

1889.

NEW ZEALAND.

MIDLAND RAILWAY CONTRACT

(FURTHER CORRESPONDENCE RELATIVE TO THE SIGNING OF).

[In Continuation of Parliamentary Papers D.-6, D.-6A, and D.-6B, of 1888.]

Laid on the Table by the Hon. E. Mitchelson, with the Leave of the House.

No. 1.

The AGENT-GENERAL to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

7, Westminster Chambers, London, S.W., 19th May, 1888.

I received this morning your telegram inquiring whether you were to understand (from my message of the 16th) the Midland Company's meaning to be that if the Abt line (steep grade) were approved they would reduce the land-grant by the amount of saving thereby effected in the cost of the line from beginning to end of that deviation; and I have just replied in the negative. The case is this: The hypothesis on which the company were going was that a new survey of the country would very likely show an alternative line on the Abt system, at the Pass itself, to be capable of being made with much better gradients up to the points where the Abt line would go over the Pass; that if such a line were practicable, and the consequent deviation be allowed, a saving might very likely be made of somewhere between £250,000 and £400,000 in the total cost of construction and equipment over the railway, taken as a whole, from Springfield to Belgrove. Thereupon I laid down the principle that the land-grant must be reduced in proportion to the saving, whatever it might be. The Company refused at first to make any such reduction at all; upon their afterwards consenting to concede the principle, the question was whether the "saving" and consequential "reduction" should be computed only in respect of the actual deviation at the Pass itself, or according to the effect which the deviation would produce in cost of construction and equipment over the railway taken as a whole. After endless discussions, they would not go beyond the latter definition, because everything at this stage, even the finding of a practicable line that should be first adopted by themselves and then be permitted at all, being at this moment entirely hypothetical.

As the mail is going out to-day I have not time to give a more detailed explanation, but will do so very shortly. In the meanwhile I may say that it did not appear to me necessary for computing the saving, and the consequential reduction in the land-grant, to confine either the Government or the Company to the points of deviation at Arthur's Pass, because, before the Government approve the deviation at all, its effect on the whole line in construction and equipment will have to be shown, and they have the control really in their own hands.

Pending a decision on the main point, the Company and myself have endeavoured to agree upon the form in which the proposed amendments should be expressed; and I enclose them herewith. They are divided into two sets, one relating to the three "vital" points, the other to those which are only "recommended by me for favourable consideration."

As regards the first set, the amendments in clauses 4 (Abt line), 36 (consequential on 4 amended), and 39 (rates) are agreed between us. The one in clause 38 (working-powers) has only been brought to me to-day, and I must reserve it for the moment, though at first sight it seems reasonable.

As regards the second set, the amendments are to the effect mentioned in my letter of yesterday (No. 728), with the addition of a trifling one in clause 15 for making the covenant as to the "particulars" a mutual one; and another (also not material) in clause 46, providing that notices given by Government to the Company are not to be affixed anywhere on the line, but at some station having an office.

I should be much obliged if you would cable to me whether you approve the form of these amendments. The Company have told me that they are instructing Mr. Scott by to-day's mail to do nothing himself about them. I have not read your telegram of the 14th as meaning that such messages as those now being exchanged between us are to be at the Company's expense, and, indeed, such a condition would have put an end at once to any on this side.

I have, &c.,

F. D. BELL.

The Hon. the Minister for Public Works, Wellington.

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