

1893.
NEW ZEALAND.

THE MIDLAND RAILWAY CONTRACT:

PROPOSALS FOR A NEW CONTRACT, AND CORRESPONDENCE RELATING THERETO.

Laid on the Table by the Hon. Mr. Seddon, with leave of the House.

No. 1

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.
SIR,—

No. 156, Worcester Street, Christchurch, N.Z., 15th March, 1892.

I have the honour to inform you that financial and other circumstances beyond control render it expedient for the company to apply to the Government for an extension of the contract time for finishing the New Zealand Midland Railway. The contract time is 1895, and I have to request that the date for completing the East and West Coast Section—viz., from the end of the Springfield contract to Jackson's Station, may be extended to 1898—that is, three years; and that the Nelson Section—viz., from Reefton to the end of the Belgrove contract, may be extended to 1900—that is, five years.

I beg to refer you to clause 42 of the contract, which empowers the Governor in Council to extend the contract time for completing the railway if satisfied that the delay has not been caused by wilful default or neglect of the company. I have the honour to submit that the possible failure to complete the railway within the stipulated time has in no way been caused by “default or neglect” of the company; on the contrary, every effort has been made by it to carry out the works within the stipulated time for completion. I must draw your attention particularly to the following circumstances which have been beyond the control of the company.

(a.) The loss of time caused by the protracted negotiations for the revision of the original contract of 1885, and passage into law of the subsequent contract of 1888.

(b.) The low status of New Zealand credit on the London money market at the time of forming the company, which rendered a large issue of capital at that time impossible.

(c.) From the same cause—lowness of New Zealand credit—the issue by the company of £745,000 of debentures was made with great difficulty, and under restrictions as to new issues until this money was expended on works.

(d.) The company's works were much delayed in reference to the subsequently obtained deviation at Lake Brunner. The delay to works for ten months, and the protracted opposition to an improvement in the railway, seriously affected financial operations, and produced adverse criticism in London on the *bona fides* of the colony; and consequently postponed finance until the Argentine troubles and the Baring failure rendered these operations for the time impossible.

(e.) Further delay has been caused by having to wait for the consent of the Governor to the substitution of the Incline Line for the summit tunnel at Arthur's Pass. Consent to this substitution, as provided in the contract, was asked for in August, 1891, and, although it was pointed out at the time that any further financial arrangements were impossible until the required consent was obtained, the company have not yet received the reply to their application.

In asking for this extension of the contract time, which is necessary to meet the requirements of financiers and to assure them that the company will be allowed to finish their works, I must point out that it is the intention of the company to hasten the completion of the railway to the utmost of its ability.

I have, &c.,

ROBERT WILSON,
Engineer-in-Chief and General Manager,
New Zealand Midland Railway Company (Limited).

The Hon. the Minister for Public Works, Wellington

No. 2.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.
Public Works Department, Wellington, 30th March, 1892.

SIR,— *Re Midland Railway: Proposed Extension of Contract Time.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of 15th instant, applying for an extension of the time allowed by the contract for the completion of the above-mentioned railway, and in reply to state that the matter will receive due consideration when the appropriate time therefor arrives.

I have, &c.,

Robert Wilson, Esq., C.E.,
General Manager, &c., New Zealand Midland Railway Company,

H. J. H. BLOW,
Under-Secretary for Public Works.
Christchurch.