

You will receive by this mail copies of the regulations in force under the Act I refer to.

The fourth section of "The Nelson and Cobden Railway Act, 1868," leaves it, as Colonel Maude points out, optional with the Governor to grant or lease only the land upon which the line is laid; but although the grant or lease from the Crown must necessarily be executed by the Governor as the Queen's representative, the option as to granting or leasing lies practically with the Superintendent of the Province of Nelson; and you are hereby authorized to enter into a contract on the basis of a free grant of the land upon which the line is laid as well as of that to be given in consideration of its construction.

I have already stated the position in which the Brunner Coal Mine stands, and need not therefore reply to the remark upon the subject which occurs in the portion of Colonel Maude's letter to which I have now reached.

The town of Westport is, as Colonel Maude concludes, upon the right or northern bank of the River Buller, at its mouth.

Ample reserves for the purposes of a railway have been made in the towns of Westport and Cobden, and the company would consequently be at no expense for the purchase of land in either of those localities.

Upon the probable cost of the line, I can only express a general opinion, founded upon such information as I am in possession of, which leads me to believe that, although the sum estimated by Mr. Wrigg might probably be exceeded, that named by Colonel Maude is far above the mark. I am convinced that from £1,000,000 to £1,250,000, at the very outside, would fully cover the cost of the line of 3 feet 6 inch gauge, telegraph, stations, and rolling-stock; but, at the same time, I quite agree with Colonel Maude in the propriety of fixing the nominal capital of the company at £2,000,000.

I also concur in the proposal that a board of management should be formed here, to act in harmony with the London board; but I cannot encourage the idea that any large amount of shares would be subscribed for in this Colony.

In addition to the fact that spare capital is a scarce commodity in a new country such as this, as is sufficiently evidenced by the high rate of interest current in the Colony, namely, from 8 to 10 per cent. on the best freehold security, almost every spare £100 finds its way at present for investment on the Auckland Gold Fields, which, you are no doubt aware, offer such large inducement to speculation in the shape of quartz reefs rendering unprecedentedly rich returns. It is true that there is a fair probability that similar sources of wealth exist in the large extent of auriferous country through which the proposed railway will pass; and that even the construction of the line, without further exploration, will bring them to light; but probabilities have little weight in opposition to existing certainties. With respect to the various suggestions made by Colonel Maude as to the formation and operation of the company, I have only to say at present, that I generally concur in them, and that nothing has hitherto occurred to me by way of amendment or addition to those suggestions.

I may probably, however, recur to this part of the subject in my letter to you by next month's mail, in reply to your further advices, which are doubtless on the way.

I enclose herewith a few copies of a Bill which I have introduced into the General Assembly, to empower me to extend the area within which land can be granted in consideration of the construction of the railway, and to grant land in payment of preliminary expenses.

I have pressed this measure through the House of Representatives as rapidly as possible, and it passed the third reading, without amendment, on the 7th instant. It has yet to receive the assent of the Legislative Council, and of His Excellency the Governor; but I am in a position to state that there is no doubt whatever that the Bill will become law, substantially at all events, in its present shape.

I have to thank you, on behalf of the Province, for the attention you have already given to this important negotiation, and I confidently rely upon your using every effort to bring it to a successful issue.

I have, &c.,

OSWALD CURTIS,
Superintendent.

John Morrison, Esq., London.

Enclosure 11 in No. 4.

JOHN MORRISON, Esq., London, to the SUPERINTENDENT, Nelson.

Office of the New Zealand Government Agency,

SIR,— 3, Adelaide Place, King William Street, London, 18th May, 1869.

In my letter (No. 107) of 23rd ultimo, I had the honor to transmit a copy of a letter I received from Colonel Maude on the subject of the proposed Nelson and Cobden Railway.

I now do myself the pleasure to enclose a duplicate of it, and a copy of the letter I addressed to him in reply.

You have doubtless observed that, in the copy of Colonel Maude's letter, the name of the river is omitted which it is submitted should form the north-west boundary of the land to be selected by the company.

The omission is in his original letter. I had not time after receiving it and prior to the departure of the mail to communicate with Colonel Maude. He has since then informed me that the river is the Mokihinui, and has expressed his regret that he had inadvertently omitted the name of it.

With regard to the ownership of the line when constructed, it will be observed that I explained to Colonel Maude that, in my opinion, you clearly defined in your letter of instructions to myself of 2nd January last, that it would remain the property of the company, and upon that distinct assurance he might rely.

Concerning the 5,000 acres of land, which it is submitted should be allotted to the gentlemen guaranteeing the preliminary expenses, I have had a tracing made of the part of the map which Colonel Maude marked. It will be sufficient, I trust, to indicate to you the locality in which the land would be selected.