

No. 7.

The UNDER SECRETARY for PUBLIC WORKS to JAMES DAVIDSON, Esq.

SIR,—

Public Works Office, Wellington, 2nd September, 1878.

I am directed by the Hon. the Minister for Public Works to acknowledge the receipt of your letter of the 17th July, in which you state the concessions required from the Government by the proposed Railway Wagon Company, and in reply to inform you that the Minister concurs in the concessions suggested, subject to the following modifications, viz. :—

1. That the period for leasing the wagons to the Government should be limited to five years, and that in the lease a purchasing clause be inserted, so that, in the event of the Government being unwilling to renew the lease, it may have the option of purchasing the wagons at a valuation.

2. The wagons to be maintained and kept in good repair by the Government at the expense of the Company, or by the Company, at the Company's option.

3. The expense of oiling and examining the wagons to be borne by the Government.

4. That instead of a rebate of one farthing per ton per mile it be fixed at one penny per loaded truck per mile.

Trusting that these modifications will meet the views of the Company,

I have &c.,

JOHN KNOWLES,

Under Secretary for Public Works.

J. Davidson, Esq., Dunedin.

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