

being shown the paragraph on this subject in your letter, expressed his surprise, and stated that he had not informed you that an extension of time would be granted, but merely that the matter would be submitted to Cabinet for consideration when dealing with the other questions involved in your proposals for a new contract.

With regard to the paragraph in your letter in which you state that you are proceeding to England to lay before your directors "the position the company has been placed in under the new taxation, and the method of making mining reserves, to the injury of the company, and against the spirit of the contract," I have to express my regret that you should have seen fit to write in these terms in view of the investigations and report of the Committee of Parliament which dealt with this matter last session, and also in view of the admission made by the chairman of your company at an annual meeting of the shareholders, to the effect that the Government had a right to reserve 750,000 acres of land for mining purposes—less than 200,000 acres of which has so far been reserved.

I deem it necessary to correct your apparent misapprehension on these subjects at the very earliest possible moment, to avoid the possibility of any further misapprehensions arising in respect thereto.

I have, &c.,

R. J. SEDDON,

Minister for Public Works.

The General Manager,
New Zealand Midland Railway Company (Limited), Christchurch.

No. 26.

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

SIR,—

Wellington Club, Wellington, N.Z., 2nd February, 1893.

Your letter of to-day's date will receive reply on my arrival in London. I must maintain that if there is any misunderstanding relative to extension of time this rests with the Hon. the Premier.

Yours faithfully,

ROBERT WILSON,

Engineer-in-Chief and General Manager,

New Zealand Midland Railway Company (Limited).

The Hon. the Minister for Public Works, Wellington.

No. 27.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

15th April, 1893.

SIR,—

Mr. Robert Wilson, the Engineer for the Midland Railway Company, has asked me to forward the enclosed letter from the Secretary of the company. He states that he intimated before leaving Wellington that all the communications should be forwarded through me, and at his suggestion I propose to cable an epitome of the terms of the letter.

The Chairman of the Board of Directors has called upon me, and informs me that he is satisfied the necessary capital can be raised if the modifications now suggested are agreed to; and he is anxious to receive, at as early date as possible, an intimation as to whether the Government are prepared to submit the modifications now proposed for the consideration of Parliament during the forthcoming session.

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

Enclosure in No. 27.

The SECRETARY, Midland Railway Company, to the Hon. the PREMIER.

The New Zealand Midland Railway Company, 61 and 62, Gracechurch

SIR,—

Street, London, E.C., 14th April, 1893.

My directors have very carefully considered the correspondence which has passed between our General Manager and the New Zealand Government with respect to modifications proposed to be made in the contract of the 3rd August, 1888, in order to secure the construction of the East and West line, and to enable the Government to deal at once and without reference to the company with the lands reserved for selection.

My directors regret that the Government did not see their way to accept the proposals made to them by the General Manager, and are fully sensible of the greatly-increased difficulty of carrying out the task they have undertaken caused by the action of the Government in making mining reserves; and still more by the very extraordinary evidence tendered on behalf of the Government at the recent inquiry before the Public Accounts Committee. The reserves deprive them of a considerable portion of the most valuable land they are entitled to, but the evidence tendered by the Government discredits all the securities the company can offer to intending investors.

My Board also feel that the delay in granting an extension of time has been of most serious importance, as it is absolutely impossible to find any funds at all, when they have to state at the outset that the line cannot be completed within the contract time; and, although formal application has long since been made for an extension, the Government have not given any reply.

Had the company been a public enemy instead of (as it is) a great public benefit, it could not have been met with more ungenerous or unjust treatment.