

PAPERS

RELATIVE TO

THE PROPOSED

NELSON AND COBDEN RAILWAY.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND OF
HIS EXCELLENCY.

WELLINGTON.

—
1870.

PAPERS RELATIVE TO THE PROPOSED NELSON AND COBDEN RAILWAY.

No. 1.

The Hon. the COLONIAL SECRETARY, Wellington, to SUPERINTENDENT, Nelson.

Colonial Secretary's Office, Wellington,
25th October, 1869.

SIR,—

The Government have observed with regret a statement in the Nelson newspapers to the effect that the negotiations for the construction of the Nelson West Coast Railway authorized by the Provincial Government of Nelson to be entered upon in England, have not been successful.

It has occurred to the Colonial Government that the Commissioners, who are about to be sent to England on behalf of the Colony, may be in a position to assist in promoting your railway. Recognizing, as the Colonial Government do, its importance, both from a Provincial and also a Colonial point of view, the Government have great pleasure in offering to instruct the Commissioners, should you desire it, to ascertain whether anything can be done in the matter. Should difficulties exist at present, it is probable that the Commissioners may be able to come to some arrangement by which, with the approval and aid of the General Assembly, such difficulties may be overcome.

I have, &c.,
W. GISBORNE.

His Honor the Superintendent, Nelson.

No. 2.

The SUPERINTENDENT, Nelson, to the Hon. the COLONIAL SECRETARY, Wellington.

SIR,— Superintendent's Office, Nelson, 30th October, 1869.

I have the honor to acknowledge the receipt of your letter of the 25th instant, in which you offer on the part of the Colonial Government to instruct the Commissioners about to be sent to England on behalf of the Colony to assist in overcoming the difficulties which at present exist in reference to the Nelson and Cobden Railway.

I beg to thank the Government earnestly and sincerely for their offer of assistance in this matter, of which I shall gladly avail myself.

By the next opportunity I will write fully on the subject, and make such suggestions as occur to me as to the manner in which the services of the Commissioners might be most advantageously rendered.

I have, &c.,
OSWALD CURTIS,
Superintendent.

The Hon. the Colonial Secretary, Wellington.

No. 3.

The SUPERINTENDENT, Nelson, to the Hon. the COLONIAL SECRETARY, Wellington.

SIR,— Wellington, 19th November, 1869.

In further reference to your letter of the 25th October, in which you are good enough to offer the assistance of the Commissioners about to proceed to England in the removal of the difficulties which exist with regard to the proposed railway from Nelson to Cobden and Westport, I have the honor to suggest that the Commissioners should be instructed to communicate with Mr. John Morrison, who has been intrusted with the negotiation of the matter by the Provincial Government, and has been furnished with a power of attorney under the provisions of "The Nelson and Cobden Railway Act, 1868."

For the information of the Commissioners, I forward to you herewith copies of the correspondence which has hitherto passed upon the subject, from which it will be seen that, although the project has received favourable attention from several gentlemen of rank and influence, who at one time were sanguine as to the practicability of carrying it into execution, later advices show that there is no immediate probability of such a result being arrived at.

There can however be little doubt, from the general tenor of the correspondence, that the necessary capital would be at once forthcoming upon the Colonial guarantee being given of a moderate rate of interest upon the sum expended, and that the introduction of a considerable number of valuable immigrants might be secured at the same time. Colonel Maude's proposals include the shipment of 2000 labourers with their wives and families, to be settled upon a block of land in the Grey District; and looking to the large amount of employment for labour which the construction of the line would provide, I am inclined to believe that a larger number might be introduced as the work progressed, with benefit to the Colony and to themselves.

The cost of the line is estimated by Mr. Wrigg at about £900,000; by other engineers, who have examined Mr. Wrigg's calculations, at more—nearly £1,350,000. Interest guaranteed upon the sum of £1,500,000, at the rate of 5 per cent. would amount to £75,000 per annum.

Presuming that 3,000 labourers with their wives and families were introduced, the addition to the population of the Colony might be taken to be 15,000 persons, whose contribution to the Colonial revenue at the present average per head would amount to about £60,000 per annum.

With the consent of the Provincial Council I should be willing, on the part of the Province, to hand over to the Colonial Government the land proposed to be granted in consideration of the construction of the railway, about 2,200,000 acres, which, under the scheme I am now suggesting, would no longer be required for that purpose, by way of security for their guarantee.

But I should not be prepared, looking to the present available resources of the Province, to recommend to the Provincial Council to become otherwise responsible for so large an annual sum as £75,000; although I trust there would be little fear that the Government would be called upon for anything like that amount, after the first year or two at all events.

If the Government is of opinion that the suggestions I now make are worthy of their consideration on the part of the Colony, I am convinced that, subject to such modifications as the inquiries of the Commissioners may show to be desirable, and with the assent of the General Assembly, they may be carried into effect to the great benefit of the Colony as a whole, as well as more especially the Province which I have the honor to represent.

The Hon. the Colonial Secretary, Wellington.

I have, &c.,

OSWALD CURTIS.

No. 4.

The Hon. the COLONIAL SECRETARY to the NEW ZEALAND COMMISSIONERS, London.

Colonial Secretary's Office, Wellington,

GENTLEMEN,—

27th November, 1869.

I have the honor to enclose copies of the correspondence which has taken place between the Government and His Honor the Superintendent of the Province of Nelson in reference to the removal of the difficulties which exist with regard to the proposed railway from Nelson to Cobden and Westport.

I have the honor to request you to be good enough when in England to make inquiries into this matter, with a view to ascertaining what steps can be taken to remove those difficulties, and to promote what the Government recognize as an object of colonial importance, the formation of the railway in question.

While the Government would be glad to learn that you were successful in the attainment of this object, they cannot authorize you to commit the Colony to any expenditure or responsibility on this account, and they cannot undertake to recommend to the House of Representatives to give a guarantee of the kind referred to by the Superintendent—unless possibly as a part of a general scheme for railways which the Government may hereafter decide to recommend to the Legislature, a subject to which it is directing its attention.

The Honbles. I. E. Featherston and F. D. Bell.

W. GISBORNE.

Enclosure 1 in No. 4.

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

SIR,—

Superintendent's Office, Nelson, 2nd January, 1869.

I have the honor to forward to you herewith your appointment as Agent for this Province in England, under the provisions of "The Nelson and Cobden Railway Act, 1868," with full power and authority to enter into a contract for the construction of a line of railway from Nelson to Cobden and Westport, upon the terms and conditions specified in the Act.

I have to request that you will take such steps as you may think desirable to bring the subject under the notice of capitalists in London, and that you will do all in your power to obtain the execution of a work so highly calculated to promote the prosperity of this Province, as well as of the whole Colony of New Zealand.

You will receive, according to advices sent you last month by the Panama steamer, a case, containing a map of the Province, showing the watershed of the valleys referred to in the Act, and within which the land to be granted is contained.

The map exhibits other particulars illustrative of the character of the country, which are chiefly derived from actual survey, and are otherwise as accurate and reliable as the best sources of information at our command would enable them to be made,

The case also contains complete tracings of Mr Wrigg's survey, together with a number of printed reports and Council papers relative to the district through which the proposed railway would pass; amongst which is the Report of a Committee of the Provincial Council, appointed in 1863, to consider the question of inland communication in reference to the West Coast District, with the evidence upon which that report was founded.

You will observe that the project mooted, and to which this report refers, contemplated but a small portion of the line surveyed by Mr. Wrigg, and that the report of the Committee was drawn before the discovery of the important gold fields now in operation upon the West Coast, both in the Province of Nelson and the adjoining County of Westland.

You will also observe that the estimates of Mr. Wrigg, Mr. Burnett and others, of the quantity of available agricultural land within the Grey and Buller Valleys differ to some extent, but not more so than might be expected in a country which is even yet, comparatively speaking, unexplored. But, as the main value of the land is obviously in its mineral deposits, the matter is not one of much importance.

The land, it may be well to remark, is not offered in payment for the construction of the line, which will remain the property of the company constructing it, but rather by way of guarantee of interest or dividend to be derived from the proceeds of its sale or rental, and perhaps more immediately from royalties upon its minerals, levied mainly in the first instance from gold-miners' rights. The first proceeds of land sales would probably arise from the sale of townships upon gold fields upon or near the line of railway.

The object of the undertaking is, it will be obvious, not so much to conduct an existing traffic as to create one, by opening up a large extent of country hitherto practically inaccessible, much of which is believed, and some of which has been proved, to be payably auriferous.

The belief of the Government is, that important gold fields would be opened up along the line as the country became accessible through its means; and that, as the means of providing miners with provisions at a more moderate cost than by the present expensive modes of conveyance, on pack-horses and on men's backs through a very rough country, became available, a large population might be profitably and permanently employed where at present a few adventurous miners prosecute their avocations under great difficulties and hardships, and at an expense for carriage of provisions which forbids the working of any but the very richest patches of ground.

It is scarcely necessary to point out that, under present circumstances, the transportation of machinery for gold-mining on a permanent and extensive scale is a matter of absolute impossibility as regards the greater part of the country of the Buller and Grey.

The great value of the hitherto almost entirely undeveloped coalfields of the Grey and Buller is a matter largely affecting the traffic receipts of the line, as well as the value of the granted land; but as Mr. Wrigg has entered at length on this subject, and much information is contained in the reports of Dr. Hector, Dr. Haast, and Mr. Burnett, the Government do not think it necessary to do more than draw your attention to the important fact that these coals are shown by the Admiralty report to be far superior to the best Australian coals, and to be equal to the average of the North of England coals supplied for the use of the Royal Navy.

The various reports upon the nature of this country with which you are now furnished distinctly show that, with two or three exceptions, there are no large tracts of land available for agricultural or (without improvement) for pastoral purposes; and the Government wish that this fact should be clearly placed before all inquirers on the subject, so as to avoid the possibility of disappointment, or of any ground for a charge of misrepresentation on the part of this Government of the character of the property offered in consideration of the construction of the railway.

The statistical tables published under the authority of the General Government of the Colony, of which you are already in possession, will supply you with all the available information as to the present population, exports and imports of each district of the Province; but if any further attainable information not furnished by the volume of statistics, or by the various other documents sent to you, should be inquired for, or appear to you to be desirable, the Government will do their best to supply you with it.

By the 8th clause of the Act, the nature and amount of security to be obtained of intending contractors is left to your discretion, in reliance upon your judgment in not entering into a contract with mere speculators or other persons destitute of the means or influence to carry out their undertaking, and in obtaining such security as may in your opinion be satisfactory. But in reference to the resolutions of the Provincial Council which formed the foundation of the Act, you will find it stipulated that a sum of £20,000 should be lodged as security; and although these resolutions are of course superseded by the Act of the General Assembly, you are requested to obtain security in this form if practicable.

It is anticipated that the private lands required for the site of the line at and near the Nelson terminus can be obtained upon reasonable terms by private contract; but in the event of immoderate demands on the part of the owners, the Provincial Government and Council can, and doubtless would, exercise the powers conferred upon them by "The Provincial Compulsory Land-taking Act, 1866," without further reference to the General Assembly.

Sir George Grey has expressed much interest in this undertaking, and has kindly offered to render you any assistance in his power in promoting its success; I have therefore to request that you will communicate with Sir George Grey on the subject, and avail yourself of his intimate knowledge of the Colony, and of the weight and influence in any matter concerning it which attach to the high position he has so long filled, in any way that might suggest itself to you, and that may meet with the approval of Sir George himself.

Mr. Fitzgibbon, C.E., the Engineer of the Queensland Railway, and also one of the Engineers of the Dun Mountain line, who was for some years a resident of this Province, and is well acquainted with a portion of the country through which the line would pass, has also been good enough to say that he will be glad to give you any information and assistance in his power.

The Government hope that the want of confidence which has prevailed in the London Money Market for the past two years may shortly abate, and that among the many proposals for the employment of capital which will doubtless be submitted to notice as that improvement takes place, the project upon which I am now addressing you will meet with a fair and favourable consideration.

I have, &c.,

OSWALD CURTIS,
Superintendent.

John Morrison, Esq., London.

Enclosure 2 in No. 4.

The PROVINCIAL SECRETARY, Nelson, to JOHN MORRISON, Esq., London.

SIR,— Superintendent's Office, Nelson, 4th January, 1869.

Referring to letter No. 884, of the 5th ultimo, addressed to you from this office, enclosing a power of attorney appointing you Agent for this Province under "The Nelson and Cobden Railway Act, 1868," I have the honor to inform you that as it is not proposed you should appeal, in the first instance at all events, to the general public, but should confine yourself to making the proposals known to capitalists likely to entertain them, the Government do not consider that any material expense would be incurred; they therefore do not think it necessary to place any considerable sum at your disposal, but consider that an allowance of £100 a year during the time this matter is intrusted to you will enable you to defray any items of expense you may be put to, and will also afford you some remuneration for the time and attention which the subject will require.

But if you should succeed in meeting with responsible persons 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 of the country to be granted for its construction, the Government authorize you to undertake the payment of one-half the expense of sending out some qualified person to be appointed by you to go over the ground for that purpose, to an amount not exceeding £1,000, to be contributed by this Government.

In the event of your success in finding responsible persons to undertake, with or without such previous inspection, the construction of the line upon the terms and conditions expressed in the Act, who shall give satisfactory security, and shall enter into a contract to that effect, the Government will be prepared to pay you, by way of a commission for the negotiation, the sum of £1,250 on the execution of the contract, and a further sum of £1,250 on the completion of the work.

I have, &c.,

ALFRED GREENFIELD,
Provincial Secretary.

John Morrison, Esq., London.

Enclosure 3 in No. 4.

JOHN MORRISON, Esq., London, to the PROVINCIAL SECRETARY, Nelson.

Office of the New Zealand Government Agency,
3, Adelaide Place, King William Street, London,
26th February, 1869.

SIR,—

I do myself the honor to acknowledge the receipt of your letter of the 5th December last, enclosing a power of attorney authorizing me to enter into a contract on behalf of the Province of Nelson for the construction of the proposed Nelson and Cobden Railway.

Also intimating that, by the Panama Company's steamer, two boxes containing plans and documents had been sent, and for which bill of lading was enclosed. I beg to inform you that the boxes in question have been delivered, and especial care is being taken to preserve the plans and documents until the full instructions are received to which you refer.

The absence of the views of the Government and further instructions cause me to defer offering at present any remarks, but I shall have much pleasure in fully entering upon the subject when they are to hand.

I have, &c.,

The Provincial Secretary, Nelson.

JOHN MORRISON.

Enclosure 4 in No. 4.

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

Office of the New Zealand Government Agency,
3, Adelaide Place, King William Street, London,
20th April, 1869.

SIR,—

I do myself the honor to acknowledge the receipt of your letter No. 13 of 2nd January last, transmitting my appointment as Agent for your Government in England under the provisions of "The Nelson and Cobden Railway Act, 1868," delegating to me full power and authority to enter into a contract for the construction of a line of railway from Nelson to Cobden and Westport, upon the terms and conditions specified in the Act.

In reply, I have to express my obligations for the confidence which your Government has shown in confiding so unreservedly to my care the management of this extensive and important undertaking. Notwithstanding that it is a difficult and an uncertain one, I will cheerfully bring the proposition of the Government before responsible persons, and will use my best endeavours to get them to undertake the work in question.

You were advised on the 26th February last of the case containing the map, showing the watershed of the valleys, the tracings of Mr Wrigg's survey, and the printed reports and Council papers, being received.

The map is essentially important in representing the area within the confines of which land will be granted for the construction of the line, and to some extent in showing the character of it, also the extent and position of the land already sold in the district.

The perfect manner in which you have explained the essential features of the undertaking renders it unnecessary that I should separately refer to the several points; but I may add that, in negotiating with any capitalists or others, I will not fail to direct their attention to them, and specially with reference to the nature of the land, so as to avoid the possibility of disappointment or misrepresentation.

Acting upon your instructions, I sought and obtained an interview with Sir George Grey, at which I submitted for perusal your letter; and I may state that Sir George has kindly consented to assist me with advice at any time I may have occasion to require it.

With Mr. Fitzgibbon I have also been in communication, and consulted as to the best mode of proceeding to engage the attention of capitalists. That gentleman, at my request, kindly undertook to lay the papers before Messrs. Sir Charles Fox and Sons, and to obtain their opinion as to whether the data received were sufficient upon which to submit the operation to capitalists, and what probability there might be of capitalists promoting the work.

I regret that those gentlemen have reported unfavourably with regard to the data furnished, and upon the probability of my successfully carrying out the wishes of the Government. In this opinion I am sorry to say Mr. Fitzgibbon concurs.

The letter addressed to Mr. Fitzgibbon by Messrs. Fox and Sons explains their views upon the subject so fully that, by permission of Mr. Fitzgibbon, I am enabled to enclose herewith (Sub-Enclosure 1) a copy of it; accompanying which are two Reports of the Indian Tramway Company, Limited.

I also transmit Mr. Fitzgibbon's opinion, by enclosing copy of his letter to myself (Sub-Enclosure 2) of 19th March last.

Although I concur with much that Messrs. Fox and Sons recommend, it would be unsatisfactory to you, I imagine, were I to suspend my endeavours to carry out your instructions in consequence of these reports. It is apparent to me that the Government are committed to the system sanctioned by the General Assembly, and on that basis only can negotiations be entered into for the construction of the line. I therefore merely submit, without further remarks, the reports in question.

The concession to be granted was brought under the notice of Colonel Maude, of the Royal Artillery. This gentleman, upon further consideration, wrote and requested me to furnish him with the fullest details of the conditions, &c. You will observe in Colonel Maude's letter of the 5th instant, copy of which (Sub-Enclosure 3) is sent herewith, the names of the gentlemen of position and influence with whom he proposes to co-operate. Complying with his request, I submitted to him the fullest details in my possession. I also furnished him with extracts from your letter to myself (the one now under review, No. 13) of 2nd January. The parts not given were the paragraphs referring to the statistical tables published under the authority of the General Government, the amount of security to be lodged, and about Sir George Grey and Mr Fitzgibbon, inasmuch as I deemed them of no immediate importance; but I must observe that Colonel Maude was made aware that security would have to be provided, also that in the first instance my instructions were to confine my efforts to making known the nature of the concession to capitalists likely to entertain them.

It is premature for me to offer any opinion, seeing that the negotiation with Colonel Maude is as yet undeveloped; but I beg to assure the Government that my best endeavours shall be continued to test, in the most economical and yet thorough manner possible, the value of the Government offer.

I have, &c.,

JOHN MORRISON.

His Honor the Superintendent, Nelson.

Sub-Enclosure 1 to Enclosure in No. 4.

SIR CHARLES FOX AND SONS, London, to A. FITZGIBBON, Esq., London.

DEAR SIR,—

Spring Gardens, S.W., London, 17th March, 1869.

We have very carefully considered the Report of Mr. Henry Wrigg, dated Nelson, 31st March, 1868, which you were kind enough to send to us, together with "The Nelson and Cobden Railway Act, 1868," and we would remark thereon as follows:—

1st. The estimates are admittedly unreliable, in the absence of detailed plans, sections, and cross sections, which are essential if tenders are expected from this side.

2nd. The grant of land spoken of, even were it all suitable for agricultural purposes (which it evidently is not) would not be any inducement to capitalists to come forward, especially as it would exclude the coal mines referred to; but even were these ceded, the prospect of return is too remote to encourage parties here to invest money in the stock.

3rd. The service of steamships *via* Panama having ceased, the value of the coal mines must be proportionately reduced.

Having had extensive experience, both in Europe, America, the Cape of Good Hope, India, and Australia, of the various modes of raising capital for the construction of railways; by grants of land; by mileage subsidies from the Government; by the issuing of bonds and the construction of the railway by Government; and by a direct Government or Provincial guarantee to a Company; we are, each year, more and more confirmed that the last-named mode is in every respect the best.

1st. If grants of land only are given, great, and at present almost insurmountable difficulties are thrown in the way of those endeavouring to raise the capital. The land is valued at a merely nominal rate, and high rates are charged for placing capital under what are considered risky conditions, thus swelling the first cost of the railway, and to the like extent prejudicing the interests of the country through which it runs by rendering it necessary to charge high tolls for passengers and goods in order to secure a return. The land gets into the hands of speculators, who, if the railway be opened, run up the price, and thus the country not only has a railway charging high tolls, but has parted at a ruinous sacrifice with land which may prove of the greatest value. Under this system, also, the Government can exercise but little control over either the expenditure or the quality of the works.

2nd. If mileage subsidies are given, either with or without land, the same difficulties arise to a greater or less degree, as in the case of simple land grants.

3rd. If the railways are constructed by the Government itself, as has been the case in several instances within our experience, although the capital is probably raised on rather easier terms than under any other arrangement, the Government is under great disadvantage in several respects. Political influence and political changes often most materially impede the proper carrying out of the works; and very frequently the details, both of construction and management, instead of being decided on their merits, become party questions. It has also been found practically impossible for a Government to restrain the expenditure, or to exercise proper control, too much power being necessarily vested in the officers intrusted with the execution of the works, whose desire is naturally to protect themselves against any possible blame, and who are thus apt to err on the side of costly construction. It has also been found that railways in the hands of a Government are not worked with that desire to meet public convenience which results from their being in the hands of commercial men.

4th. The system adopted in India and elsewhere is as follows, in brief:—

1. The Government select the route of the railway; the company undertake to complete and open it with all practicable speed.

2. The Government expropriate and hand over to the company the land required for the works.

3. The company thereupon undertake to commence and complete the works; stations and telegraph, the details of permanent way, and other works, being first approved by the Government.

4. The Government may require the line to be opened in sections.

5. The company pay the money raised upon their shares or bonds into the Government Treasury or Bank, either in England or the Colony, as the case may be.
6. By and with the consent of Government, drafts are made on this capital for works in progress, &c., or other expenditure authorized.
7. Rolling stock to be provided by company to satisfaction of Government.
8. Fares and tolls regulated by Government, and to be reduced when dividend of 10 per cent. is paid on capital.
9. When line is completed, Government give company a full title to land and lease of ninety-nine years.
10. The railway company and their officers, servants, agents, and accounts, are under supervision and control of Government, with access to all correspondence and minutes.
11. The Government appoint an *ex-officio* director, who has a veto on all proceedings of the Board.
12. The Government sanction has to be obtained for all expenditure.
13. The company keep a capital account, which is from time examined and checked by Government.
14. The company have to keep the line and rolling-stock in good working order during ninety-nine years.
15. The company keep a revenue account, which is audited by Government.
16. All moneys received by company are paid into Treasury, and dealt with only by order of Government.
17. The Government absolutely guarantee interest at 5 per cent. on capital expenditure, from the time of each payment into Treasury, for ninety-nine years.
18. Profits, after paying working expenses and setting aside a reserve and amortization fund, shall be applied towards payment of interest in reduction of guarantee.
19. If profits exceed 5 per cent. in any year, one moiety of excess to go in reduction of any payments made by Government under guarantee, and the other moiety to the company. If Government have been already repaid, or have not made any advances, then the whole surplus goes to company.
20. Government reserve special privileges as to transport of mails and troops.
21. Railways become the property of the Government at end of ninety-nine years.
22. Company may surrender railway to Government at any time, who shall then pay the cost thereof.
23. Government may, after twenty-five years, purchase railway at mean market value of stock for three preceding years.

The advantages of this system are very great. There being an absolute guarantee and no uncertainty, the capital can be raised upon almost the same terms as upon Government bonds. There is a double responsibility: on the part of the Government to see that the works are thoroughly substantial; on the part of the company to keep down the expenditure in the hope of a dividend above 5 per cent. There being two entirely distinct interests represented at the Board (that of the company by the majority of the directors, men of commercial experience and large shareholders, and having therefore a considerable direct interest in the matter; that of the Government by an *ex-officio* director, not a shareholder, and therefore with no interest in the company, but with the power of veto on all proceedings) many objectionable proceedings, under other circumstances too common, are rendered impossible. In fact, the guarantee and supervision of the Government, combined with the commercial advantages of a company and the special knowledge of practical men, enable an enterprise to be more satisfactorily and rapidly carried out than by any other mode that has been devised.

We would therefore recommend that some such system should be adopted in New Zealand; that the railways should be located with great care, using where necessary gradients of 1 in 40 and curves of 330 feet radius, and the cost reduced to a minimum, whilst the use of the best materials and workmanship should be insisted on; that a gauge of 3 feet 6 inches, rails of 40 lbs. to the yard, and a speed of 25 miles an hour (see enclosed clauses of Regulation of Railways Act of last year, permitting the construction of light lines in Great Britain), should be agreed upon; and that when opened, the railways should be worked in a very different way to that obtaining in older countries, so as to more thoroughly serve the districts through which they pass, and to save immensely in the working staff and the expenses consequent thereon.

We would further recommend that the Government should grant to a company, which we shall be happy to form for the purpose, an unconditional guarantee of such rate of interest as will ensure the stock being placed at par, under some such conditions as those of which we have already given the heads. We then believe that the amounts paid on the guarantee will be speedily recouped by the sale of lands and minerals, which would under this arrangement remain untouched, and that a rapid extension of railways would result.

From lengthened experience we are convinced that a gauge of 3 feet 6 inches will be amply sufficient for any traffic which can be foreseen in New Zealand.

We enclose copies of two Half-yearly Reports of the Indian Tramway Company, which will set at rest any question as to the safety of the 3 feet 6 inch gauge, even for speeds of 40 miles an hour.

A. Fitzgerald, Esq., London.

We have, &c.,

CHARLES FOX AND SONS.

Sub-Enclosure 2 to Enclosure in No. 4.

A. FITZGIBBON, Esq., London, to JOHN MORRISON, Esq., London.

DEAR SIR,—

11, Foster Lane, London, March 19, 1869.

Referring to the practicability or otherwise of getting capitalists to undertake the construction of the proposed railway from Nelson to Cobden upon the terms submitted by the Government of that Province, I beg to say that, in pursuance of the understanding between us, I submitted the matter for the consideration of Messrs. Sir Charles Fox and Sons, the eminent engineers, handing them copies of the several documents furnished to you by the Nelson Government.

I now have the pleasure of enclosing you their views upon the matter, which you will perceive are very similar to those which I entertain, and which I expressed to you.

As I feared, the Messrs. Fox, on studying Mr. Wrigg's report and estimate, arrived at once at the conclusion that (as indeed admitted by Mr. Wrigg himself in the sixth, seventh, and eighth paragraphs of his railway report) that gentleman's calculations are unreliable, especially those referring to quantities of work to be done, which they must necessarily be in the absence of proper longitudinal or cross sections, or of a plan of the proposed line.

Respecting Mr. Wrigg's prices for proposed work, my experience in New Zealand, Queensland, and America would cause me to add 50 per cent. to Mr. Wrigg's total amount of £871,637 for 3 feet 6 inch gauge railway and equipment complete.

As Mr. Wrigg states in the 83rd paragraph of his railway report, the small proportion of agricultural land along the proposed line is not sufficient inducement to capitalists to undertake the work "unless the mines and minerals are likewise included;" and it now seems that the coal formations within reach of the line, suitable for steam purposes, are excluded from the lands proposed to be conceded to the railway company or contractors.

Moreover, persons here interested in the condition and prosperity of the Province of Nelson are not ignorant of the present Superintendent of the Province having, when addressing a public meeting in Nelson towards the close of the year in reference to the probable revenue of the Province, stated regarding the land revenue that much was not looked for from that source, because "all the available agricultural land in the Province had already been sold, and the money spent." I need scarcely remark that the item of revenue of the proposed railway company based, in Mr. Wrigg's report, on the consumption of 35,000 tons of coal per annum by the Panama Steam Packet Service can no longer be relied upon.

But even were not the data supplied you by the Nelson Government quite insufficient, as it is, to satisfy capitalists or engineers, or to induce inquiry into the merits of the enterprise, my experience is that no such scheme, where the capital invested is not guaranteed a reasonable amount of interest, say 5 or 6 per cent., by the General Government, will be entertained here or embarked in.

The railway policy of the Indian Government—I refer to their guarantee system—would seem to be that best suited for New Zealand; or, if such be not adopted, it will be best that the Government or Governments construct the railways itself or themselves, as in the Australian colonies.

Very much regretting that I am compelled to write so unfavourably of the proposed undertaking as in its present shape I am obliged to do,

I have, &c.,

A. FITZGIBBON, M. Inst. C.E.

John Morrison, Esq., London.

Sub-Enclosure 3 to Enclosure in No. 4.

Colonel MAUDE, London, to JOHN MORRISON, Esq., London.

DEAR SIR,—

Army and Navy Club, April 5, 1869.

With reference to our conversations upon the subject of the formation of a railway from Nelson to Greymouth, in the Middle Island of New Zealand, I beg to inform you that I have communicated confidentially with Henry Barnet, Esq., M.P. (of Barnet, Hoare, Hanbury, and Co.), and also with Viscount Bury, M.P.; both gentlemen have promised their cordial co-operation, and the former has offered introductions to the leading City brokers, Messrs. Capel and Co., and Messrs. Barnet and Ellis, with a view to ascertaining the best mode of forming a powerful company in London for the purpose.

But these gentlemen have both strongly advised me to write to you, and ask you to be so kind as to furnish us with the fullest details in your possession of the conditions, &c., &c., under which the company would be incorporated, as regards the Government of Nelson, New Zealand; also with any plans reports, &c., of the country, minerals, &c., &c.

I have therefore to request that you will, at your earliest possible convenience, furnish me with the above details, in confidence, and that you will allow me to assemble a small number of gentlemen at an early date, selected from those of my acquaintance whom I name below, and who might, upon satisfying themselves of the probable success of the undertaking, be likely to take a more or less active part in such an enterprise, either as directors or otherwise; not merely from the pecuniary advantages which may fairly be expected to accrue to the promoters of such a work, but also from an appreciation of the enormous advantages, both to the Colony and to the labourers whom we should take or send thither for the purpose, and upon the terms to be hereafter specified.

I have, &c.,

FRANCIS C. MAUDE, Colonel.

John Morrison, Esq., London.

Henry Barnet, Esq., M.P.
The Duke of Manchester
Lord Bury, M.P.
Lord Colchester
Sir Andrew Waugh
Major-General Kavenagh
Edwin Clark, Esq., C.E.
Robert Baxter, Esq.

Major H. Jelf Sharp
Lightly Simpson, Esq.
Major-General Alexander
Sir W. Wiseman
Honorable Reg. Capel
Thomas Briggs, Esq.
Sir Charles Clifford
Sir George Grey

And others.

Enclosure 5 in No. 4.

JOHN MORRISON, Esq., London, to the PROVINCIAL SECRETARY, Nelson.

Office of the New Zealand Government Agency,

SIR,— 3, Adelaide Place, King William Street, London, April 22, 1869.

I do myself the honour to acknowledge the receipt of your letter No. 14, of 4th January, 1869. Having carefully given my attention to its contents, I duly note—

1st. That the Government do not desire that I should in the first instance appeal to the general public relative to the Nelson and Cobden Railway; rather that my efforts should be directed to making their proposals known to capitalists likely to entertain them.

2nd. That they deem it unnecessary to place at my disposal any considerable sum for expenses, but consider an allowance of one hundred pounds (£100) per year, during the time the matter is intrusted to my care, will enable me to defray any items of expense I may be put to, and will likewise afford me some remuneration for the time and attention I shall have to devote to it.

3rd. That should responsible persons be prepared to supply or raise the necessary capital, 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, I am authorized to undertake for Government the payment of one-half the expense, say not exceeding £1,000, of sending out a qualified person, to be approved of by myself, to go over the ground for that purpose.

4th. And further, should responsible persons be found to undertake, conditionally or otherwise, the construction of the line upon the terms and conditions expressed in "The Nelson and Cobden Railway Act, 1868," who will give satisfactory security, and will enter into a contract to that effect, the Government are prepared to pay me, by way of commission for the negotiation, the sum of twelve hundred and fifty pounds (£1,250) on the execution of the contract, and a further sum of twelve hundred and fifty pounds (£1,250) on the completion of the work.

With regard to the views of the Government defined in clause 1, I do myself the pleasure to state that I will strictly adhere to their instructions, and will confine my attempts at first to making known in eligible quarters the offer which the Government have authorized me to make.

Concerning the sum of £100, which the Government considers will enable me to defray expenses, and afford also some remuneration for my time and attention, I beg you will have the goodness to inform me if it is intended that out of the sum in question are to be paid the necessary expenses I may have to incur for professional advice—legal and engineering? I apprehend not; but your instructions clearly refer to "any items of expense you may be put to;" and as they do not provide for the material expenses mentioned, until you otherwise instruct me, I shall have to recognise your directions, and control the expenditure for all purposes whatsoever to the sum named by you. Provided I see that it is obviously to the advantage of the Government to contribute toward the expenses of sending some qualified person to the Colony to survey the line and the character of the country to be granted for its construction, I will do so, but not otherwise; for I shall scrupulously avoid incurring or involving the Government in expenses, except of an essential character.

Tendering my thanks to the Government for the remuneration they propose to award me for my services,

The Provincial Secretary, Nelson.

I have, &c.,

JOHN MORRISON.

Enclosure 6 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, 23rd April, 1869.

I have the honor to transmit the enclosed communication from Colonel Maude upon the subject of the Nelson and Cobden Railway, which I have received since writing my letter to you on the 20th instant.

The limited time at my command, incident to the departure of the mail, prevents me offering any remarks upon the views and suggestions therein alluded to by Colonel Maude.

I therefore submit it without any, reserving such as I shall have to make for the following mail.

I have, &c.,

JOHN MORRISON.

Sub-Enclosure to Enclosure 6 in No. 4.

Colonel MAUDE, London, to JOHN MORRISON, Esq., London.

Army and Navy Club, 21st April, 1868.

SIR,— With reference to the proposed railway between Nelson and Cobden and Westport, New Zealand, I have the honor to inform you that I have endeavoured to make myself conversant with the whole of the details, and the probabilities of our being able to obtain the necessary capital in this country. With this view I have confidentially consulted Colonel Clarke, R.E.; Mr. Jennett Browne, Assistant Secretary to the Board of Trade; Messrs. Barnett and Ellis, Stockbrokers; Lord Alfred Churchill; Mr. W. B. Lewis, the Civil Engineer of the Victoria Railway; Mr. Newry Barnett, M.P.; Mr. J. Briggs; and two or three other persons of discretion and experience in such matters.

I will give you, so far as I am able, a condensed statement of their advice. That in the present state of the money market the very greatest caution must be used in the preliminary steps of the enterprise. That although the advantages offered by the Nelson Government are undoubtedly large, they are to a very great extent of a speculative character, and require time and capital to develop, apart from the mere formation of the railway. That, in order to carry out such a scheme as this, it is absolutely essential that the principal part, if not the whole, of the labour required should be taken out from the mother country. That the survey only shows rather more than 500,000 acres of good

cultivable land. That only portions of the Mount Rochfort and Mount Frederic Coal Fields are conceded to the company, and those not the richest parts. That the seaboard conceded to the company is also very limited, and therefore it is proposed that the concession of land on the West Coast should be defined as to its north-west boundary by a line drawn from the summit of the Papahaua Range in a westerly direction down the left bank of the River to the Pacific. Also, that the Cobden Coal Field, which is marked somewhat ambiguously on the chart, should be included in the concession, subject to and respecting existing and vested interests therein and upon. That so large a population as would undoubtedly be required to be taken out from this country for the purpose, namely, about 2,000 labourers and artificers, including their wives and families, also a portion of the engineering staff, would require a separate department of municipal control. For this purpose it is proposed to place them under the charge of an officer of experience, who would be the sheriff of the new settlement, and act under the orders of the Superintendent of the Nelson Province.

That the name of the conceded district should be New Lancashire. That a small body of persons, including the engineer and the intended sheriff, should proceed at once to your Colony to complete and ratify the above and other necessary agreements, and obtain a more complete and accurate survey of the line of railroad, and the cost of the project, including the passage of these persons. That for this purpose a provisional board should be formed of gentlemen of means and high standing, who would guarantee the preliminary expenses. That, as such expenses would probably amount to a large sum, namely, £3,000, while a certain amount of risk would attend the enterprise, the Government of Nelson should grant a portion of fair land, of, say, 5,000 acres, as freehold to the gentlemen forming such board, in remuneration of such an outlay; and it is proposed, in order to stimulate both parties to the bargain, equally to complete the necessary details, and to proceed at once to the development of the enterprise, that the portion of land thus conceded should lie in the immediate neighbourhood of the town of Cobden, and the coal fields of that name, as marked upon the chart; and should consist for the most part of arable land, covered or not with bush or timber, as the case may be. Upon this land the directors would construct their farm, from which it would be equally politic and lucrative that the company should supply their population with its produce at a moderate rate. It is suggested that the portion of land marked in the chart should be conceded for this purpose.

From past experience it is feared that extravagant demands may be made on the part of the owners of land in Nelson, and it will be desirable to have a clear understanding as to these demands before commencing the undertaking.

I wish also to call the attention of the proper authorities to one or two grave and important discrepancies in the papers and plans with which you have been so kind as to furnish me.

In paragraph 4 of the Nelson and Cobden Railway Act, it is stated that "When the whole of the railway shall have been made, and the completion thereof certified, as hereinbefore provided, it shall be lawful for the Governor to execute a grant or lease of the railway to the person constructing the same, for such estate and upon such terms and conditions as in such contract shall be specified;" while in the latter part of paragraph 6 of the official letter of the Superintendent of the Nelson Province (Mr. Oswald Curtis) to yourself, it is stated that "line will remain the property of the Company constructing it." I conclude that the latter statement is sufficient authority to warrant the provisional Board of Directors founding a statement upon it for the public of this country, and shall be glad to hear from you that such is the case.

It is observed also that the Cobden Coal Field, the development of which will be doubtless one of the chief objects of the Company, is coloured in such manner as to leave it doubtful whether it is sold land or not. If it be sold, it will be necessary to enlist the sympathy and interests of the proprietors in the railway scheme, by their becoming shareholders.

Another important discrepancy is observable in the chart of the concession, wherein the town of Westport is marked as if it were on the left bank of the river, and not at the mouth of that river; whereas the detailed plans show it in what is concluded to be its proper position, viz., on the right bank and at the mouth of the river. Information on this point is required.

The remarks which I have before made with regard to the purchase of lands in Nelson apply equally to Westport and Cobden.

Pending detailed replies to the above queries, which I hope will be satisfactorily answered by the Nelson Government, I am, by the advice and with the assistance of two or three gentlemen of experience, preparing a preliminary prospectus, based upon the terms of the letter of Mr. Oswald Curtis, and the printed reports furnished to me by you. When completed this prospectus will be laid by us before some of the noblemen and gentlemen named in my original letter of the 5th instant, and their consent asked to their constituting themselves into a provisional board of direction, for the purpose of taking the necessary steps towards the launching of the enterprise and inviting the support of the public. I may here incidentally remark that the sum named by Mr. Wrigg is considered by all whom I have consulted as far too low, and that the necessary capital for the undertaking must be more than double that named by him, viz., £2,000,000 instead of £1,000,000. In the rough draft of the mode in which this enterprise would be best developed, according to the opinion of those whom I have consulted, I would briefly name the following salient features as essential to its success:—

That a board of management should be formed in your Colony, acting in harmony with the London Board, a fair portion of the shares being taken up in your Colony.

That at least two Directors of the London Board should be gentlemen who are conversant with the affairs of your Colony.

That, as far as possible, the whole of the employees on the railroad should be shareholders, and therefore interested in the economy of its construction.

That they should receive grants of land out of the concession from the company on the completion of the railway.

That their provisioning should be undertaken by the company.

That the amount of their salaries and those of the Directors should depend as much as possible on the rapidity with which the railway is completed, due regard being also paid to its stability.

The details necessary for this and other matters are at present under consideration ; but I have thought it necessary to allude to them, in order to invite any suggestions with regard to them which may occur to you or to your clients, the Government of Nelson Province ; at least, that they may prepare such statements for the information of the pioneer commission to which I have alluded.

In conclusion, I may say that, pending these necessary precautions, there appears nothing, in the opinion of those I have consulted, to prevent the successful formation of such a company, even at the present unfavourable moment: and that at all events enough capital could be raised, especially from the industrial classes in this country, to enable the line to be commenced at an early date, while the progress of its development would, it is believed, speedily lead to the discovery and better appreciation of those sources of mineral wealth from which the company would, in all human probability, derive a very large dividend.

John Morrison, Esq., London.

I am, &c.,

FRANCIS C. MAUDE, Colonel.

Enclosure 7 in No. 4.

The PROVINCIAL SECRETARY, Nelson, to JOHN MORRISON, Esq., London.

SIR,—

Superintendent's Office, Nelson, 8th July, 1869.

I am directed by the Superintendent to forward herewith, for the perusal of persons making inquiries in reference to the Nelson and Cobden Railway a number of copies of the Conditions of leasing the Brunner Coal Mine, and Standing Orders framed in accordance with the provisions of "The Compulsory Land-taking Act, 1866," adopted by the Provincial Council of Nelson, June 19, 1868, and approved by His Excellency the Governor, July 22, 1868.

I have, &c.,

GEORGE HODGSON,

For Provincial Secretary.

To John Morrison, Esq., London.

Enclosure 8 in No. 4.

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

SIR,—

House of Representatives,

Wellington, New Zealand, 8th July, 1869.

I have the honor to acknowledge the receipt of your letter (No. 93) of the 22nd April, in reference to my letter (No. 14) of the 4th January last.

In reply to your inquiry as to whether it is the intention of the Government that the sum of one hundred pounds per annum, which they proposed to pay to you so long as the duty of conducting negotiations for the construction of the Nelson and Cobden Railway is intrusted to you should be considered to cover necessary expenses you may have to incur for legal and engineering advice, I have to inform you that the view of the Government was that the sum referred to should be deemed sufficient to reimburse you for all expenses incurred during preliminary negotiations only.

But it was the intention of the Government that necessary expenditure for professional advice, both legal and engineering, if required, should be defrayed by them from funds exclusive of the £100 per annum when such negotiations with persons of influence and command of capital arrived at a point to justify you in considering that there was a reasonable probability that a definite contract would be entered into.

You will therefore consider yourself authorized, under the circumstances above stated, to avail yourself of such professional advice as you may consider necessary, and all reasonable charges under that head will be refunded to you.

I have, &c.

OSWALD CURTIS,

Superintendent.

John Morrison, Esq., London.

Enclosure 9 in No. 4.

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

House of Representatives,

Wellington, New Zealand, 9th July, 1869.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 20th April, enclosing copies of letters from Mr. Fitzgibbon to yourself, and from Messrs. Sir C. Fox and Sons to Mr. Fitzgibbon.

In reference to the remarks of Messrs. Fox and Sons and Mr. Fitzgibbon, I will only observe that this Government was already aware that the most certain method of procuring the construction of the railway would be to make it themselves by means of a loan raised for the purpose, or, what is nearly the same thing, by means of a guaranteed interest offered to capitalists who will undertake its construction.

The Government have long since fully considered both these courses, and it was not till they had decided that the present available resources of the Province would not justify them in incurring so large a liability, that they determined to submit for the consideration of English capitalists the proposals with which you are intrusted.

I have, &c.,

OSWALD CURTIS,

Superintendent.

John Morrison, Esq., London.

Enclosure 10 in No. 4.

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

General Assembly,

Wellington, New Zealand, 10th July, 1869.

SIR,—

I have the honor to acknowledge the receipt of your letters of the 20th and 23rd of April, enclosing copies of letters addressed to you by Colonel Maude, R.E., respecting the proposed Nelson and Cobden Railway.

I am much gratified to find from those letters that the proposals of this Government are meeting with favourable attention from gentlemen of position and influence in England, and it will be my endeavour to meet their views in the most liberal spirit.

Colonel Maude proposes certain modifications in and additions to the terms of the proposal which has been intrusted to you, and which are embodied in "The Nelson and Cobden Railway Act, 1868."

I will comment upon Colonel Maude's proposed alterations in the order in which they appear in his letter to you of the 21st April.

As regards the fact that a portion of the Mount Rochfort Coal Field is not within the watershed of the Buller Valley, and consequently not included in the land which I am authorized to grant, I am willing to extend the area within which land can be granted to a company constructing the railway, by adding to that area all the land lying between the Buller River and a straight line drawn from Mount Owen to the mouth of the River Mokihinui, excluding all land within those boundaries which may be to the north (or on the right bank) of the last-named river. But I shall not be prepared to recommend to the Governor to grant the whole of this valuable coal field until I am satisfied that the company are prepared, either by themselves or others, to work it efficiently.

I am also prepared to accede, subject to the conditions hereafter stated, to the request that the Brunner Coal Mine "shall be included in the concession, subject to and respecting existing and vested interests."

The mine, however, remains in the hands of the Government, and is worked by them, so that no such interests exist to be dealt with.

Immediately upon the execution of a contract for the construction of the railway, I shall be prepared to grant a lease of the mine upon the terms specified in the advertised conditions, copies of which are forwarded to you by this mail; and upon the completion of the railway the lease should be cancelled, and a free grant of the property issued to the company.

The colouring upon the map, which Colonel Maude refers to as ambiguous, is merely intended to indicate the existence of coal within the limits so described.

The conditions for leasing the Brunner Mine were framed solely with the object of compelling the lessees to lay down a railroad from the mine to the port of Cobden, a distance of about seven miles, and they were made more stringent because the mine was some years since leased to an Australian company, who, finding that they could make a handsome profit upon a trifling capital by working the mine upon the small scale consistent with conveying the coals to the port by means of the river, which is frequently unavailable for many days together in consequence of alternate floods and droughts, held possession of the property for two years, without attempting to fulfil the essential condition upon which it was leased to them.

I shall, nevertheless, be willing to consent to any modification of these conditions which will leave the main object of them still secured—namely, the construction of a railway from the mine to the port within a reasonable time.

In the meantime the mine will be retained in the hands of the Government until the end of the present year, by which time I trust Colonel Maude and his friends will have finally decided upon their future operations.

The necessary municipal arrangements for the government of the proposed new settlement on the Grey River are matters which it is perhaps almost premature to consider in the present stage of the negotiation; but the Provincial Government would be anxious to meet the views of the company in this respect as far as possible.

In reference to the payment of preliminary expenses and to Colonel Maude's application for a grant of 5,000 acres of land "in the immediate neighbourhood of the town of Cobden and the coal fields of that name as marked upon the chart," which "should consist for the most part of arable land covered or not with bush or timber," you are authorized to assent to either of the following propositions:—

1. The proposition contained in my letter of instructions to you of January last, with the addition of one acre of land for each pound expended by the projectors of the company beyond the sum so contributed by the Government, inclusive of the other expenses incidental to the formation of a company.

2. The Government will grant the 5,000 acres asked for, provided the preliminary expenses amount to £3,000, or if the amount be less, acreage in the same proportion.

3. The Government will pay in money one-half the preliminary expenses necessarily incurred in the formation of a company for the construction of the railway, provided that such half does not exceed £1,500; and that, in the event of the successful formation of such company, paid-up stock in the same is assigned for the amount to the Government in the same proportion as it is awarded to the projectors.

The carrying out of the detail of either of these propositions to be subject to your audit and approval of the expenses incurred.

With respect to the purchase of private lands required for the line, I am not prepared to deviate from the conditions set forth in "The Nelson and Cobden Railway Act, 1868," but I will again refer you to "The Provincial Compulsory Land-taking Act, 1866," the provisions of which the Government and Provincial Council will undoubtedly avail themselves of for the protection of the company, should extravagant demands be made by the owners of property required for the undertaking.

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.

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,

viz., say £1,500,000, could not at present be obtained in London, unless a guarantee were given by the Government, either of New Zealand or of Nelson, for the payment of interest at the rate of 5 or 6 per cent. upon the money, to date from the commencement of the enterprise. Although I shall not relax my efforts to procure a more favourable opinion from persons on whose judgment I can rely, and which those gentlemen who are ready when so assured to join the undertaking would also accept, yet I confess that, as the opinion of these eminent, and the latter most enterprising, firms is confirmed by that of more than one colonist of large experience, and even by that of perhaps the highest authority in this country upon matters connected with your Colony, I am very much afraid that the scheme, which has been pronounced to be perfectly feasible and sound, and even excellent in all its details, must remain in abeyance until the guarantee of the Colonial Government be obtained in the manner I have mentioned; or, as an alternative (which I fear is less probable), that a large portion of the capital should be subscribed in your Colony.

I do not think that I should be justified in incurring any further preliminary expenses connected with the scheme in the present state of feeling.

I find on all sides the most extraordinary ignorance with regard to the position, resources, mode of Government, &c., &c., of your Colony; and in proof of this I have only to refer you to the tone and spirit, if not the letter, of the recent leading articles upon the Colony in the *Times* newspaper.

The question of emigration is entirely misunderstood by that powerful organ, and I have reason to know that important facts are suppressed by it. While this is the case, and until the public mind is a little more leavened and enlightened upon the subject, I fear that our efforts will not be attended with the success which I was led a month ago to consider as almost certain.

I am truly glad to find such practical men as Mr. Lewis, C.E., and Mr. Fitzgibbon entirely of the same opinion as myself with regard to the feasibility of the scheme in the manner in which I propose to carry it out; and while this makes us the more impatient of the delays and disappointments which we meet with, it makes us at the same time more sanguine as to the eventual success of what I must call the mighty undertaking.

The recent discoveries of gold in the region which it is proposed to cede are convincing proofs of the integrity and correctness of the statements made by the Nelson Government; but we have a mass of ignorance and prejudice to overcome, and the present is a time of panic and commercial depression, which is, I believe and hope, perfectly exceptional.

I still hold myself at the disposal of the New Zealand Government in this and other matters, and am,

John Morrison, Esq., London.

Yours very faithfully,
FRANCIS C. MAUDE, Colonel.

Enclosure 12 in No. 4.

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

Office of the New Zealand Government Agency,

SIR,— 3, Adelaide Place, King William St., London, 10th August, 1869.

Since I had the honor to address you on the 18th May last, upon the subject of the Nelson and Cobden Railway, when I also enclosed a copy of a letter from Colonel Maude, explaining certain difficulties that he had experienced in carrying out his proposed scheme with reference to it, I regret to say that, notwithstanding continued exertions on my part, I have been unable to make further progress towards securing the co-operation of capitalists in other quarters, to promote the construction of that important undertaking.

The prominent manner in which of late the affairs of New Zealand have been brought before the English public has essentially prejudiced all enterprise in connection with the Colony.

The Colonial securities have been likewise depreciated in value by reason of the unsettled state of Native affairs in the Northern Island; the public, refusing to distinguish that the Middle Island is exempt from such troubles, assume that the local disturbances in the North affect the whole Colony. It is therefore, in my opinion, undesirable in the present state of matters to press into notice the claims of the Nelson and Cobden Railway; but you may rest assured I will continue watchful, and be prepared to carry out the wishes of the Government whenever a suitable occasion offers.

His Honor the Superintendent, Nelson.

I have, &c,
JOHN MORRISON.