

No. 3.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.
No. 156, Worcester Street, Christchurch, N.Z., 2nd April, 1892.

SIR,—

Proposed Extension of Contract Time.

I have to acknowledge the receipt of your letter of 30th ultimo, stating that the above question would receive consideration "when the appropriate time arrives."

In reply, I must point out that for financial reasons it is essential that the extension of time should be granted at once.

It is impossible for the company to proceed with any financial operations unless the contract time is sufficiently extended to enable them to show financiers that there is ample time to complete the works. This is a necessary precaution, even though the works could be finished in contract time. You will note that there is a provision in the latter part of clause 42 of the contract that such extension may be made, although the time to be extended has not yet expired.

I must, therefore, urge upon you the necessity of giving the matter your immediate consideration and of letting me have a definite reply, that I may cable to my directors, as no further financial arrangements can be made by them until this extension of time is granted and the consent to the Abt Incline received.

I have, &c.,

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

The Hon. Minister for Public Works, Wellington.

No. 4.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.
(Telegram.) Wellington, 6th May, 1892.

MINISTER directs me to reply to your telegram of 3rd instant that proposal to extend contract time is very important matter, requiring grave consideration, not only of Government but probably of Parliament.

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

General Manager Midland Railway Company, Christchurch.

No. 5.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.
SIR,— Wellington Club, Wellington, N.Z., 13th October, 1892.

In reference to our interview to-day, relative to further negotiations on the company's financial proposals which were made the subject of a petition to the House of Representatives during the past session, and on which the Public Accounts Committee duly reported, to meet the objections raised by the Committee to a guarantee of interest, I now submit modified proposals on the basis of the Government purchasing the company's land-grant, and thus freeing the large area at present reserved for selection by the company, such purchase-money to be applied to the construction of the railway, and enable the company to finish the East and West Coast Railway between Canterbury and Westland without further delay.

In explanation, I must point out that the amount of land-grant defined under the company's contract for the section of railway between Springfield on the East and Brunnerton on the West Coast is £750,000 worth of land, estimated at B 1 waste-land value. Of this amount the sum of £648,250 is allocated to the line from Springfield to Jackson's, a point on the West Coast Road, and is the section which, when constructed, will complete, with the works in hand, the railway connection between Canterbury and Westland.

Out of the sum of £648,250, £30,000 has been already paid to the company as land-grant on the Springfield to Patterson's Creek Section, leaving a balance of £618,250 B 1 waste-land value for the remainder of this section to Jackson's. This sum, worked out at the rate of 10s. per acre, gives a total of 1,236,500 acres. The sale of this acreage to the Government, and freeing the whole land-grant reserve, is the subject of these modified proposals.

I have to point out that great stress has always been placed upon the fact that the construction of the company's railway would greatly increase the value of the western lands, by developing the timber and coal trades, and that all increased value would be a large profit to the company. In offering to sell the land-grant to the Government, and in fixing upon the price of such a sale, due consideration must be given to the great increase in value which will be given to these lands by the construction of the line, and the company justly looks for a large increase over B 1 waste-land value being granted to them in adjusting these prices.

To arrive at the total sum to be paid by the Government to the company for the land-grant, the acreage available is divided into eastern lands and western lands. The construction of the line will greatly increase the value of western lands, on which there are valuable forests opened by the line, valued for timber alone at £2 to £5 per acre for royalty. The timber and coal under normal circumstances would have been the most valuable asset of the company, so in fixing the selling value of this land these products must be fully considered, as they are only rendered valuable by the railway being made. It is therefore necessary to allow for them in calculating an acreage value for the western lands.