

would revert to the Government, to be dealt with under the ordinary land-laws and regulations of the colony.

As stated in my previous letter, in regard to the extension of time asked for by the company, the Government considers that it is premature to deal with this question at present, seeing that the existing contract has two years to run, and it is unusual for an extension of contract-time to be asked for until the original contract-time has nearly expired. Moreover, it is impossible to see at present what the condition of the works on the company's railway will be two years hence, so as to indicate what extension of time will be necessary.

I have, &c.,

R. J. SEDDON,

Minister for Public Works.

The General Manager,
New Zealand Midland Railway Company, Wellington.

No. 24.

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

SIR,—

Wellington Club, Wellington, 1st February, 1893.

In reply to your letter of to-day's date, in which you state the Government cannot accept the proposals submitted in my letter of the 29th October, 1892, and desire to know what the company's intentions are regarding the section between Reefton and Belgrove: I always understood that the Government were aware that the intention has been to exclude this section from any amended contract. These are the views of the company, which were clearly stated before the Committee of Parliament; and all negotiations must be subject to this amendment, unless the Government are prepared to accept the offer made by me, on behalf of the company, contained in letter, dated 19th May, 1892, in reference to the Nelson Section.

The offer contained in your letter under reply, which the Government make—viz., to substitute for the land-grant colonial debentures, bearing $3\frac{1}{2}$ per cent. interest, to an amount the same as the nominal value of land the company would have been entitled under the existing contract to select, I must submit to my directors for their consideration before any answer can be given.

I intend to leave for London to-morrow, Thursday, by the s.s. "Arawa," with the view of submitting this offer, and laying clearly before my directors the position the company has been placed in under new taxation, and the method of making mining reserves, to the injury of the company and against the spirit of the contract; and further communications will be forwarded to you when my directors have decided upon their line of action relative to further negotiations or arbitration. I may, however, state that I view the offer of the Government as quite inadequate to the conditions which have arisen.

In further reference to the extension of time, which, upon the authority of the Hon. the Premier, I informed my directors would be granted under reasonable conditions, I must call your attention to clause 42 of the contract, which provides for the extension of time being granted, and must request you to withhold this consent no longer, as it is impossible to make any, even temporary, financial arrangements without proof that the time available and allowed under such an extension is sufficient to enable the work to be carried out.

I have, &c.,

ROBERT WILSON,

Engineer-in-Chief and General Manager,

New Zealand Midland Railway Company (Limited).

The Hon. the Minister for Public Works, Wellington.

No. 25.

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

Public Works Department, Wellington, 2nd February, 1893.

SIR,—

Midland Railway: Re Proposals for New Contract.

I have the honour to acknowledge the receipt of your letter of yesterday's date (received this morning), in which you state, *inter alia*, that the offer made by the Government in my letter dated yesterday, to substitute for the land-grant colonial debentures bearing $3\frac{1}{2}$ per cent. interest to an amount the same as the nominal value of the land the company would have been entitled under the existing contract to select, will be submitted to your directors for consideration, and also request that the extension of time asked for by the company might be granted without further delay on the ground that, on the authority of the Hon. the Premier, you had already wired your directors that the same would be given on reasonable conditions.

In reply, I have to state that you appear to be under a misapprehension in assuming that my letter contained any such offer as you refer to. What I stated was that, should the company prefer to surrender to the Government its right to select land, and to accept in lieu thereof the colony's debentures bearing $3\frac{1}{2}$ per cent. interest to the same nominal value as the land the company would have been entitled under the existing contract to select, and make definite proposals in writing to this effect, the Government would consider the advisableness of submitting the same for the consideration of Parliament.

As regards the extension of time asked for, the Government is quite unable to understand what grounds you had for sending the cablegram referred to to your directors. The Premier, on