any arrangement which would result in the diminution of the interest which was stipulated to be paid by the company for the loan advanced from that fund.

I have, &c.,

THOMAS MACKAY,

G. S. Brodrick, Esq., Official Liquidator, Acting Under-Secretary for Public Works.
Duntroon and Hakateramea Railway Company, Dunedin.

24. JOHN MCGREGOR and Other Shareholders, Duntroon and Hakateramea Railway Company, to the Hon. the MINISTER for PUBLIC WORK.

Duntroon and Hakateramea Railway.

SIR,—

Dunedin, 31st March, 1885.

We, the undersigned shareholders in the Duntroon and Hakateramea Railway Company (Limited), beg respectfully to address you relative to certain negotiations which we understand are now going on between the Government and Mr. G. S. Brodrick (Official Liquidator) for the purchase of the Duntroon-Hakateramea Railway. We have ascertained from Mr. Brodrick that Government submitted an offer to purchase the line for £61,100, with power to collect rates, and 2 per cent. guaranteed interest, to the extent of about £5,873, making a total of £66,973, to be received on the 31st March, 1885.

It has already been shown by the company's official letter to you, dated the 19th January, 1885, that the actual cost of construction at the date of opening, without interest, amounts to £62,100; interest on capital during the time of construction, £6,747, and 7 per cent. interest from date of opening, guaranteed by District Railways Act, £14,191: making a total of £83,038 on the 31st March, 1885, as against £66,973, the amount that would be realized from the Government offer to Mr. Brodrick.

With a view of clearing up complications brought about entirely by defective legislation in the District Railways Act, the shareholders authorized Mr. McGregor, while in Wellington, to submit an amended proposal to Government, dated the 14th instant, by which the company agreed to sell for net cost of line at date of opening, with 5 per cent. per annum added to the 31st March, 1885, waiving all rights to collect rates and Government guaranteed interest, and thereby sustaining a loss of 2 per cent. per annum for three years and eight months on £66,947, or equal to £5,052.

We cannot believe that the Government of New Zealand, after taking into consideration the defective Acts of Parliament under which the company had to work, would knowingly be a party to a transaction that will, if carried out as at present proposed with Official Liquidator, force the shareholders to make a loss of over £16,000.

We therefore respectfully submit that if Government, for reasons of their own, decline to purchase the Duntroon-Hakateramea Railway at the price and on the terms contained in Mr. McGregor's letter of the 14th instant, that Government will also refuse to purchase at the price offered and said to be accepted by Mr. Brodrick.

The only other alternative that we can suggest to supplement the Government's offer as it now stands is that the back rates, amounting to £5,175, and 2 per cent. guarantee, £2,070, for the years 1882 and 1883 (twenty months), with 5 per cent. on cost of construction to date of opening, £4,819, should be made good to the company; because we contend that the shareholders should not be made to suffer such a heavy loss through flaws in District Railway Acts, which debarred the company from levying rates for twenty months after date of opening railway, and from capitalizing even a low rate of interest during the course of construction.

We sincerely regret being forced into the position of hereby giving you formal notice that we protest against the purchase by the Government of the Duntroon-Hakateramea Railway from the Official Liquidator for the sum of £61,100, and, further, we give you notice that we intend to resist by every lawful means the completion of such sale if attempted to be carried out on the terms indicated by Mr. Brodrick.

We have, &c.,

JOHN MCGREGOR.

JOHN MEEK.

W. FRASER.

C. D. K. WARD.

THOS. MEEK.

WALTER GUTHRIE.

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

25. The ACTING UNDER-SECRETARY, Public Works Department, to JOHN MCGREGOR, Esq., and Others, Dunedin.

GENTLEMEN,—

Wellington, 30th April, 1885.

I have the honour, by direction of the Minister for Public Works, to acknowledge the receipt of your letter of the 31st ultimo, which bears the Dunedin postmark of the 27th instant,

and only reached him yesterday evening, in which you, as shareholders, protest against the agreement entered into between the Official Liquidator of the Duntrou and Hakateramea Railway Company (Limited) and the Government for the purchase of that line; and, in reply, to state that the Minister will lay the matter before the Cabinet at an early date.

I have, &c.,

THOMAS MACKAY,

John McGregor, Esq., and others, Dunedin.

Acting Under-Secretary, Public Works.

26. The ACTING UNDER-SECRETARY, Public Works Department, to the OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company.

SIR,—

Wellington, 4th May, 1885.

I have the honour, by direction of the Hon. the Minister for Public Works, to forward to you the enclosed copy of a letter dated the 31st March, which only reached him on the 29th ultimo, from Mr. John McGregor and other shareholders of the Duntrou and Hakateramea Railway Company, protesting against the terms of the sale of the railway as arranged by you with the Government; and am to state that it is understood that you undertake to give a clear and indefeasible title as the liquidator of the company to the Government at the proper time.

I have, &c.,

THOMAS MACKAY,

Acting Under-Secretary, Public Works.

George S. Brodrick, Esq., Official Liquidator, Duntrou and Hakateramea Railway Company, Dunedin.

27. The OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company, to the ACTING UNDER-SECRETARY, Public Works Department.

Re Duntrou and Hakateramea Railway.

SIR,—

Dunedin, 13th May, 1885.

I have the honour to acknowledge receipt of your letter dated the 4th instant, enclosing copy of a letter, dated the 31st March, from Mr. McGregor and some of the other shareholders of the Duntrou and Hakateramea Railway Company, protesting against the terms of the sale of the railway as arranged by me. The proper time for them to protest will be when the Judge of the Supreme Court is asked to ratify the sale, when approved. I shall then be in a position, as liquidator of the company, to give a clear title to the Government.

I am informed by my solicitors that I am not in a position at present to collect the rates, and must ask you to see that I am empowered to levy and collect the half-rates, as agreed upon between us.

I have, &c.,

GEORGE S. BRODRICK,

Thomas Mackay, Esq., Acting Under-Secretary for Public Works, Wellington, Official Liquidator.

28. The UNDER-SECRETARY, Public Works Department, to the OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company.

Re Duntrou and Hakateramea Railway.

SIR,—

Public Works Office, Wellington, 18th May, 1885.

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 13th instant, relative to the protest made by certain shareholders of the Duntrou and Hakateramea Railway Company against the sale of the line to the Government, and requesting that you may be empowered to collect the half-rates as agreed.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

George S. Brodrick, Esq., Official Liquidator, Duntrou and Hakateramea Railway Company, Dunedin.

29. The UNDER-SECRETARY, Public Works Department, to the OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company.

Re Duntrou and Hakateramea Railway Company.

SIR,—

Public Works Office, Wellington, 23rd May, 1885.

I have the honour, by direction of the Minister for Public Works, to forward the draft agreement for the sale of this railway to the Government, in terms of the arrangement entered into by you as Official Liquidator of the Company for that object with the Government, and to request that you will peruse the same and return it to me at your earliest convenience, that it may be engrossed and executed as soon as possible.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

Geo. S. Brodrick, Esq., Official Liquidator, Duntrou and Hakateramea Railway Company (Limited), Dunedin.

30. The OFFICIAL LIQUIDATOR, Duntrou and Hakateramea Railway Company, to the UNDER-SECRETARY, Public Works Department.

SIR,—

Dunedin, 12th June, 1885.

I have the honour to acknowledge receipt of draft agreement for sale of the Duntrou and Hakateramea Railway to the Government, which I have submitted to my solicitors for perusal.

They are of opinion that it should go before the Court here first, to get the Judge's consent to the sale.

I now enclose the draft, and must apologize for not having returned it sooner. The delay was owing to the absence of Mr. McGregor from Dunedin.

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

I have, &c.,

GEO. S. BRODRICK,
Official Liquidator.

[NOTE.—The Agreement is set forth in No. 3 of D.—5B.]

No. 8.

THAMES VALLEY and ROTORUA RAILWAY.

Memoranda of Particulars of the Promotion, Construction, and Cost of the Railway.

1. THE Thames Valley and Rotorua Railway Company (Limited) was formed in February, 1882—(1) to construct under "The District Railways Act, 1877," a railway from Morrinsville Station on the Kaipara-Waikato Railway to a point within the Mangarautawhiri Block, in the County of Piako; (2) to construct, under "The Railways Construction and Land Act, 1881," a railway from a point within the Mangarautawhiri Block to the Village of Ohinemutu, Lake Rotorua,—all in the Provincial District of Auckland.

2. The consent of the ratepayers and owners of property to the construction of the Morrinsville to Lichfield section of the proposed line—length, 42 miles—was obtained on the 13th April, 1883.

3. The estimated cost of the Morrinsville-Lichfield portion of the railway was £200,000.

4. The Governor's approval of, and assent to, the construction of the Morrinsville-Lichfield section of the railway was gazetted 21st June, 1883.

5. The railway is not yet open for traffic.

6. The certified cost of the Morrinsville-Lichfield section of the railway was £200,000.

7. The construction of the second section of the railway from Pataruru, near Lichfield, to Rotorua—length, 31 miles—has not yet been commenced; but its construction and completion form part of the provisional agreement which has been entered into between the company and the Government for the purchase of the whole line.

No. 9.

CORRESPONDENCE RESPECTING THE PURCHASE OF THE THAMES VALLEY AND ROTORUA RAILWAY.

1. The Hon. the MINISTER for PUBLIC WORKS to the CHAIRMAN, Thames Valley and Rotorua Railway Company.

SIR,—

Public Works Office, Wellington, 14th November, 1884.

I have the honour to forward to you herewith the copy of a resolution passed by the House of Representatives. In conformity therewith, the Government will be prepared to enter into an agreement with you for the lease and purchase of that portion of the Thames Valley and Rotorua Railway, the construction of which has been undertaken under the District Railways Act—namely, the portion from Morrinsville to Lichfield, on condition that the agreement shall be subject to the ratification of Parliament next session.

If you are willing to lease and sell, and will at once signify a desire to that effect, the Government will consider the offer they will make to you. You must be good enough to furnish also the information described in the memorandum at foot.

The Chairman, Thames Valley and Rotorua Railway Company (Limited), Auckland.

I have, &c.,

EDWARD RICHARDSON.

Enclosure 1 in 1 of No. 9.

RESOLUTION of the HOUSE of REPRESENTATIVES, dated 30th October, 1884.

[Vide No. 1.]

Enclosure 2 in 1 of No. 9.

MEMORANDUM of INFORMATION required.

[Vide 2 in 4 of No. 3.]

2. The CHAIRMAN, Thames Valley and Rotorua Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

The Thames Valley and Rotorua Railway Company (Limited),
Auckland, 29th November, 1884.

SIR,—

I have the honour to acknowledge your communication of the 14th instant, covering a copy of the resolution passed by the House of Representatives on the 30th October last, and a memorandum detailing the information required by the Government to enable them to estimate the value of the railway now being constructed from Morrinsville to Lichfield; you also intimate that if the company are willing to lease and sell, and will at once signify a desire to that effect, the Government will consider the offer they will make.

The directors are willing to lease and sell to the Government in terms of the resolution above referred to; and they are prepared to accept a return of the amount actually expended by them. The acquisition of the line by the Government at cost price could not be considered an unprofitable

transaction, but the reverse; for, while the cost of construction and plant will compare favourably with other railways in the colony, the extension of railway communication thus made will be of distinct special advantage in securing to the colony the large expenditure which will flow from the influx of health- and pleasure-seekers to the Hot Lake Districts, besides promoting generally the welfare of the colony, by opening up the country and extending settlement.

The directors are desirous of completing their negotiation with the Government as early as possible, and they trust that you will, in view of all the circumstances, find it convenient to accede to their desire that no preventable delay may occur. The information required by you, as stated in your memorandum, is supplied in the report of the company's engineers, enclosed herewith. The directors respectfully invite your particular attention to the observations therein, dealing with the exceptionally low cost of the company's works and plant. The original contracts and accompanying plans, &c., are forwarded to you by this mail, under a separate cover.

I have, &c.,

J. LOGAN CAMPBELL,
Chairman, Thames Valley and Rotorua
Railway Company (Limited).

The Hon. the Minister for Public Works,
Wellington.

3. Messrs. STEWART and HUNTER, C.E.s, to the CHAIRMAN, Thames Valley and Rotorua Railway Company.

SIR,—

Auckland, 1st December, 1884.

Referring to the memorandum received from the Hon. the Minister for Public Works requesting that certain information relating to the Thames Valley and Rotorua Railway might be supplied to the Government, we have the honour to report as follows:—

1. General plan, showing the position of the railway, is already in possession of the Government, having been transmitted on or before the 20th March, 1883. (See *Gazette* 22nd February.)

2. The general plan above mentioned shows the intended positions of the stations; and the ground plan proper, or copy of the working plan, is also in possession of the Government, having been given to the Hon. the Minister for Public Works on the 7th June, 1883, on application for approval by the Governor of the railway under the Act. As only two portions of land have yet been acquired by the company we are unable to fully answer this head, but a Schedule, A, herewith is sent to show the approximate land required for the line, stations, and ballast-pits, with claims, or terms of cession so far as are known, and estimated value of such claims. Tracings are also given showing the amount of land proposed to be taken for stations. The land surveys are still in progress, and the above are all that we are able to forward. The title will be either deed of conveyance or under the Land Transfer Act.

3. Longitudinal and cross-sections of the line are also in possession of the Government, having been sent on the 7th June, 1883.

4. Schedule B herewith shows the quantities of work actually performed in the formation contracts of the line. Formation contracts are practically finished. Included also is the number of sleepers delivered to date. No other contracts have been entered into for construction.

5. The length of main line is 41 miles 60 chains. Sidings proposed to be laid extend to $2\frac{3}{4}$ miles.

6. The number of points and crossings in hand is sixty, of which twenty are 1 in 9, and forty 1 in $7\frac{1}{2}$ crossings.

7. No buildings or other works enumerated under this head have been erected.

8. Herewith are originals of two contracts—namely, Oxford contract and Lichfield contract, covering the formation of the whole line, excepting some items, principally of drainage, which are intended to be included in the future platelaying contract. Accompanying are statements of additions and reductions effected in carrying out these contracts.

9. The rails are steel, 53lb. per yard. Fastenings and improved bed-plates are in accordance with Public Works Department standards. The quantity in hand amounts to about $46\frac{1}{2}$ miles in all. The prices, f.o.b., London, are given in Schedule C herewith.

10. The sleepers are heart of kauri 7ft. by 7in. by 5in

11. Herewith is original contract for supply of sleepers to be delivered at Morrinsville at the rate of 3s. 5d. each. This contract is being rapidly executed.

12. List of rolling-stock, giving character and class, is given in Schedule D herewith, which also gives prices, f.o.b., London.

13. List of miscellaneous articles herewith per Schedule E.

14. Original estimate, prepared by us in detail, is in possession of the Government, having been sent on the 7th June, 1883, on application for approval of line under the Act.

15. A statement of the actual past, and estimated future, cost of construction of the line, exclusive of interest on capital, is given herewith in Schedules F and G. The scale of station accommodation intended is similar to that with which the Government lines are opened; and the water supply at Matamata, Oxford, and Lichfield is intended to be of a superior class.

16. A statement of interest paid or due on capital subscribed or expended, estimated to time of opening of railway, is contained in the abstract of total cost herewith.

17. The amount of capital subscribed is 120,225 shares of £1 each—£120,225.

18. The amount of capital actually paid up is £55,224 5s.

19. The number of shareholders is 159.

20. The number of ratepayers at the time of gazetting railway district, since which no further information has been received, is eighty-nine. The rate is an acreage one.

21. No mortgages exist on any part of the company's property.

In forwarding the above information we think the directors should call the attention of the Government to the exceptional position of this railway, inasmuch as it is unfinished, and in con-

sequence the further expenditure is a matter of estimate, not only of the cost of the works yet to be executed, but of their design and character. A considerable item of future cost is fencing, which is only undertaken as the lands adjacent are enclosed, and expenditure on this head is liable at any time to be called for. For this reason the works contained in Schedule G, and yet to be undertaken, although they are believed to be full and ample, are only estimates; and it should be suggested that all expenditure in finishing and equipping the line on works or land, or on other undetermined items, should be done under the approval of the Government, and the final cost ascertained and substituted for the present valuation, care being taken to keep the total expenditure within the statutory cost of the line—£200,000—which governs the maximum rating powers of the company. The directors should also direct the attention of the Government to the extremely favourable terms on which the material and plant have been bought and contracts entered into. The method adopted in England was obtaining tenders in the open market, and payment in cash on delivery, f.o.b. The contract for this comparatively small quantity of rails was taken at only 2s. 6d. per ton over that entered into at the same time by a neighbouring colony for 70,000 tons. The tenders for locomotives were low, notwithstanding that they have important additions to the ordinary class F, such as brakes on all the wheels, thus saving great wear on the coupling-rod brasses and giving increased command of the brake power, also compensating levers between all springs, and a few other improvements. The cost of all locomotive work rose considerably after they were contracted for, and ever since so small a number as four could not have been favourably placed. All payments have been made on the Government system—in cash, without the intervention of debentures or other deferred payments. The issuing of contracts for material and plant, and the inspection, have been under the charge of J. Carruthers, Esq., late Engineer-in-Chief for the colony.

In conclusion we beg to state our opinion that, provided completion contracts are at once called for, the line can be efficiently finished and equipped ready for traffic for £181,482; thus leaving available for supplementary improvements a sum of £18,518 to be expended before the total cost of the line shall have reached the statutory estimate of £200,000. The time required for the completion of line as above mentioned, should not exceed six months from date of acceptance of tender for platelaying and station-buildings contract.

The Chairman, Thames
Valley and Rotorua Railway Company.

We have, &c.,
STEWART AND HUNTER,
Civil Engineers.

Enclosure 1 in 3 of No. 9.

SCHEDULE A.

Thames Valley and Rotorua Railway.—First Section.

SCHEDULE OF LAND required for LINE, STATIONS, and BALLAST.

Ownership.	Position.		Acreage.			Particulars of Claim.	Value to be offered by Company.		Agreement to code Free.	
	From	To	Line.	Stations.	Total.		£	s. d.		
	M. ch.	M. ch.	Acres.	Acres.	Acres.	£	s. d.	£	s. d.	Acres
Messrs. Morrin and Studholme ..	0 0	0 12	90	6·47	7·37	..	..	..	..	7·37
Native owners, Te Au o Te, Waitakato Block ⁽¹⁾	0 12	6 11	50·86	29·14	80·00	1,464	0 0	340	0 0	..
W. Innes Taylor, Esq.	6 11	6 33	2·50	..	2·50	..	..	..	..	2·50
Messrs. Gould Brothers ⁽²⁾	6 33	7 39	9·30	..	9·30	200	0 0	*200	0 0	..
Messrs. Rich and Williams	7 39	8 72	12·00	..	12·00	..	..	..	..	12·00
J. McGlashan, Esq.	8 73	10 28	14·00	..	14·00	Unknown	..	100	0 0	..
Messrs. Burnett Brothers ⁽³⁾	10 28	11 36	8·85	6·75	15·60	255	0 0	*255	0 0	..
Messrs. Rich and Williams	11 37	12 40	9·78	2·22	12·00	..	..	..	..	12·00
Native owners, subdivision of Mata-mata Block ⁽⁴⁾	12 40	14 0	14·50	15·50	30·00	Unknown	..	200	0 0	..
J. C. Firth, Esq.	14 0	23 20	23·20	81·80	105·00	..	..	..	..	105·00
J. L. Wilson, Esq.	23 20	24 74	15·10	9·90	25·00	..	..	..	..	25·00
Chas. King, Esq.	24 74	25 43	4·90	..	4·90	Unknown	..	50	0 0	..
Auckland Agricultural Company (Limited)	25 43	29 9	35·48	9·52	45·00	22	10 0	†22	10 0	..
Messrs. Morrin and Hume	29 9	30 42	12·00	..	12·00	..	..	..	..	12·00
Auckland Agricultural Company (Limited) ⁽⁵⁾	30 42	33 47	28·18	18·82	47·00	23	10 0	†23	10 0	..
Thames Valley Land Company (Limited)	33 47	41 60	73·30	31·70	105·00	..	..	..	..	105·00
Totals .. .. .	..	..	314·85	211·82	526·67	1,915	0 0	1,191	0 0	280·87

* Settled. † Agreed.

Remarks.—⁽¹⁾ Leased to W. I. Taylor, Esq. ⁽²⁾ Free from fencing for ten years. ⁽³⁾ Land Transfer title. ⁽⁴⁾ 15·5 acres are for ballast-pit. ⁽⁵⁾ Include ten acres for ballast- and water-right.
28th November, 1884.

STEWART AND HUNTER, Civil Engineers.

Enclosure 2 in 3 of No. 9.

SCHEDULE B.

Thames Valley-Rotorua Railway.—First Section.

ABSTRACT of quantities of work in line between Morrinsville and Lichfield up to date, 30th November, 1884: Earthwork, 254,042 cubic yards; rock, 10,000 cubic yards; forming line, 995 chains; ditching, 31,300 cubic yards; level crossings, 2nd class, 11; level crossings, 3rd class, 2; level crossings, private, 9; road diversion, 77 chains; excavation of foundations, 2,100 cubic yards; inlets and outfalls, 2,150 cubic yards; piling, 7,475ft.; timber, B.M., 133,600ft.; iron, 37,092lb.; concrete, 104 cubic yards; masonry in cement, 495 cubic yards; dry stone culverts, 407 cubic yards; punning, 450 cubic yards; pipes, 18in., 49 yards; pipes, 15in., 184 yards; pipes, 12in., 73 yards; pipes, 9in., 637 yards; pipes, 6in., 613 yards; fencing posts and wire, 1,098 chains; cattle stops, 14; gates (wood), 9; sleepers (delivered to date), 38,140.—STEWART AND HUNTER, Civil Engineers. 28th November, 1884.

Enclosure 3 in 3 of No. 9.

SCHEDULE C.

Thames Valley-Rotorua Railway.

DESCRIPTION and class of permanent-way material belonging to the Thames Valley-Rotorua Railway Company (Limited), with prices f.o.b. in London: Steel rails (53lb. per lineal yard), with fish-plates, new-pattern bed-plates and fangs, same as used on New Zealand Government Railways; steel rails (53lb.), £5 10s. 6d. per ton; fish-plates, £7 2s. 6d. per ton; fish-bolts, £24 per ton; bed-plates, £11 10s. per ton; fang-bolts, £14 per ton; spikes, £12 10s. per ton.—STEWART AND HUNTER, Civil Engineers. 28th November, 1884.

Enclosure 4 in 3 of No. 9.

SCHEDULE D.

Thames Valley-Rotorua Railway.—First Section.

LIST of rolling-stock belonging to the Thames Valley-Rotorua Railway Company (Limited), with prices f.o.b. in London: 4 locomotives, Class F, six-wheel, coupled, tank, engines, cylinders, 10 $\frac{1}{2}$ by 18, £1,825 each; duplicate parts of engines, £700; 2 carriages (first-class), double four-wheel bogie, £674 each; 4 carriages (second-class), double four-wheel bogie, £488 12s. each; 4 carriages (composite), double four-wheel bogie, £562 each; 4 break-vans (ironwork only), sets, £61 5s. each; 4 horse-boxes, &c., £55 5s. each; 4 timber trucks, £31 15s. each; 10 cattle trucks, £41 1s. 6d. each; 10 sheep trucks, £41 8s. 6d. each; 25 low-side wagons, £37 10s. each; 20 high-side wagons, £34 each.—STEWART AND HUNTER, Civil Engineers. 28th November, 1884. [N.B.—The foregoing is same class and pattern as used on the New Zealand Government Railways.]

Enclosure 5 in 3 of No. 9.

SCHEDULE E.

Thames Valley and Rotorua Railway.

LIST of miscellaneous items belonging to the Thames Valley and Rotorua Railway Company (Limited), with prices f.o.b. in London: 6 Weston's patent pulley blocks (2 tons), £14 each; 8 traverse jack-screws, £33 each; 2 traverse jack-hydraulics (15 ton), £27 each; carriage lamps, &c., £100.—STEWART AND HUNTER, Civil Engineers. 28th November, 1884.

Enclosure 6 in 3 of No. 9.

SCHEDULE F.

Thames Valley-Rotorua Railway.—First Section.

ESTIMATE of works, &c., already undertaken, and expenses incurred on first section of line: Grading, bridges, and fencing: Oxford contract, with extras, £15,200; Lichfield contract, with extras, £12,200. Permanent-way material landed in Auckland, £35,708; cartage and railway freight, to date, £3,300. Sleeper contract, £15,375; rolling-stock landed in Auckland, £18,500; sundry accounts and contingencies, £1,500; Engineers' commission on foregoing, 5 per cent., £5,090. Preliminary expenses floating company, £923 6s.; preliminary survey of line, £1,607 16s. 4d.; expenses constituting railway districts, £196 10s. 5d.; J. C. Gould for land taken for railway, £200; Messrs. Burnett Bros., £255; management and general expenses, £1,559 13s. 6d. Total, £111,615 6s. 3d.—STEWART AND HUNTER, Civil Engineers. 28th November, 1884.

Enclosure 7 in 3 of No. 9.

SCHEDULE G.

Thames Valley-Rotorua Railway.

ESTIMATE of works required to complete first section of line for traffic: Formation, bridges, culverts, and fencing, £4,000; platelaying contract, £16,023; land carriage of material to Morrinsville, £3,500; indent for covered goods wagons (not yet received), £1,000; erection of rolling-stock (includes timber, &c.), £4,100; station buildings and water supply, £8,000; station equipment, £1,000; Engineer's commission on foregoing (5 per cent.), £1,880; advertising, £100; general expenses and management, £600; expenses of land survey, £650: total, £40,853.—STEWART AND HUNTER, Civil Engineers. 28th November, 1884.

Enclosure 8 in 3 of No. 9.

Thames Valley-Rotorua Railway.—First Section.

ABSTRACT of total cost of first section of line: Works already undertaken and expenses incurred, per Schedule F, £111,615 6s. 3d.; land purchase estimate, per Schedule A, £1,191; directors' honorarium, (three years, £3,900; interest on shareholders' capital to the 31st December, 1884, at 7 per cent., £7,000; interest on present liabilities for advances and overdue accounts, £1,741; works required to complete first section of line for traffic, per Schedule G, £40,853; interest and expenses for twelve months future and *pro rata* for shorter time: directors' honorarium, £1,300; shareholders' interest, £4,200; creditors', and further advances required; interest, £9,082; expenses, say, £600: total, £181,482 6s. 3d. [NOTE.—In addition to the above, a sum £5,250 has been already expended on the survey of the second section of this line.]

4. The Hon. the MINISTER for PUBLIC WORKS to the CHAIRMAN, Thames Valley and Rotorua Railway Company.

Re *Thames Valley and Rotorua Railway.*

SIR,—

Wellington, 3rd January, 1885.

In pursuance of my letter to you dated the 14th November last, and of your reply dated the 29th November, I have the honour to inform you that, subject to the approval of Parliament, the Government is willing to purchase from your company its interest on that portion of the Thames Valley and Rotorua Railway the construction of which has been undertaken under the District Railways Act—namely, the portion from Morrinsville to Lichfield, on the following terms:—

1. The amount to be paid by the Government to be £111,160 6s. 3d. for the works constructed or in progress, and also for the materials, &c., procured or to be procured, as set forth in Schedule F accompanying your letter of the 29th November before referred to, being the total amount shown on the said schedule, exclusive of the sum of £455 for land-purchase, which is also included in Schedule A. And the Government also to pay to the company the sum of £1,191 for all the land required for the railway, including the 526 $\frac{2}{3}$ acres of land shown to be so required in Schedule A accompanying the said letter; it being, however, understood and agreed that the company shall remain liable for the discharge of all liabilities in connection with the said works, material, and lands.

2. A good and satisfactory title to be given by the company to the Government for the 526½ acres of land above mentioned (and also for all land occupied by the railway or by any buildings and erections of any kind in connection therewith, if any part of the said railway, or if the said buildings and erections are outside of the 526½ acres aforesaid), and the company shall pay for all such land all such sums as may be due or awarded to the owners, lessees, or occupiers on account thereof, including the cost of completing titles thereto, and of transferring the said titles to the Government.

3. In addition to the sum above mentioned, the Government is also willing that a sum of £800 in all shall be allowed for directors' fees on account of the works already constructed and in progress, and of negotiations in connection with the land purchased and to be purchased, as set forth in the Schedules marked F and A aforesaid.

4. Payment to be made on debentures having fifteen years to run, and bearing interest at the rate of 4 per cent. per annum. The interest to be payable in the colony up to the 31st March, 1887, and the interest and principal thereafter to be payable either in New Zealand or in London, at the option of the holder.

5. In addition to the above proposal the Government would also be willing, if Parliament consent thereto at its next session, to pay to the company the cost of such works as are necessary to finish the railway to Lichfield to an extent not greater than is shown in Schedule G accompanying your letter above mentioned. And in this case also it would be proposed that the payment should be made in debentures of the same character and bearing the same rate of interest as those above referred to; and it would also be proposed that, in calculating the cost of the additional works herein referred to, an amount should be added to the cost of the said works equivalent to 6 per cent. interest per annum from the actual date of payment by the company for the said works up to the 31st March next, from which time the debentures which would be given by the Government for the said additional works would take date and bear interest. It must be, however, distinctly understood that the undertaking of these additional works is a matter entirely for the consideration of the company and at its risk, as the Government would not hold itself in any way liable for any payment on account of the said works in the event of Parliament refusing its sanction thereto.

I have, &c.,

The Chairman, Thames Valley and Rotorua
Railway Company, Auckland.

EDWARD RICHARDSON,
Minister for Public Works.

5. The CHAIRMAN, Thames Valley and Rotorua Railway Company, to the Hon. the MINISTER
for PUBLIC WORKS.

The Thames Valley and Rotorua Railway Company (Limited),
Auckland, 14th January, 1885.

SIR,—

I have the honour to acknowledge the receipt of your letter dated the 3rd instant, in which you state the terms upon which Government are prepared to purchase from this company its interest in "that portion of the Thames Valley and Rotorua Railway the construction of which has been undertaken under the District Railways Acts—namely, the portion from Morrinsville to Lichfield."

Upon these terms, which are offered in successive paragraphs, the directors desire to submit the remarks following:—

1. The amount offered in your paragraph 1 (£111,160 6s. 3d.) is that named in the company's Schedule F, less a sum of £455, which had been included in our account in error. Some additions to the company's plant and outlay have, however, accrued since Schedule F was submitted to the Government; and the directors think that £824 15s. 4d., being the sum specified in Schedule K annexed hereto, should be added, making the total of amended Schedule F £111,985 1s. 7d. In dealing with Schedule A the Government offer the amount which the company have tendered as compensation for lands taken; but in four cases no agreement has been come to with the owners, and it may happen that larger amounts than those scheduled may ultimately have to be paid. The company would need to be protected in their agreement with Government against loss through awards of the Compensation Court being in excess of the estimated amounts.

2. Government require the company to pay for completing the title to the lands to be transferred. The company are not prepared to lose the amount involved. They will agree to give to Government a good title; but the cost of such, including land surveys, estimated, as set down in Schedule G, at £650, together with legal and other expenses, is fairly chargeable against the land, and should be added to Schedule A.

3. The directors' fees (£800) will be accepted as offered by Government, but will not be appropriated by the Board to their own uses, but to reduce the loss of capital somewhat.

4. The payment by debentures bearing 4 per cent. per annum interest involves to the shareholders the loss attending the conversion into cash, not only of the amount of their capital but of the whole cost of the line, for the whole sum must be converted in order that outstanding liabilities may be paid. There is also entailed the loss arising from the impossibility of disposing of the debentures in the London market until the 1st April, 1887, inasmuch as interest only being payable in the colony would render their sale in London impracticable. The directors think that some allowance should be made for interest on the company's outlay, and that, as the Government recognize the principle that 6 per cent. interest should be reckoned as part of the cost of construction (see paragraph 5 of your letter), interest at that rate should be allowed up to the date of the proposed debentures—say the 31st March. The amount would be £6,441 9s. 8d. This would provide means from which to pay the interest upon outlay beyond the funds supplied by the shareholders, but would not admit of the latter receiving any interest upon their capital.

5. The proposal that the remainder of the works should be finished by the company at schedule rates—viz., £40,853, to be paid for in debentures bearing 4 per cent. interest from the 31st March—

would, if adopted, involve a direct pecuniary loss to the company of the difference between the rate 4 per cent. and the current rate of interest for overdraft, besides the cost of converting the debentures into cash. The company's engagement with their engineers entitles the latter to claim compensation if the works are not proceeded with for loss of commission on the contracts, &c. If Government take over the line in its present unfinished state, it is suggested that Messrs. Stewart and Hunter be engaged to superintend the completion of the works for Government, and thus further loss to this company might by arrangement be prevented.

6. In addition to the schedules now dealt with Government are aware that £5,250 has been expended by the company in surveys and works preliminary to the construction of the second section of the Rotorua Railway. As this expenditure will prove of use in prosecuting the works in the future, the directors submit that it would be proper for Government to reimburse them for this outlay, and for any further outlay on the same account.

7. While willing to accept, on behalf of the shareholders, of the sum offered by Government, but modified as proposed above, which would return to the company the paid-up capital without interest, the directors respectfully desire to remind you that the whole spirit of the Act under which the railway has been undertaken points to shareholders receiving 7 per cent. per annum for their outlay, and the whole spirit and practice of mercantile transactions—of which this is one pure and simple—provides for interest during construction being considered part of the capital cost. It must also be remembered that the Act provides for 10 per cent. on cost being added if the line is compulsorily acquired by Government; and, although this sale is not compelled by Government, the company ought not to be placed in a position worse than was contemplated by the Act, framed as this was for the purpose of inducing such undertakings as the company has entered upon. Should Government modify their offer as proposed, and complete the works at schedule price, they will have acquired $41\frac{3}{4}$ miles of line, equipped and ready for traffic, for £160,445 15s. 11d. (with a few unimportant contingencies), which is equal to £3,843 per mile.

I have, &c.,

J. LOGAN CAMPBELL,
Chairman, Thames Valley and Rotorua Railway
Company (Limited).

The Hon. the Minister for Public Works, Wellington.

Enclosure 1 in 5 of No. 9.

SCHEDULE K.

PROPOSED amendment of Schedule F by adding the undertoted: Plant shipped from London per "Vanduaara," being duplicate parts of locomotive engine (this invoice had not been advised at date of compiling Schedule F), £308 14s. 6d.; payments made in London as per advices received to the 13th January, 1885, £441 13s. 8d.; property-tax paid 5th January, 1885, £74 7s. 2d.: total, £824 15s. 4d., together with any further payments which may be made, for which extra plant or other good consideration can be passed to Government.

6. The CHAIRMAN, Thames Valley and Rotorua Railway Company, to the Hon. the COLONIAL TREASURER.

Thames Valley and Rotorua Railway Company (Limited),
Auckland, 20th February, 1885.

SIR,—

Referring to the interviews with which you have favoured us on the subject of the possible purchase by the Government of the Thames Valley and Rotorua Railway, under a resolution of the House authorizing you to enter into negotiations for the purchase of certain lines, we have now the honour shortly to recapitulate the terms which we understood from you were the best you could offer.

1. The existing liabilities of the company representing money actually spent on the railway to be paid for (after the sanction of the House has been obtained, but probably before October) in 4-per-cent. debentures, bearing interest from the 1st April next, the first two years' interest being payable in the colony and subsequent payments in London.

2. The railway company to at once proceed with the completion of the line to Lichfield, the extra cost of which, not to exceed £40,853, to be similarly paid for, interest being allowed on disbursements till so paid for at the rate of 6 per cent. per annum.

3. Section two, from Lichfield to Rotorua, to be completed by the company, say, within three years, the Government, on monthly engineer's certificates, extending their guarantee to a like amount of the company's 4-per-cent. debentures, these to be exchanged on completion of the line for the Government 4-per-cent. debentures, with an addition of £5 per cent. to cover all additional interest and expenses.

We venture to represent to you that the Legislature, in giving their sanction to the resolution under which this negotiation has been carried on, could not have intended that such terms were to be proposed as would practically be equivalent to declining to purchase; and, as far as we have yet been able to test our ability to raise the funds necessary to carry out any such arrangement, we regret having now to state that there is not the slightest chance of our being able to do so in this market. With a view, however, of exhausting every channel from which money may be looked for, we would be glad to know—(1) if the 4-per-cent. debentures proposed to be given by Government would be part of a special loan, or of a loan already authorized; (2) their proposed currency; and (3) whether they would be issued without any special condition—in fact, be in the ordinary form of Government debentures, except in so far as the condition as to payment of interest in the colony for two years would necessitate.

The proposals, as they at present stand, would, if agreed to, involve a very considerable loss to shareholders, not only of interest on capital paid up, but on liabilities which must be met. It appears to us unreasonable that it should be proposed to entail on the company the further serious loss which must inevitably result from the means proposed to enable them to finance; and we

would respectfully submit, whether in view of this not being likely to be the only similar purchase to be made by the Government, we might not ask the Government, instead of making payments in debentures, to float the loan from which these are to be issued, and make payments in cash, so avoiding the probability of the various holders of small amounts of debentures offering the same for sale in London to the possible detriment of the credit of the colony.

We have not the slightest hope of being able to finance for the second section on the terms stated in clause 3, and would respectfully urge that a modification be made, admitting of monthly cash payments for work done, and, instead of the provision for interest on the debentures to be paid over for the first section being payable in the colony only, that interest should be payable in London, an undertaking being given that the debentures should not be put on the market for two years.

The directors will do themselves the honour of waiting upon you to-morrow as per appointment.

I have, &c.,

J. LOGAN CAMPBELL,

Thames Valley and Rotorua Railway Company (Limited).

The Hon. the Colonial Treasurer, Auckland.

Enclosure 1 in 6 of No. 9.

MEMORANDA for Hon. Sir JULIUS VOGEL, supplementing letter to the Hon. the MINISTER for PUBLIC WORKS, dated 14th January, 1885.

Contingent additional Costs to be safeguarded.

1. POSSIBLE additional awards to landowners: Searancke, £1,124; McGlashan, C. Ring, and Matamata Natives, £500. 2. Expense of land surveys (this is included in Schedule G, and therefore only applies if future works are abandoned), £650. 3. Legal and other expenses acquiring land and assigning good title to the Government, £200. 4. Plant shipped from London subsequently to company's offer—at present this amounts only to £308 14s. 6d. 5. Expenses paid since offer (including London expenses), £441 13s. 8d.; property-tax, 1885, £74 7s. 2d.; general expenses and contingencies. 6. Compensation to engineers for breach of contract (if works not proceeded with), say, half commission, £940.

Effect of Government Proposal upon Capital Account.

Paying for line as at present and plant imported, £113,151 6s. 3d., provided the company is protected from loss on the points named in sheet 1, leaves the following disbursements to be provided out of the capital of the company: Interest due on bank overdraft, &c., say, to 31st March, 1885, £2,821, equal to about 1s. in the £1 of the company's capital, and gives shareholders therefore a refund of 19s. per £1 without any interest, and the directors no remuneration for time and trouble, except £80 each. If the sums included in sheet 1, which in strict reading of the Government offer are intended to fall for payment by the company, are added—namely, surveys, second section, £5,250; expenses, survey, and legal, £850, be added—shareholders would sustain a loss of about 3s. 2d. in the £1, besides all interest, and, say, an additional 2s. in the £1 cost of converting debentures into cash, which expense must fall upon the capital account alone, making in all 5s. 2d. per £1, besides interest.

Counter Proposal.

If the Government take over the line and plant as at present at the valuation proposed by them, £113,151 6s. 3d.—(1) adjusting the schedules so as to relieve the company from loss under the contingencies named in sheet 1, (2) and allowing interest at the rate of 6 per cent. per annum for payments made by the company (as is proposed by themselves with reference to further works), £6,441 9s. 8d.—the effect would be to return to shareholders their capital without interest in 4-per-cent. debentures, and leave about £3,600 towards the expense of converting such into cash—say 5 per cent. discount on £119,592 15s. 11d., £5,979 12s. 9d.

7. The CHAIRMAN, Thames Valley and Rotorua Railway Company, to the Hon. the COLONIAL TREASURER.

The Thames Valley and Rotorua Railway Company (Limited),

Auckland, 24th February, 1885.

SIR,—

In our interview with you on Saturday last, and with reference to our letter to you of the 20th instant, you proposed certain modifications of the terms which, as therein stated, the directors considered impracticable. We understand your proposals now to be—

1. The company to receive from the Government the cost of present works and plant, as specified in the letter of the Hon. the Minister for Public Works dated the 3rd January, £113,151 6s. 3d.; with cost of extra plant imported since that date, say £308 14s. 6d.; and amount paid for property tax, £74 7s. 2d: total, £113,534 7s. 11d.; to which is to be added the cost of completing and assigning the title to lands taken, and possibly additional cost of the lands under awards by the Compensation Courts. The above is to be paid in Government debentures in ordinary form, with fifteen years' currency, bearing interest at 4 per cent. per annum from the 1st April, payable in London; but Government is to receive a guarantee from the company's bankers that the debentures will not be placed on the London market for two years from the 31st March, 1885.

2. The company to complete the line to Lichfield ready for traffic at a cost estimated not to exceed the scheduled price, £40,853; this also to be paid for in debentures as above, but the company to be allowed interest on their payments at the rate of 6 per cent. per annum until actual receipt of the debentures, which will bear interest from the date of delivery. The works to be proceeded with at once, and are confidently expected to be completed during October.

3. The company to complete and open the remaining portion of the line to Rotorua with all reasonable despatch, and, if practicable, within three years from the 31st March. The Government to extend their guarantee during the three years to debentures of the company at 4 per cent. per annum, and on completion of the works to exchange these for Government debentures at 4 per cent. with twenty years' currency, adding 5 per cent. to the principal sum to cover additional interest and expenses; Government to undertake that on the security of this arrangement funds shall be available as required for the works, it being understood that the cost to the company for extra interest and all expenses incurred in negotiations shall not exceed the above five per centum; the company to issue to the Government (if required) debentures or acknowledgments of debt for moneys to be supplied by the Government for the prosecution of the works of this second section, such debentures or acknowledgments of debt to be cancelled on completion of the section.

Under such modified conditions the directors see their way to complete the line, but would venture to make a final appeal to you on behalf of the shareholders, who, without regard to prospective benefit, subscribed capital to enable the directors to undertake a work of colonial importance, and which undoubtedly ought to have been executed long since by the colony. No exception has been, nor can be, taken to the work already done. It is acknowledged to have been executed, at all events, as cheaply as the Government could have done it; and we appeal to you whether, under such circumstances, it is reasonable or equitable that, because the conditions under which the work was originally undertaken have not been fulfilled (and that, we respectfully urge, owing largely to the opposition of the Government), the shareholders should now not only be deprived of any return for their invested capital, but should be obliged to face the certainty of losing a considerable proportion of that capital. While in their anxiety to see the work completed the directors accept the condition of purchase, subject to the ratification of Parliament and of the company's shareholders, they expect that the Government will at least extend to this company terms as liberal as may be granted in the purchase of any other line of railway.

I have, &c.,

J. LOGAN CAMPBELL,

Chairman, Thames Valley and Rotorua Railway
Company (Limited).

The Hon. Sir Julius Vogel, Colonial Treasurer.

8. The Hon. the COLONIAL TREASURER to the CHAIRMAN, Thames Valley and Rotorua Railway Company.

SIR,—

Auckland, 24th February, 1885.

I have the honour to acknowledge the receipt of your letter of this day's date.

You must allow me to supplement your statement of terms by some few corrections or additions

which, on reflection, I think you will find to be in accordance with what took place between us.

(1.) I told you the proposal which I made to you was to be subject to the approval of the Cabinet.

(2.) The amount stated in the letter of the Minister for Public Works was not that stated in your

letter, but £111,615 6s. 3d. (3.) The cost of completing and assigning the land taken was limited

to the cost authorized under the Land Transfer Act. (4.) The debentures given on account of the

£40,853 would have to be subject to the same guarantee as to being placed upon the market as in

the case of the former debentures. (5.) The company to complete the remaining portion of the

line to Rotorua under the directions and superintendence of the Government, who are to approve

of all contracts. (6.) No charge to be made by the directors for office expenses with regard to the

completion of the line. (7.) If you require the Government to find the cash for your guaranteed

debentures, the debentures would have to be in such form as the Government may prescribe, and the

5-per-cent. addition will not have to be made, that amount being relinquished by you to the Govern-

ment, or to whomever they arrange with for doing the financing. (8.) The debentures to be

exchanged for the guaranteed debentures to be probably of the same currency, and commencing

from the same date as the other debentures. This point, however, to be left open for the considera-

tion of the Government. In the event of the Government doing the financing for you, or finding

some one to do it, the point would be of no importance to you. (9.) I must observe that, if the

Cabinet approve the arrangement and it is put in order for submission to Parliament, you will

have to elect whether you will do the financing and receive the 5 per cent., or whether you wish to

have it done for you, as arrangements for that purpose will have to be made.

With regard to the balance of your letter, I have to observe that it is for you to consider

whether the terms are acceptable, but I do not think the Government can entertain the idea of

altering them after they are once agreed to. As regards the terms offered to other railways, I do

not think they will be found more, if indeed so favourable; but, in each case, the negotiations have

peculiar features of their own, and it will not be desirable to make one depend upon the others.

As regards the effect on the shareholders generally, I must take leave to observe, as I have already

observed, that the present condition of the shareholders is not an enviable one. They are liable for

heavy calls, and, from the information I am able to gather, it would be a great relief to them for

the Government to take over the line on the terms proposed, although they may have to submit to

a loss. I do not think the way to regard the question is from the point of view of the shareholders'

anticipation at the time they entered into the speculation, but rather from that of their present

position. I have been very incorrectly informed if, before the negotiations with the Government

and but for the negotiations, the shares could not have been obtained at a considerable discount.

I have, &c.,

JULIUS VOGEL.

The Chairman, Thames Valley and Rotorua Railway Company.

9. The CHAIRMAN, Thames Valley and Rotorua Railway Company, to the Hon. the COLONIAL

TREASURER.

The Thames Valley and Rotorua Railway Company (Limited),

Auckland, 26th February, 1885.

SIR,—

I have the honour to acknowledge the receipt of your letter dated the 24th instant, in which you refer to some particulars in which my recital of the terms of our agreement is held to be deficient or incorrect. On the points referred to I now beg to observe—

1. The directors admit and understand that the proposals are subject to approval by the Cabinet.

2. The amount stated in your letter you will find to be a clerical error, the correct amount being as named in my letter of the 24th, compiled from that of the Minister for Public Works, as follows: Per Mr. Richardson's letter, paragraph No. 1, £111,160 6s. 3d.; ditto for land, £1,191; paragraph No. 3, £800: total £113,151 6s. 3d.

3. Your paragraph No. 3 refers of course to the land titles.

4. Paragraphs No. 4 and 5 are admitted.

5. Paragraphs 6, 7, 8, and 9. As the company elect that the Government finance, these paragraphs are thereby answered. The 5 per cent. was to cover all expenses, and, as this passes to the Government and the company becomes merely the instrument by which the works are carried out, any office expences evidently fall to be paid as thus provided. The Government has in its power to limit such expences to any sum which, in its opinion, will secure efficiency.

I have, &c.,

J. LOGAN CAMPBELL,
Chairman, Thames Valley and Rotorua Railway
Company (Limited).

The Hon. Sir Julius Vogel, Colonial Treasurer.

10. The CHAIRMAN, Thames Valley and Rotorua Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

The Hon. the Minister for Public Works, Wellington.
(Telegram.)

Auckland, 19th March, 1885.

KINDLY hasten provisional agreement. Bank requires acceptance by Government of terms arranged before becoming liable to finance for company; letter from you to above effect will answer same purpose. Articles of association posted.

J. LOGAN CAMPBELL,
Chairman, Thames Valley and Rotorua Railway Company.

11. The Hon. the MINISTER for PUBLIC WORKS to the CHAIRMAN, Thames Valley and Rotorua Railway Company.

SIR,—

Public Works Office, Wellington, 20th March, 1885.

In reply to your telegram of the 19th instant, I have the honour to say that the Government recognize that the terms of the purchase of the Thames Valley and Rotorua Railway are embodied and contained in the several letters, as follows: (1) 20th February, 1885, the company to the Hon. the Colonial Treasurer; (2) 24th February, 1885, the company to the Hon. the Colonial Treasurer; (3) 24th February, 1885, the Colonial Treasurer to the company; (4) 26th February, 1885, the company to the Hon. the Colonial Treasurer.

These terms are now being embodied in a formal contract between the company and the Government, the draft of which will be forwarded to you in the early part of next week.

The Government is advised that it is necessary that the company should pass a special resolution authorizing the sale by the directors to the Government, and you will please take care that the resolution is so framed as to fully cover the terms agreed upon.

I need hardly repeat that the arrangement is to be subject to ratification by Parliament.

I have, &c.,

The Chairman, Thames Valley and Rotorua Railway
Company, Auckland.

EDWARD RICHARDSON,
Minister for Public Works.

12. The CHAIRMAN, Thames Valley and Rotorua Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Thames Valley and Rotorua Railway Company (Limited),

SIR,—

Auckland, 30th March, 1885.

I have the honour to acknowledge the receipt of your letter of the 20th instant, and to inform you that the board of directors have convened a general meeting of the company, to which they will apply for confirmation of the agreement entered into with the Government. I enclose for your information a copy of the resolution, which will be submitted to the meeting.

I have further to state that tenders have been invited for completing the first section of the railway, returnable to the company's engineers on the 22nd instant. I now await the draft of agreement, which will probably come to hand from you by the mail now due.

I have, &c.,

J. LOGAN CAMPBELL,
Chairman, Thames Valley and Rotorua Railway Company (Limited).

The Hon. the Minister for Public Works, Wellington.

Enclosure 1 in 12 of No. 9.

The Thames Valley and Rotorua Railway Company (Limited).

NOTICE is hereby given that an extraordinary general meeting of the Thames Valley and Rotorua Railway Company (Limited) will be held at the registered office of the company, No. 147, Queen Street, Auckland, on Thursday, the 16th day of April, 1885, at noon, when the subjoined resolution, with or without modification, will be proposed: "That the directors be empowered and authorized to contract for the sale or lease of the whole of the company's property, upon the terms expressed in a draft contract between the Government and the company to be submitted to the meeting."

By order of the Board,

JOHN BATGER,

Dated 30th March, 1885.

Secretary, Thames Valley and Rotorua Railway Company (Limited).

13. The Hon. the COLONIAL TREASURER to the Chairman, Thames Valley and Rotorua Railway Company.

SIR,—

Christchurch, 8th April, 1885.

I have the honour to enclose you a draft contract for giving effect to the agreement made with your company, subject to the approval of the shareholders and of Parliament. I may remark that, as I led you to believe that we were dealing equally liberally with you as with other railway companies, and as we have made some concessions to companies in the South, I have thought it fair to you to add £2,000 to the purchase-money. I have also, with regard to the line between

Morrinsville and Lichfield, added a provision to pay 2 per cent. interest to you, between the dates of giving you the debentures for the £40,853 and the 31st March, 1887. I have done this so that you should not find it to your interest to delay the works, as evidently would have been the case had you only received 6 per cent. up to the date of the works being completed and the debentures handed to you.

As you have expressed a wish that we should do the financing in regard to the Rotorua section of the line, I have left it open what rate of interest the debentures should bear, the intention being, of course, that we give you the money at par. I have made the 4 per cent. debentures to have a currency of twenty years, as that is the plan we are adopting with the other companies.

With regard to the technical clauses, I send them to you as they have been drawn up; doubtless you will find they are in proper order.

The Chairman, Thames Valley and Rotorua Railway
Company, Auckland.

I have, &c.,

JULIUS VOGEL.

14. The CHAIRMAN, Thames Valley and Rotorua Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

The Thames Valley and Rotorua Railway Company (Limited),
Auckland, 23rd April, 1885.

SIR,—

I have the honour to return to you the original draft contract for the sale to the Government of the railway and other property of this company, with the corrections agreed to at our personal interview on Monday last. This document is now accepted as embodying the terms mutually agreed upon, subject to Parliamentary sanction.

I have, &c.,

S. LOGAN CAMPBELL,

Chairman, Thames Valley and Rotorua Railway
Company (Limited).

The Hon. the Minister for Public Works, Wellington.

15. The CHAIRMAN, Thames Valley and Rotorua Railway Company, to the Hon. the COLONIAL TREASURER.

The Thames Valley and Rotorua Railway Company (Limited),
Auckland, 23rd April, 1885.

SIR,—

I have the honour to acknowledge your letter of the 8th instant covering the proposed agreement with this company for the construction of the railway, and sale of same to the Government, in accordance with the terms personally arranged with you.

I have now to inform you that the proposed agreement has been gone over with the Hon. the Minister for Public Works, and certain corrections and alterations mutually agreed to; and the said draft agreement has been returned to him at his request. I have also to inform you that at a general meeting of the company the required resolution was passed authorizing the sale of the railway, as per copy herewith.

I have, &c.,

J. LOGAN CAMPBELL,

Chairman, Thames Valley and Rotorua Railway
Company (Limited).

The Hon. Sir Julius Vogel, Wellington.

Enclosure in 15 of No. 9.

At an extraordinary general meeting of the Thames Valley and Rotorua Railway Company (Limited), held at Auckland on the 16th April, 1885, the resolution following was passed by a unanimous vote—viz., "That the directors be empowered and authorized to contract for the sale or lease of the whole of the company's property upon the terms expressed in a draft contract between the Government and the company, submitted to this meeting, with such modifications as may be deemed necessary."

JOHN BATGER, Secretary.

16. The UNDER-SECRETARY, Public Works Department, to the SECRETARY, Thames Valley and Rotorua Railway Company.

Public Works, Office, Wellington, 15th May, 1885.

SIR,—

I am directed by the Minister for Public Works to forward the enclosed agreement for the sale and purchase of the Thames Valley and Rotorua Railway which is to be executed by the company, and I am also to inform you that the counterpart deed executed by the Minister for Public Works has been sent to Messrs. Whitaker and Russell to exchange with your company for their part when executed.

I have, &c.,

C. Y. O'CONNOR,

Under-Secretary for Public Works.

The Secretary, Thames Valley and Rotorua
Railway Company, Auckland.

17. The SECRETARY, Thames Valley and Rotorua Railway Company, to the UNDER-SECRETARY, Public Works Department.

The Thames Valley and Rotorua Railway Company (Limited),
Auckland, 20th May, 1885.

SIR,—

I have to acknowledge the receipt of your letter of the 15th instant with enclosed deed of agreement for the sale and purchase of the Thames Valley and Rotorua Railway. The latter has been duly executed by the directors and exchanged for the counterpart-deed held by Messrs. Whitaker and Russell on your behalf.

I have, &c.,

JOHN BATGER,

Secretary, Thames Valley and Rotorua
Railway Company (Limited).

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

[NOTE.—The agreement is set forth in No. 4 of D.—5B.]