Enclosure 8 in No. 3.

Messrs. BURCHELL and Co. to the AGENT-GENERAL.

Re *New Zealand Midland Railway.*

DEAR SIR,— 5, The Sanctuary, Westminster, 21st April, 1886.

We are very much obliged to you for your letter and its enclosure. Messrs. Mackrell and Co. have returned the draft approved, and we will arrange for its engrossment and execution at the earliest possible date; but the near approach of Easter will, we fear, cause a few days' delay in obtaining the seal of the company.

We are, &c.,
BURCHELL AND CO.

Sir F. Dillon Bell, K.C.M.G., Agent-General for New Zealand.

THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED).

(*Incorporated under the Companies Acts, 1862 to 1882.*)

SHARE CAPITAL £500,000, OF WHICH £250,000 IS NOW OFFERED FOR SUBSCRIPTION, TO BE CONVERTED INTO STOCK ON PAYMENT OF THE FINAL CALL.

The balance of the cost of construction to be raised either by sale of the whole or portions of valuable lands which will be granted to the company by the New Zealand Government, as mentioned below, or by issue of debentures, as may be deemed desirable, during the progress of the works.

Directors:

Thomas Salt, Esq., Chairman (Chairman of the North Staffordshire Railway Company).
Sir Charles Clifford (Chairman of the New Zealand Trust and Loan Company, Limited).
H. V. Hart-Davis, Esq. (Messrs. Hoare, Wilson, and Co., London).
C. Shirreff B. Hilton, Esq. (Messrs. Miles Brothers and Co., London; also Christchurch and Timaru, New Zealand).
E. Brodie Hoare, Esq. (Chairman of the National Bank of New Zealand, Limited, and Director of Lloyd's, Barnett's and Bosanquet's Bank, Limited).

Bankers:

Lloyd's, Barnett's, and Bosanquet's Bank (Limited), 62, Lombard Street, E.C., and all Branches.
The Clydesdale Bank (Limited), Glasgow, and all Branches.
National Bank of New Zealand (Limited), New Zealand.

Solicitors:

Messrs. Burchell and Co., 5, The Sanctuary, Westminster.
Messrs. Harper and Co., Christchurch, New Zealand.
Messrs. Fell and Atkinson, Nelson, New Zealand.

Engineers:

John Carruthers, Esq. (late resident Engineer-in-Chief to the New Zealand Government, now joint Consulting Engineer to the colony), 7, Westminster Chambers, S.W.
Robert Wilson, Esq., 7, Westminster Chambers, S.W.
Chief Resident Engineer—C. Napier Bell, Esq.

Secretary (pro tem.):
F. O. Stow, Esq.

Lloyd's, Barnett's, and Bosanquet's Bank (Limited) are instructed to receive applications at par for 25,000 shares of £10 each, payable as follows: 10s. on application, 30s. on allotment.

The balance in calls not exceeding £2 each at intervals of not less than three months. Interest at 5 per cent. per annum on the amounts paid up will be payable during the construction of the railway. Payment in full may be made upon any of the days when an instalment becomes due, and interest at that rate on the amounts paid up will accrue from the date of such payment.

The company has been incorporated for the purpose of constructing the above-mentioned railway under a contract, dated 17th January, 1885, which has been assigned to the company, and which was entered into by the Governor of New Zealand, under Acts of the New Zealand Parliament, intituled "The Railways Construction and Land Act, 1881," and "The East and West Coast (Middle Island) and Nelson Railway Act, 1884."

This railway will form a trunk line connecting the East and West Coasts of the Southern Island by the shortest and most direct route from the City of Christchurch, and also afford a through communication between that town and the Port of Nelson as shown by the map. It will enable a saving of about two days to be made out of the journey between Melbourne and the central ports of New Zealand.

Recognising the value of the line to the colony, the New Zealand Government have agreed to make a gratuitous grant to the company of very valuable lands. The value of the lands so to be granted is to be arrived at by arbitration, and is to be calculated upon the estimated market value thereof immediately before the making of the above-mentioned contract, without reference to any prospective value which will be given to such lands by the proposed railway; the total so to be arrived at is fixed at £1,250,000. The land will be selected as soon as possible from the large district shown on the map as reserved for that purpose, and will be transferred to the company as their absolute property, in proportional amounts, as each section of the line is completed and fit for traffic. The grant includes, not merely the land itself, but all timber thereon, and mines and minerals thereunder. The Government, however, have the right, upon paying compensation, to resume the possession of lands for the purposes of gold and silver mining only, under "The Resumption of Land for Mining Purposes Act, 1882."

The directors are fully persuaded of the great value of the concession, and it is difficult to believe that land granted on such terms will not on realisation reach many times the value at which it is granted to the company, when it has obtained the benefit of railway accommodation.

The length of line to be constructed is about 235 miles, divided, for the purpose of the land grant above referred to, into 35 sections, and the estimated cost does not exceed £2,755,000.

The Government are desirous of assisting the company in every way, and have consented to give the most favoured running powers and facilities for interchange of traffic, so that the company will get access to the natural termini of the line over existing railways.

In the country traversed by the line are large and valuable deposits of gold, coal, iron, and other minerals, with abundance of timber, and hard and soft building stone of excellent quality. From these sources alone a valuable traffic should come upon the railway. The export of gold from the western districts during the year 1884 (as shown in the Government returns) was of the value of £454,519, which may be taken to be about the average. The coal, from its excellent bituminous properties, is valuable, not only for local consumption, but for export, and from this source alone considerable traffic may be expected. The demand for timber is already great, not only on the treeless plains of Canterbury, but also in most parts of New Zealand and Australia.