

The 30-per-cent. allowance should be granted upon Mr. Williams's estimate, or company would be content to accept Mr. Knorpp's valuation. Mr. Knorpp has seen all plans, &c., made for the company.

Under existing Act company do not get any grants until portions of line have been completed and approved by Government engineers, so that the 30 per cent. is not available for constructing the line but only for reimbursement of cost. Owing to necessity of getting the ballast at about twelve and a half miles, £60,000 would have to be spent before any portion of subsidy available.

Government own 350,000 acres of land, all of which will be more or less benefited by the line; at least 350,000,000ft. of kauri timber must come down it. Some of the land is of splendid quality. Mr. Rolleston, after riding through it, told the writer that some was equal to anything on the Waimate Plains or in Canterbury; and Mr. Federli, in his printed report, stated that the land at the head of the Kaihu Valley was the best that he had seen for growth of subtropical fruits.

English capitalists had expressed their readiness to provide funds for the construction, the promoters retaining an interest, but have been deterred by two causes: first, the great differences in survey valuations; secondly, by the fact of the Natives—through whose land the Government have a reserve of a chain wide, half of which was allotted for the railway—having obstructed the Government surveyor, and brought an action against him in the Supreme Court for trespass; hence great delay was caused in completion of company's plans and survey, and much expense caused them.

The company now ask for increased subsidy, power of raising money on security of same for construction of line, and extension of time for completion of undertaking.

Auckland, 13th April, 1885.

R. BARSTOW,
Chairman.

No. 10.

[Extract from *New Zealand Herald*, Auckland, 15th April, 1885.]

REPORT of the Interview of a Deputation from the Kaihu Valley Railway Company (Limited) with the Hon. the Minister for Public Works.

DEPUTATIONS TO THE MINISTER FOR PUBLIC WORKS.

(*New Zealand Herald*, 15th April, 1885.)

ADVANTAGE was taken of the presence in town of the Hon. Mr. Richardson, the Minister for Public Works, to interview him on a number of subjects, and he was accordingly waited on by several deputations.

KAIHU VALLEY RAILWAY COMPANY.

A deputation, consisting of Mr. R. C. Barstow (Chairman of the Company), Mr. E. Waymouth (Secretary), Mr. E. Mitchelson, M.H.R., Mr. J. M. Dargaville, M.H.R., the Hon. H. Chamberlin, and Messrs. T. Morrin, G. Aickin, and H. Brett, waited on the Hon. the Minister for Public Works.

Mr. Mitchelson called the attention of the Hon. Mr. Richardson to the disabilities under which the company laboured. Through defective legislation they were unable to avail themselves of their endowments as security for their debentures. In the last session a similar reason was urged by Sir Julius Vogel why the Government should relieve the district railway companies in the South either by enabling them to finance or to take the lines over altogether. Another difficulty was an error made in the estimated cost of the railway by the engineer sent from Wellington. He greatly underestimated the actual cost, having only made a flying survey. They therefore asked the Government to amend the contract so as to correct what was obviously an error of calculation. Failing in this it would be difficult to finance for the construction of the line. Already over £10,000 had been expended by the company, under the impression that they would be able to finance in the manner prescribed by the Act, but unless the difficulties he pointed out were removed, the company would have to suspend operations. Or, as an alternative course, the Government might guarantee debentures, thus enabling them to construct a section of, say, fifteen miles of the line. Were this done, and, say, $4\frac{1}{2}$ per cent. debentures to the extent of £50,000 guaranteed by the Government, the company would be able to proceed. The line was a most important one, as it would open up more than twenty-five thousand acres of Crown land to which there was no access at present, and the increased value given to the block by the railway would repay the whole cost of construction.

The Hon. Mr. Richardson said he felt assured the Government would be averse to entertaining any proposals which would involve the granting of further concessions to the company. As to amending what he admitted to be a mistaken estimate of the cost of the work it would be necessary to ask the consent of Parliament; and, as private contracts for the construction of railways were not popular in the House, he questioned whether any relief would be obtained there. He would, however, consult the Government as to a Government guarantee being given to £50,000 worth of the company's debentures, at not exceeding 4 per cent.; but, in the present disturbed state of affairs abroad, no Minister could pledge himself in regard to finance. This part of the question would rest largely with the Colonial Treasurer. Mr. Knorpp has gone carefully into the matter, and from his report he gathered that £50,000, in addition to the £10,000 already expended, would construct the first portion of the line and open it for traffic, and then the company could avail themselves of a proportion of their endowments in terms of the contract, and complete the line.