

pounds, bearing date the twenty-second day of June, one thousand eight hundred and seventy-one, and which is hereinafter referred to as Contract No. 2, which contract was, on the _____ day of _____, one thousand eight hundred and seventy-one, duly executed by the Governor: And whereas a resolution having been passed by the House of Representatives in the terms following: "And further recommends that the Government negotiate with the Messieurs Brogden for the modification and extension of No 2 Contract, or the substitution of one in its place as nearly as possible to the following effect: 'That Messieurs Brogden and Sons construct such railways authorized or to be authorized by the Assembly as it may be agreed shall be offered to them, to the amount of one million pounds, at prices to be agreed to between them and the Government, such prices being within the limits fixed by the Legislature; Messieurs Brogden and Sons to state the price at which they are willing to construct each railway, and the Government to be at liberty to refuse or accept the offer. Payment to be made in debentures, bearing five and one-quarter per cent. interest, or in cash, at the option of the Government. In the event of the Government and Messieurs Brogden and Sons not being able to agree as to the construction of railways under these provisions, the Government or Messieurs Brogden and Sons, on notice to that effect being given by either party, to be bound to carry out No. 2 Contract:—'"

And whereas, by deed of even date with but executed before the execution of these presents, and made and entered into between Her Majesty the Queen, of the first part, the Governor of the second part, and the Contractors, of the third part, it has been mutually agreed between them that the operation of the said Contract No. 2 should, so far as regards the agreements and covenants to be performed or observed by the Queen or the Governor, or by the Contractors, be suspended as therein provided: And whereas the Governor of New Zealand, on behalf of the Queen, being desirous to carry out the terms of the said resolution so far as herein appears, has made to the Contractors the proposals hereinafter set forth, which proposals the Contractors have accepted, subject to the terms hereinafter set forth:

Now the Governor, on behalf of the Queen, proposes, and the Contractors consent, as follows, that is to say,—

1. That, in the event of the Contractors agreeing with the Governor, as hereinafter provided, for the construction by the Contractors of railways to be specified by the Governor as hereinafter mentioned, at prices agreed upon between the Governor and the Contractors, amounting in the aggregate to a sum not less than seven hundred thousand pounds, each railway to be paid for either in cash or in debentures, as shall be agreed upon between the Governor and the Contractors, as hereinafter mentioned (the several contracts for which railways are hereinafter referred to as Contract No. 3), then the said Contract No. 2 shall be annulled, cancelled, and be of no effect.

2. That the Governor will, within twenty-one days after the execution of these presents, specify in writing to the Contractors the several railways which he is willing and proposes to have constructed by the Contractors under Contract No. 3, or from amongst which, in the event of Contract No. 3 not being entered into, the Governor is, under Contract No. 2, to entrust to the Contractors railways for construction to the extent in cost of five hundred thousand pounds, and such last-mentioned railways shall be such one or more of the railways so to be specified as aforesaid, for the purposes of Contract No. 3, as the Governor shall think fit. For the purpose of this clause such railways shall be sufficiently specified if the termini of each railway be specified.

3. That the Governor will from time to time, whenever he shall think fit, but not later than nine months from the date hereof, cause to be furnished to the Contractors all necessary and usual data for enabling them to estimate the probable cost of construction of each of the lines of railway to be specified as aforesaid for the purposes of Contract No. 3, and also the terms and conditions upon which each of the said railways is to be constructed; and the Contractors shall, after receiving the data in respect of each railway, tender to the Governor in writing for the construction thereof, and state the prices at which they are willing to construct each such railway, according to the plans and specifications and conditions submitted to them: the tender for each railway to be sent in to the office at Wellington of the Minister of Public Works within one calendar month after the Contractors shall have received the data of such railway, and the prices to be mentioned in such tenders are to be calculated upon the following contingencies, that is to say: In the first place, upon the contingency of the Governor electing to pay for the work in cash; and in the next place, upon the contingency of the Governor electing to pay for the same in debentures, under "The Immigration and Public Works Loan Act, 1870," charged upon the consolidated revenue of New Zealand, and bearing interest at five pounds per centum per annum, such debentures to be taken at par; and no notice shall be given by or to the Governor that negotiations in respect of Contract No. 3 have failed, until the Governor shall have notified to the Contractors the rejection by him of such a number of the tenders sent in as will, in the opinion of the Governor, reduce the probable cost of the rest of the specified railways, including those as to which prices have been assented to by the Governor and those as to which tenders have not been sent in, below seven hundred thousand pounds; and it shall be lawful for the Governor, at any time after any tender has been rejected, to cause the railway tendered for to be constructed in any manner he may think fit, and for such purpose, if he thinks fit, to call for tenders generally; and, after notice has been given that negotiations have failed, it shall not be necessary for the Governor to supply data for the rest of the railways.

4. And whereas negotiations are now pending between the Governor and the Contractors for the construction of a railway from the Town of Blenheim, in the Province of Marlborough, to the Town of Picton, in the said province, but such negotiations are as yet incomplete, and no contract has been entered into for the construction thereof by the Contractors; and it is proposed that, in the event of a contract being entered into for the construction of such railway, it shall be proceeded with without delay, and without waiting for the completion of Contract No. 3:

Now it is further proposed by the Governor, and accepted by the Contractors, that, in the event of the said Contract No. 2 being cancelled, and Contract No. 3 being entered into, then the said railway from Blenheim to Picton shall be deemed to be one of the railways to be constructed under Contract No. 3, and the amount of the contract price thereof shall be taken into account in making up the said