

No. 17.

The AGENT-GENERAL to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

7, Westminster Chambers, London, S.W., 20th November, 1888.

I was very glad to receive your memorandum of the 5th October, No. 40, covering one by Mr. O'Connor, of the 26th July, explaining the objections of the department to the grant of running-powers for the Midland Railway Company, and the reasons for requiring a modification of the same in the new contract. This explanation gave me, for the first time, the clue to what had been the real difficulty. But the question having been set at rest by the execution of the new contract I only now refer for a moment to the apprehension which apparently existed as to some unavowed design on the part of the Company to compete for traffic over the Government lines, for the purpose of assuring you that there never was the slightest idea of the kind.

I may perhaps take this opportunity of adding a word on another subject, which has equally been set at rest by the contract. I was much obliged by being allowed to see Mr. O'Connor's further memorandum of 21st July, explaining why the Government had wanted the reduction in the land-grant to be proportionate to the saving at the deviation at Arthur's Pass, instead of to the saving computed over the whole line; but, as I had long been familiar with Mr. Blair's admirable report, it was quite certain that if his estimates turned out right the line would cost a great deal more than the parliamentary estimate, in which case the reduction in the land-grant must obviously result in comparatively little benefit to the colony; and I should not like you to think that this had been overlooked, for, on the contrary, it was often urged to me by the Company, but the argument was exactly the one which the colony had debarred itself from using. Mr. O'Connor says it is not clear why Parliament should have fixed the statutory cost of the line at £2,500,000 when it was well known that it would cost at least £2,800,000; but, for my own part, I think the reason was never far to seek. It was only so long as Parliament chose to stereotype the estimate of £2,500,000, that they could also stereotype the land-grant of £1,250,000; and it was always impossible for Parliament to tell the contractors, "We will give you land worth 50 per cent. of the £2,500,000 which your railway is to cost," and, in the same breath, to tell them, "All the same, we know it will cost you £300,000 more, which is not to count at all." The astute managers of the Company's business knew this, just as well as I did, all along. Nevertheless, I fought, as you know, for the reduction to be measured by the saving at Arthur's Pass, and it was a narrow chance that the measure was not so settled.

But, after all, what the colony wanted was that the railway should be made, while what the colony never could want was that the people who made it should lose a heap of money. The amount of any reduction in the land-grant always seemed to me as nothing compared with coming to some arrangement to bring the making of the line at all within the range of possibility.

I have, &c.,

The Hon. the Minister for Public Works, Wellington.

F. D. BELL.

[Approximate Cost of Paper.—Preparation, nil; printing (1,400 copies), £6 3s.]

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1889.