

## Enclosure 10 in No. 4.

The SUPERINTENDENT, Nelson, to JOHN MORRISON, Esq., London.

General Assembly,

Wellington, New Zealand, 10th July, 1869.

SIR,—

I have the honor to acknowledge the receipt of your letters of the 20th and 23rd of April, enclosing copies of letters addressed to you by Colonel Maude, R.E., respecting the proposed Nelson and Cobden Railway.

I am much gratified to find from those letters that the proposals of this Government are meeting with favourable attention from gentlemen of position and influence in England, and it will be my endeavour to meet their views in the most liberal spirit.

Colonel Maude proposes certain modifications in and additions to the terms of the proposal which has been intrusted to you, and which are embodied in "The Nelson and Cobden Railway Act, 1868."

I will comment upon Colonel Maude's proposed alterations in the order in which they appear in his letter to you of the 21st April.

As regards the fact that a portion of the Mount Rochfort Coal Field is not within the watershed of the Buller Valley, and consequently not included in the land which I am authorized to grant, I am willing to extend the area within which land can be granted to a company constructing the railway, by adding to that area all the land lying between the Buller River and a straight line drawn from Mount Owen to the mouth of the River Mokihinui, excluding all land within those boundaries which may be to the north (or on the right bank) of the last-named river. But I shall not be prepared to recommend to the Governor to grant the whole of this valuable coal field until I am satisfied that the company are prepared, either by themselves or others, to work it efficiently.

I am also prepared to accede, subject to the conditions hereafter stated, to the request that the Brunner Coal Mine "shall be included in the concession, subject to and respecting existing and vested interests."

The mine, however, remains in the hands of the Government, and is worked by them, so that no such interests exist to be dealt with.

Immediately upon the execution of a contract for the construction of the railway, I shall be prepared to grant a lease of the mine upon the terms specified in the advertised conditions, copies of which are forwarded to you by this mail; and upon the completion of the railway the lease should be cancelled, and a free grant of the property issued to the company.

The colouring upon the map, which Colonel Maude refers to as ambiguous, is merely intended to indicate the existence of coal within the limits so described.

The conditions for leasing the Brunner Mine were framed solely with the object of compelling the lessees to lay down a railroad from the mine to the port of Cobden, a distance of about seven miles, and they were made more stringent because the mine was some years since leased to an Australian company, who, finding that they could make a handsome profit upon a trifling capital by working the mine upon the small scale consistent with conveying the coals to the port by means of the river, which is frequently unavailable for many days together in consequence of alternate floods and droughts, held possession of the property for two years, without attempting to fulfil the essential condition upon which it was leased to them.

I shall, nevertheless, be willing to consent to any modification of these conditions which will leave the main object of them still secured—namely, the construction of a railway from the mine to the port within a reasonable time.

In the meantime the mine will be retained in the hands of the Government until the end of the present year, by which time I trust Colonel Maude and his friends will have finally decided upon their future operations.

The necessary municipal arrangements for the government of the proposed new settlement on the Grey River are matters which it is perhaps almost premature to consider in the present stage of the negotiation; but the Provincial Government would be anxious to meet the views of the company in this respect as far as possible.

In reference to the payment of preliminary expenses and to Colonel Maude's application for a grant of 5,000 acres of land "in the immediate neighbourhood of the town of Cobden and the coal fields of that name as marked upon the chart," which "should consist for the most part of arable land covered or not with bush or timber," you are authorized to assent to either of the following propositions:—

1. The proposition contained in my letter of instructions to you of January last, with the addition of one acre of land for each pound expended by the projectors of the company beyond the sum so contributed by the Government, inclusive of the other expenses incidental to the formation of a company.

2. The Government will grant the 5,000 acres asked for, provided the preliminary expenses amount to £3,000, or if the amount be less, acreage in the same proportion.

3. The Government will pay in money one-half the preliminary expenses necessarily incurred in the formation of a company for the construction of the railway, provided that such half does not exceed £1,500; and that, in the event of the successful formation of such company, paid-up stock in the same is assigned for the amount to the Government in the same proportion as it is awarded to the projectors.

The carrying out of the detail of either of these propositions to be subject to your audit and approval of the expenses incurred.

With respect to the purchase of private lands required for the line, I am not prepared to deviate from the conditions set forth in "The Nelson and Cobden Railway Act, 1868," but I will again refer you to "The Provincial Compulsory Land-taking Act, 1866," the provisions of which the Government and Provincial Council will undoubtedly avail themselves of for the protection of the company, should extravagant demands be made by the owners of property required for the undertaking.