

In reply, I am to state that the letter I was directed to forward to you on the 29th May, in answer to your telegram of the 15th, was not dictated, as you suppose, under any doubt as to the *bonâ fide* character of your proposals.

Messrs. Forrest and Co., Dunedin.

I have, &c.,
JOHN KNOWLES,
Under Secretary.

(Telegram.)

Port Chalmers, 26th June, 1872.

WE offer to build remainder of Clutha Railway complete, according to sections and specifications, at $7\frac{1}{2}$ per cent. under Engineer's estimate of 4th December, 1870. The rails, rolling stock, &c., we would purchase in Europe jointly with your agent on a commission of $2\frac{1}{2}$ per cent. Will undertake to complete line in two years.

The Minister of Railways.

PROUDFOOT AND CO.

SIR,—

Wellington, 8th June, 1872.

We hereby tender for the construction of the Invercargill and Mataura Railway Works, being for a length of 39 miles and 6 chains, with three miles of sidings, and for the supply of the rolling stock for the same, as respectively set forth in the plans and specifications submitted to us by the Government, for the sum of £139,856, and for the maintenance of the works during the three months' maintenance mentioned in the proposed general conditions, for the further sum of £2,135; but this tender is made upon the following conditions, that is to say—

1. That, notwithstanding anything to the contrary in the proposed general conditions, the gross cost to us in England, including freight to the Colony and other charges payable there, of the materials for the permanent way, and of the rolling stock respectively set forth in the plans and specification, shall be paid to us in England by the Agent-General of the Colony, within three days after presentation to him there of the bills of lading for any such materials or rolling stock actually shipped, together with our certificate of the gross cost of the same, the sums so paid to us to be taken as payments on account of the contract, and the materials and rolling stock paid for to be thereupon deemed to be appropriated to this contract.
2. That in the event of the materials for permanent way and rolling stock costing us in England as aforesaid more than £58,327, the Government shall, immediately upon the delivery of the same upon the works, pay us a sum equal to 10 per cent. upon the excess beyond that amount.
3. That all materials and rolling stock imported by us for the purposes of the works shall be free of Customs duties, wharfage dues, and of all General or Provincial Government local charges of all kinds; and that we shall be entitled to the carriage of the same, and of men employed by us, and of all other materials to be used in the works or required for the purposes of the same, free of charge, on the Bluff and Winton Railway.
4. That the Government shall defray the cost of erecting a telegraph line along the line of the proposed railway for the use of the work during the periods of construction and maintenance.

The above-mentioned sums of £139,856 and £2,135 are estimated for payment in cash.

Should the Government propose to pay for the work in debentures under the terms of the agreement of December last, the above sums will in each case be increased at the rate of £1 per cent., which increase is also to apply to the above conditions numbers 1 and 2.

We beg to point out that, should the Government wish us to proceed with the construction of the proposed works pending the final adoption of Contract No. 3, under the provisions of the agreement of December last, it would be desirable to alter the terms of paragraphs 5, 6, and 7 of that agreement, and we shall be willing to consent to any modification of those clauses which may facilitate the operations of the Government.

This tender is made without prejudice to our rights under the above-mentioned agreement of December last.

The Hon. the Minister of Public Works, Wellington.

We have, &c.,
JOHN BROGDEN AND SONS.

P.S.—The above tender is made on the further condition, which we think it necessary to express although we conceive it to be implied, that if the gross costs of materials for permanent way and rolling stock exceeds £48,327, the excess, if any, is to be added to the contract price above tendered for.

JOHN BROGDEN AND SONS.

SIR,—

Wellington, 20th June, 1872.

In reference to the memorandum submitted to us by the Government, as the groundwork of an agreement modifying the terms of that of the 18th December last, we beg to say, in the first place, that we are willing to confine our contracts, in the case of each of the railways to be submitted to us, to the construction of such parts of the works as are mentioned in the enclosed specification, leaving it to the Government to supply materials for permanent way and rolling stock, and everything else (if any) which may be requisite for putting the lines in working order.

In the next place, with regard to materials for permanent way and rolling stock, we are prepared to enter into arrangements with the Government as set forth in the following conditions, viz. :—

1. We are to assist the Agent-General in obtaining for the Government tenders in England for the supply of suitable materials for permanent way and rolling stock to the extent of two hundred and fifty thousand pounds (£250,000) at the least, in accordance with specifications to be furnished to us; the tenders to be invited in our names, but all expenses connected therewith, such as advertising, &c., to be paid by the Government.