

himself and his successors, all of whom are hereinafter included in the expression "the Governor," (so far as the covenants and agreements hereinafter contained are to be observed and performed on his or their parts respectively), doth hereby covenant and agree with the contractors, their executors, administrators, and assigns, all of whom are hereinafter included in the expression "the Contractors," and the Contractors, and each of them for themselves and himself, and their respective heirs, executors, administrators, and assigns (so far as the covenants and agreements hereinafter contained are to be observed and performed on their parts), do and doth hereby covenant and agree with the Governor, his successors and assigns, in manner following (that is to say),—

1. In the construction of these presents the following words and expressions have the following meaning, unless such meaning shall be inconsistent with the context: The expression "Minister" means the Minister at the head of the Department of Public Works, by whatever title he may be from time to time designated, or the President of the Board of Works as the case may be; "Engineer" means the Engineer whom the Governor shall appoint to be, or whom the Minister shall from time to time direct the Contractors to treat as the Engineer acting on behalf of the Government in relation to any railway, or to any section thereof to which these presents relate, or to any particular class of works upon, or to plant intended for any such railway, or any section thereof; and it shall, if the Governor so direct, include also "the Minister," and as to the plant, the Agent-General or other Crown official in England of the Colony of New Zealand; the words "railway" and "railways" include not only the railway and permanent-way, but all stations, buildings, approaches, and other works shown upon or described in the plans and sections, or specifications, as works to be constructed by the Contractors, and at least a single wire telegraph throughout the whole length, with all proper apparatus for working the same; and the expressions "make the said railway," or "make a section of the said railway," or any similar expression, shall include not only the making the railway, and laying down the permanent-way, but the building of stations, the making of approaches, and the doing of all works shown upon, or described in the plans and sections, or specifications, and such telegraph and apparatus as aforesaid, but not the providing of plant; the expression "plant" means engines, rolling and fixed stock and machinery required for using and working the said railways.

2. The Governor will, with all convenient despatch, entrust to the Contractors the making of railways in New Zealand and the providing of all plant for such railways to the extent in total cost of £500,000. And the Contractors will, to the extent aforesaid, make all such railways, and provide all such plant as the Governor shall require them to make and provide. The Governor may also entrust to any other person or persons, body or bodies, politic or corporate, the making of any railways or the providing of plant for the same.

3. The Governor will cause the necessary surveys and plans and sections of the railways, the making of which shall be so entrusted to the Contractors, to be prepared, deposited, and proclaimed, and the Contractors will make and construct each of such railways in the order and course and upon such terms and conditions relating to the making and constructing and the materials for the same (such terms and conditions not being inconsistent with any of the provisions herein contained), and under and according to such specification or specifications of the works and materials for the same as the Governor shall from time to time direct.

4. When and so soon as the plans, sections, and specification or specifications of any railway and such working plans and sections as shall be requisite to enable the probable cost of such railway to be ascertained, shall have been prepared, the railway shall be divided (as the Governor shall direct) into lengths of ten miles, or as near thereto as conveniently may be (which lengths are hereinafter referred to by the expressions "section" or "sections"), and each section shall be distinguished by a separate number.

5. The probable prime cost to the Contractors of making each section of the said railway, and the time within which each section shall be made and completed, shall with all convenient despatch be determined by agreement between the Minister and the Contractors, or in case they shall not agree, by arbitration as hereinafter provided for, and in estimating such probable prime cost no allowance shall be made to the Contractors in respect of loss during construction of interest on the capital which it will be necessary for them to expend in making the railways and providing the plant for the same, inasmuch as interest is to be paid thereon by the Governor as hereinafter mentioned. Such probable prime cost, with a profit of 5 per cent. for the Contractors added thereto, is hereinafter referred to as "the agreed cost," and "the agreed cost," with such additions thereto or diminution therefrom as hereinafter mentioned, with the "costs of the plant" hereinafter mentioned added thereto, is hereinafter referred to as "the total cost," and when "the total cost of a railway" is hereinafter referred to the total cost of all the several sections of such railway is meant.

6. The Minister and the Contractors will, before the Contractors enter upon the making of any railway, agree upon a schedule of prices according to which the Contractors shall be paid in respect of or allow for, as the case may be, any deviations from the original plans and sections thereof, or any alteration, diminution, or additions in, from, or to the works thereof, or any substitutions of one kind for another kind of work or materials.

7. The Governor will provide all the land required for any such railway, and will give possession of the same to the Contractors in due time to enable them to complete each section within the time fixed for its completion. Any delay in so providing or giving possession of the land shall not invalidate or affect this contract, but shall entitle the contractors to have the time for completion extended in proportion to the delay.

8. The Minister shall be at liberty from time to time to authorize or direct by writing under his hand any deviations, alterations, diminutions, additions, or substitutions to be made in, from, or to such railway, and the Contractors will comply with such directions, and the same are not in any manner to affect this contract, except that an addition to or a deduction from the "agreed cost" shall be made according to the said schedule of prices so far as the same will apply or otherwise as may be agreed upon between the Governor and the Contractors; and in case any difference shall arise between the Governor and the Contractors as to such addition or deduction the amount thereof as regards the