1886.
NEW ZEALAND.

EAST AND WEST COAST AND NELSON (MIDLAND) RAILWAY

(CORRESPONDENCE RELATING TO).

[In continuation of D.-2A, 1886.]

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 21st April, 1886.

I received yesterday your confidential telegram,* informing me that you were preparing the Financial Statement to be laid before the House in the coming session, and that it was most important to you to know definitely whether the negotiations relating to the East and West Coast Railway were likely to succeed; and, if so, when the company would be brought out, and what would be done if the public did not subscribe. I have in reply sent you a message* which I trust will be reassuring to you on all these points.

There is no question of what will be done if the public does not subscribe, because the first quarter of a million of share capital and the first quarter of a million in debentures are already at the company's command. I believe, therefore, that you may rely, in framing your Budget, upon the company being practically started at last.

I have, &c.,
F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

* Printed in previous paper.

No. 2.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 22nd April, 1886.

Since writing to you yesterday on the subject of the Midland Railway, the assignment of the contract to the new company has been executed, and only waits for the company's seal to be affixed to it at their Board day next week, when the deposit of £5,000 will be paid

I have, &c.,
F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

No. 3.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 21st April, 1886.

I have now to report the conclusion of the negotiations for assigning the contract for the East and West Coast Railway scheme.

When I last wrote to you on the 9th instant, No. 457, I had to telegraph to you that the prospect was rather discouraging, not more than £150,000 of the proposed capital having then been taken up. The promoters of the company had encountered great difficulties in the attempt to bring out their scheme. The political excitement respecting Mr. Gladstone's Bill for the Government of Ireland, the general stagnation of enterprise, the prolonged uncertainties of the Eastern Question, the previous failures in forming a syndicate for taking up the original contract, the consequent disparagement of the whole scheme in the market, the bad news continually arriving from the colony; and, above all, the persistent repetition of the rumour that the Government meant to bring out new loans to the extent of many millions, had all worked against the delegates. Any one of these causes would have sufficed to paralyse a fresh New Zealand enterprise, but, coming, as they did, all together, no one could be surprised at the apparent responsibility of getting enough subscriptions to warrant a company in taking over the contract. At any rate, the original proposal to call up half a million of share capital had ceased to be possible, and I had to consider whether I would assent to an assignment of the contract upon only a quarter of a million being now raised out of the million of proposed capital. It appeared to me that there was not an insuperable objection to this, because, if even only a quarter of a million was once planted in the line, a good guarantee would exist for the prosecution of the work; but my own assent was not sufficient, as a quotation could not be got for the shares unless half the nominal capital of a million was subscribed; and it seemed for a time as if the whole business must fall to the ground.

On the 14th instant, however, the directors met, when it was decided to take up the business, a quarter of a million being at once subscribed. The next day—the 15th April—I had a conference with Mr. Salt and the delegates, when a revised prospectus was brought to me, and we settled—as I thought—the chief points in concert. Hardly, however, had Mr. Salt left the room when I discovered that the capital had been reduced to half a million and the rate of interest increased to 5 per cent. A second conference then took place, when Mr. Salt assured me that the absence of any mention by him of these alterations had been purely inadvertent, and that, in fact, the changes had been made only a few hours before. I accepted his explanation, but did not disguise from him how much I regretted the changes. If money was to be got by debentures, it was evident that with so small a margin of uncalled capital