

I refrained to express an opinion respecting this mode of dealing with the preliminary expenses, but considering it would be advisable to show that it was the wish of the Government to invite inquiry, and its readiness to share with capitalists who are willing to undertake the work, part of the preliminary expenses, I submitted to Colonel Maude the extent to which it would contribute.

Concluding that the Government would more effectively answer than I could the other points alluded to by Colonel Maude, I considered it unnecessary to offer any remarks upon them.

During the past month an upward movement in the money market has taken place; the Bank of England has advanced the rate of discount from 4 to 4½ per cent., and a general impression exists that the rate will go higher.

This important change in the state of the money market is highly prejudicial to Colonel Maude's scheme, and, notwithstanding the energetic measures he is adopting, it may defeat the sanguine anticipations he had formed.

I have &c.,

JOHN MORRISON.

His Honor the Superintendent, Nelson.

P.S.—21st May, 1869.—Since writing the above I have received a further communication from Colonel Maude, copy of which I beg to enclose herewith, in which he states difficulties have presented themselves in carrying out his scheme which he had not foreseen in his previous communication, but which I have alluded to in this letter as likely to arise.

Sub-Enclosure 1 to Enclosure 11 in No. 4.

JOHN MORRISON, Esq., London, to Colonel MAUDE, C.B., V.C., London.

Office of the New Zealand Government Agency,

SIR,— 3, Adelaide Place, King William St., London, 28th April, 1869.

I have the honor to acknowledge the receipt of your letter of the 21st instant, informing me you have endeavoured to make yourself acquainted with the whole of the details, and the probabilities of the gentlemen with whom you are associated being able to obtain the necessary capital for the construction of the proposed railway between Nelson and Cobden and Westport in New Zealand; also submitting, so far as you are able to do, an outline of the proposed arrangements; and indicating the essential alterations that you propose should be made in the proposal of the Government of Nelson. Further, I am also given to understand, and which I recognize with much satisfaction, that pending the necessary precautions you state there appears nothing, in the opinion of those with whom you have consulted, to prevent the successful formation of a company to enable the line to be commenced at an early date.

You have doubtless observed from the documents I submitted that my power is limited to carry out the instructions of Government upon the terms and conditions specified in the Railway Act. In order, however, that your application should receive the earliest consideration from the Government of Nelson, I transmitted a copy of your letter to His Honor the Superintendent by the mail which left this on the evening of the 23rd instant; and I have no doubt but that in due course I will receive a reply to your proposals, and likewise a full explanation regarding the discrepancies to which you allude.

As you seek an immediate expression of opinion concerning the discrepancy between the paragraph four of the Railway Act and the statement in the letter of the Superintendent, I do not hesitate to say that, in my opinion, on completion the line will remain the property of the company constructing it, as stated by His Honor the Superintendent in his letter to me of the 2nd January last.

With reference to the preliminary expenses, I am unable to state whether 5,000 acres of land would be allotted to the gentlemen undertaking that initiatory step. To evidence, however, the *bona fide* intentions of the Government, and to show their desire to deal unreservedly and liberally with capitalists who are prepared to supply or raise the necessary capital for the work, on being satisfied of the correctness of Mr. Wrigg's report by inspection of the line and the country to be granted for its construction,—upon a provisional contract being entered into, and security deposited, I will undertake that the Government shall contribute one-half the expense of sending out some qualified person, to be approved by myself, to go over the ground for that purpose, to an amount not exceeding one thousand pounds, say £1000.

In submitting this proposition, the gentlemen with whom you co-operate will recognize that it is done on the part of the Government to invite investigation, as their earnest desire is to avoid the possibility of disappointment or of any ground for a charge of misrepresentation of the character of the estates offered for the construction of the railway.

I am, &c.,

JOHN MORRISON.

Colonel Maude, C.B., V.C., London.

Sub-Enclosure 2 to Enclosure 11 in No. 4.

Colonel MAUDE, C.B., V.C., London, to JOHN MORRISON, Esq., London.

DEAR SIR,—

Army and Navy Club, 20th May, 1869.

Notwithstanding the support promised of more than one capitalist, and the assurances which I have received from several quarters that a very large number of shares could be easily placed among the better portion of the working-classes of this country, especially in Cornwall and the mining districts, I very much regret to have to inform you that I have received two severe disappointments with regard to the immediate carrying out even of the preliminary arrangements necessary for procuring the co-operation of first-rate people, and raising the capital required for the Cobden, Westport, and Nelson Railroad and Emigration Company.

Two of the leading solicitors of this metropolis, Messrs. Baxter, Rose, & Norton, and Messrs. Kimber & Ellis, of Lombard Street, after making inquiries with care and caution among those whose opinions they value, have reluctantly come to the conclusion that so large a sum as would be required,