

No. 9.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Christchurch, 14th May, 1890.

Referring to our interview in Wellington, I now enclose herewith a memorandum of amended offer for a lease by the company of the Greymouth-Hokitika and Greymouth-Brunnerton lines, drawn in general accordance with the purport of our conversation.

If you will kindly return the memorandum with any additions or amendments which you may have to make in order to render the offer acceptable by the Government, I will at once forward it to my board of directors, and ask them to reply by cable, with a view to the Government bringing the matter before the House during the coming session.

You will note in clause 5 that I suggest 35 per cent. of the gross receipts of the Greymouth-Brunnerton line be paid as rent. I have carefully considered this part of the question, and do not see my way to advise the board to increase the percentage named.

As my directors may take some little time to consider the offer when submitted, I trust you will send me as soon as possible an official communication which I can forward to them by first mail.

I have, &c.,

Hon. T. Fergus, Wellington.

ROBERT WILSON.

Enclosure.

MEMORANDUM of AMENDED OFFER for LEASE of GREYMOUTH-HOKITIKA and GREYMOUTH-BRUNNERTON LINES.

Christchurch, 14th May, 1890.

1. The Government to grant to the New Zealand Midland Railway Company (Limited) a lease of the Greymouth-Brunnerton Railway and sidings, also buildings, rolling-stock, plant, &c., together with the buildings, machinery, and apparatus for loading vessels at Greymouth. The Government also to grant to the company a lease of the Greymouth-Hokitika Railway, including all works already partially executed or finished, and all plant and materials on the ground, together with the necessary lands for the line, sidings, stations, &c.

2. The leases of the Greymouth-Brunnerton and Greymouth-Hokitika lines to remain in force until such time as the Government of New Zealand, under powers contained in the New Zealand Midland Railway contract, purchase the whole of the company's lines.

3. The New Zealand Midland Railway Company to undertake to complete and open for traffic the Greymouth-Hokitika line within, say, eighteen months from date of signature of these leases.

4. At the determination of the lease of the Greymouth-Hokitika line—*i.e.*, when the Government purchase the whole of the lines of the company—the Government shall pay to the company a sum of money equal to the cost to the company of completing the unfinished works, and making this line safe for traffic. The Government also to pay to the company a sum of money equal to the value of any improvements which they may make to the Greymouth-Brunnerton line during the period of the lease.

5. By way of rent for the Greymouth-Brunnerton and Greymouth-Hokitika lines, the company to pay to the Government half-yearly 35 per cent. of the gross receipts earned by the Greymouth-Brunnerton line only, until this payment reaches a maximum of £13,000 per annum. If 35 per cent. of the gross receipts earned by the Greymouth-Brunnerton line exceeds £13,000 in any one year, the excess over this amount to be divided equally between the Government and the company. The company shall, however, have the right to deduct from the amount equal to 35 per cent. of the gross receipts of the Greymouth-Brunnerton line, before paying the same to the Government, any sums of money which the company may be called upon to pay from time to time as rates and taxes, including property-tax and local taxation, upon the Greymouth-Brunnerton and Greymouth-Hokitika lines.

6. The company's rates and fares on the Greymouth-Brunnerton line always to be the same as, or not higher than, those prevailing on the Westport Section of the Government railways. The method of apportionment of through traffic to be the same as at present in force, and the same system of books and returns to be retained, and to be kept separate for this section. The Government to have the power to inspect and audit same at any time.

7. The company to maintain such rolling-stock, buildings, working-plant, way, and works as at present maintained under Government administration. The Government to supply free of cost to the company a further supply of standard 53lb. rail and fastenings sufficient to complete the relaying of this Greymouth-Brunnerton section.

8. The company to be empowered to charge for haulage of stone for the harbour-works if this stone is run over any portion of the lines leased by the company.

No. 10.

EXTRACT from LETTER from GENERAL MANAGER, Midland Railway Company, dated 29th May, 1890. [The remaining portion of this letter deals with other subjects.]

Greymouth-Hokitika and Brunnerton Leases.— My directors also write relative to the first offer which I submitted to you for taking over these lines, the paragraph of their letter being as follows: "Greymouth-Hokitika.—As the Government have refused to accept the offer which my directors made with regard to this line, they feel that they cannot take any further steps in the matter: at the same time they are prepared to consider any reasonable offer that the Government may think fit to make, but they cannot give much hope that their terms will be