

1901.

NEW ZEALAND.

WELLINGTON - MANAWATU RAILWAY :

CORRESPONDENCE IN CONNECTION WITH OFFER OF THE COMPANY TO SELL THE LINE TO THE GOVERNMENT.

Laid on the Table of the House of Representatives by Leave.

Mr. T. G. MACARTHY, Chairman of Directors, to the Rt. Hon. the PREMIER.

SIR,—

Wellington, 2nd September, 1901.

Last September I had the honour to communicate to you the terms on which the directors of the Wellington and Manawatu Railway Company (Limited) were willing, subject to the confirmation by the shareholders, to sell to the Government the whole of the assets of the company. Your reply, dated the 14th March, 1901, stated that the Government was not prepared to purchase at the price expressed in my letter above referred to, but was willing to consider further proposals for the acquirement of the land and line on better terms.

Since the date of your reply, I have had the honour of discussing with you the financial position of the company, and the suitability of its railway to carry a greatly increased volume of traffic. To make the financial position of the company quite clear, I now attach hereto a *pro forma* statement of its assets and liabilities made up to the 14th August, 1901, showing a balance of assets over liabilities of £257,520 16s. 5d., equivalent to £1 10s. 3½d. per share on 170,000 shares, that being the number of shares issued by the company on which calls to the amount of £1 per share have been paid. I have now the honour to inform you that the directors of the Wellington and Manawatu Railway Company are willing, subject to confirmation by shareholders, to sell to the Government the whole of the assets of the company for the sum of £276,250, that amount being an advance 7½ per centum on the balance of assets over liabilities; payment for shares held in England to be made there, and to local shareholders in Wellington. This offer to sell is made subject to the following conditions and reservations:—

(1.) The statement of assets and liabilities hereto attached is to be accepted as the basis on which the value of the shares is calculated.

(2.) That the Government assume the liability of providing for the redemption in London, at their due date, of the debentures (£680,000) issued by the company and all interest thereon, and all expenses necessary to the extinction of the liability, together with all other liabilities of the company accruing and accrued.

(3.) Should your Government elect to purchase, it would be essential, for the purposes of liquidation, that the seal, minute-books, and office records should be retained by the company until liquidation is completed, the Government having the right of access thereto at all reasonable times.

(4.) Until payment of the purchase-money agreed on the company to carry on its business as at present. The purchase-money to bear interest at the rate of 4 per cent. per annum from the 17th August, 1901, to be calculated from day to day. Directors' honorarium and London office expenses to be calculated in a similar manner.

(5.) This offer will remain open to the Government for acceptance until the 15th October, and is made without prejudice to all rights of the company under the contract now existing.

The directors of the company desire me to renew the request contained in my letter to you of the 17th September, 1900—that, should the Government make a purchase of the company's assets, employment should be provided in the public service for our clerical staff and our well-trained employes in positions and emoluments similar to those which they now hold. The high character for efficiency borne by our staff and employes will, I trust, secure most favourable consideration for my request.

At the date of my letter to you first quoted the balance of assets over liabilities was £240,424; the balance now is £257,520, an increase of £17,096 in eighteen months. The price then required to purchase the property of the company was, after payment of all other liabilities, repayment of the shareholders' capital, £170,000, with compound interest thereon at the rate of 6 per cent. per