

27. If the Contractors shall do any of the following things, viz.,—

- (a.) Become bankrupt or insolvent, or make any general composition or arrangement with their creditors while any section of a railway which they shall be making shall be incomplete;
- (b.) Fail to complete (unless delayed by storms, floods, insufficiency of design, war, or disturbances in the colony, or by other causes entitling them to an extension of time for completing) the railways respectively entrusted to them within the time fixed for their completion, or within an extended period equal in duration to the period during which they were so delayed as aforesaid;
- (c.) Fail, while any of the railways entrusted to them are incomplete, to carry on the works with due diligence after reasonable notice from the Minister specifying the nature and extent of the failure imputed to them, and the rate of progress which, in the opinion of such Engineer, is necessary to enable them to complete the railways within the respective times fixed for their completion, or within the respective extended period aforesaid, where they are entitled to such extension:

And if the Engineer and Minister shall certify to the Governor that it is, in their judgment, expedient so to do, the Governor may cause notice to be given to the Contractors of his intention to determine this contract as to any section or sections of any railway as to which it shall not have been performed, and in that case this contract shall to that extent cease and determine, subject nevertheless to the other provisions herein made with respect to that event: Provided that the Governor shall not in the event (b) so determine this contract until the expiration of three calendar months after he shall have given notice to the Contractors of his intention to do so, nor unless the railway shall then remain uncompleted.

28. In case of such determination of this contract as aforesaid, the Governor may or may not, as he may think fit, take possession of all or any of the sections referred to in such notice, and also of any complete section or sections of such railway which he shall consider it desirable to take possession of and use in connection with any of the sections included in such notice, and of the plant belonging thereto, and in such case this contract shall also cease and determine in respect of any such completed section of the said railway and the plant belonging thereto, and the Governor shall accept all plant which at the time of the determination of this contract shall be *in transitu* from the manufacturers thereof in Europe, or in course of construction by them, in pursuance of previous orders, for the section or sections of railway so taken possession of, and the Governor may also take possession of all the Contractors' working plant, materials, and chattels upon all the said railways, or section or sections thereof of which the Governor shall take possession, and thereupon the Contractors will deliver to the Governor all plans, sections, drawings, and specifications in any way relating to such railway section or sections.

29. In case of and upon such determination of this contract to the extent aforesaid, the section or sections of such railway then completed and opened for public traffic not taken possession of by the Governor as aforesaid, and the plant belonging thereto, shall be deemed to be the only section or sections of such railway and plant to which the provisions of this contract with respect to the guarantee of interest or profit on the total cost thereof, and to the grant of land, and to the purchase by the Governor of the Contractors' rights and interest, and to the payment of the subvention, and to the division of the surplus net receipts beyond what is sufficient to pay a given rate of interest or profit on the total cost, shall apply, and the said provisions shall remain in force with respect to such section or sections of the said railway and the plant belonging thereto.

30. In case of and upon such determination of this contract, the Contractors shall be entitled to receive from the Governor payment for the said railway or the section or sections thereof so taken possession of as aforesaid, and for the plant belonging thereto, and for the plant *in transitu* or in course of manufacture for the same when delivered (but not for the Contractor's working plant, materials, and chattels), as hereinafter mentioned, that is to say, in respect of any section or sections of the said railway, which had been completed, and the plant belonging thereto, such a sum or sums as the Governor would have had to pay on purchase of the same, under the other provisions of these presents, but deducting therefrom any sum or sums paid by the Governor to the Contractors as the subvention in respect thereof, and in respect of any section or sections of the said railway not completed, such a sum or sums as, with the sum or sums paid on account of the subvention in respect thereof, shall be equal to the sum or sums at any time deposited by the Contractors with the Colonial Treasurer in respect thereof, according to the provisions in that behalf hereinbefore contained (so much of the sum or sums so deposited as shall not have been paid to the Contractors upon the certificate or certificates of the Engineer becoming the absolute property of the Governor), and in respect of the plant *in transitu* or in course of manufacture, the costs thereof, as fixed under clause No. 16 of these presents, together with such charges, expenses, and interest as mentioned in the same clause, but without any percentage of profit added thereto. All such payments to be made in New Zealand Government debentures, payable at the end of thirty years, with interest thereon in the meantime, at the rate of £5 per cent. per annum from the date of taking possession.

31. Provided that if in the event mentioned in clause No. 72, subsection (a), the Governor shall cause such notice to be given as firstly in such clause mentioned, the assignees or trustees of the Contractors shall have liberty at any time within twelve calendar months after the giving of such notice to take up and proceed to complete and carry out the works, and to provide the plant in respect of the section or sections of the said railway included in such notice, and if within such period such assignees or trustees shall repay, or cause to be repaid to the Governor all sum or sums of money which the Governor shall in his absolute discretion have thought fit in the meantime to expend, and shall have expended upon the same, and upon any other section or sections of which he may have taken possession as hereinbefore authorized, or in providing plant for the same respectively, less the amount of all such sum or sums of money which the Governor would have paid to the Contractors as the subvention in case the Contractors had duly proceeded with the making of the section or