

1886.
NEW ZEALAND.

EAST AND WEST COAST AND NELSON (MIDLAND) RAILWAY

(CORRESPONDENCE RELATING TO).

[In continuation of D.—2A, 1886.]

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 21st April, 1886.

I received yesterday your confidential telegram,* informing me that you were preparing the Financial Statement to be laid before the House in the coming session, and that it was most important to you to know definitely whether the negotiations relating to the East and West Coast Railway were likely to succeed; and, if so, when the company would be brought out, and what would be done if the public did not subscribe. I have in reply sent you a message* which I trust will be reassuring to you on all these points.

There is no question of what will be done if the public does not subscribe, because the first quarter of a million of share capital and the first quarter of a million in debentures are already at the company's command. I believe, therefore, that you may rely, in framing your Budget, upon the company being practically started at last.

The Hon. the Colonial Treasurer, Wellington.

I have, &c.,

F. D. BELL.

* Printed in previous paper.

No. 2.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 22nd April, 1886.

Since writing to you yesterday on the subject of the Midland Railway, the assignment of the contract to the new company has been executed, and only waits for the company's seal to be affixed to it at their Board day next week, when the deposit of £5,000 will be paid.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

No. 3.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 21st April, 1886.

I have now to report the conclusion of the negotiations for assigning the contract for the East and West Coast Railway scheme.

When I last wrote to you on the 9th instant, No. 457, I had to telegraph to you that the prospect was rather discouraging, not more than £150,000 of the proposed capital having then been taken up. The promoters of the company had encountered great difficulties in the attempt to bring out their scheme. The political excitement respecting Mr. Gladstone's Bill for the Government of Ireland, the general stagnation of enterprise, the prolonged uncertainties of the Eastern Question, the previous failures in forming a syndicate for taking up the original contract, the consequent disparagement of the whole scheme in the market, the bad news continually arriving from the colony; and, above all, the persistent repetition of the rumour that the Government meant to bring out new loans to the extent of many millions, had all worked against the delegates. Any one of these causes would have sufficed to paralyse a fresh New Zealand enterprise, but, coming, as they did, all together, no one could be surprised at the apparent responsibility of getting enough subscriptions to warrant a company in taking over the contract. At any rate, the original proposal to call up half a million of share capital had ceased to be possible, and I had to consider whether I would assent to an assignment of the contract upon only a quarter of a million being now raised out of the million of proposed capital. It appeared to me that there was not an insuperable objection to this, because, if even only a quarter of a million was once planted in the line, a good guarantee would exist for the prosecution of the work; but my own assent was not sufficient, as a quotation could not be got for the shares unless half the nominal capital of a million was subscribed; and it seemed for a time as if the whole business must fall to the ground.

On the 14th instant, however, the directors met, when it was decided to take up the business, a quarter of a million being at once subscribed. The next day—the 15th April—I had a conference with Mr. Salt and the delegates, when a revised prospectus was brought to me, and we settled—as I thought—the chief points in concert. Hardly, however, had Mr. Salt left the room when I discovered that the capital had been reduced to half a million and the rate of interest increased to 5 per cent. A second conference then took place, when Mr. Salt assured me that the absence of any mention by him of these alterations had been purely inadvertent, and that, in fact, the changes had been made only a few hours before. I accepted his explanation, but did not disguise from him how much I regretted the changes. If money was to be got by debentures, it was evident that with so small a margin of uncalled capital

a high rate of interest would have to be paid for it; and although the company's articles of association provided for an increase of capital hereafter, unless the fact of a prospective increase was declared in the present prospectus, shareholders subscribing now would complain by-and-by of their stock being "watered." If, on the other hand, the money for building the line was to be got by sales of land, it was equally evident that the company would simply be throwing their estate away. At the same time I told Mr. Salt that, however much I regretted the reduction of share-capital, my objection did not extend to withholding consent to the assignment. The next morning a further conference took place between Mr. Shireff-Hilton (one of the directors), Mr. Burchell (solicitor of the company), the delegates, and myself. As had been the case all along, the real question was the rate to be allowed for interest during construction if the Government should hereafter buy the line; and at last I cut the matter short by saying I would agree to 5 per cent. instead of 4 being counted on the first half million raised.

It had been agreed that letters should be exchanged between the company and myself to define the concessions, and I enclose copies of the correspondence. I need only refer here to four points in the terms I laid down. 1. As to the land, I had to take care that the company did not monopolize the frontage of the line, but in view of the great risk of new delays I dispensed with some other conditions which, in more favourable circumstances, I should have insisted on. 2. As to interest, I fixed an average rate of 4 per cent., a limit of six years, and a total of £400,000; this sum being arrived at by estimating what money would have to be raised during the six years if the works were to be prosecuted with vigour, and none of the land was sold. 3. As to the assignment, I required the company to covenant that they would execute a new contract direct with the Government, and restricted them from making any assignment themselves until this was done. 4. On your part, I promised that you would bring in a Bill next session to ratify the concessions.

All this was agreed to, and the prospectus was coming out forthwith, when the company's brokers decided to wait till after Easter. I telegraphed asking you to confirm my promise as to the Bill, and was much obliged by your reply. Thereupon the company was immediately registered, and the draft assignment was settled to-day between Messrs. Mackrell and Messrs. Burchell, and approved by me.

The company has taken offices, and fixed upon its name as "The New Zealand Midland Railway Company."

I annex copies of all the telegrams that have passed between us.*

The Hon. the Colonial Treasurer, Wellington.

I have, &c.,

F. D. BELL.

* Printed in previous paper.

Enclosure 1 in No. 3.

MR. SALT to the AGENT-GENERAL.

The New Zealand Midland Railway Company (Limited).

SIR,—

24, Throgmorton Street, E.C., 15th April, 1886.

Referring to our conversation of the 20th ultimo and subsequently, in which it was agreed that a letter should be written expressing more fully than in the telegram sent by Mr. Scott to the Christchurch Committee, on the 12th ultimo, the various points as to the construction of the Acts of Parliament and the contract of the 17th January, 1885, I now beg to define those points as follows:—

First. That the selection of the land to be ultimately granted to the company shall be commenced by it as soon as reasonably possible after the assignment to them of the contract, the valuation being of course carried on concurrently.

As soon as each block of land is selected and valued, it shall be at once set aside by the Government (if that be not already done) in such way as may be agreed upon, so that it shall be held for the sole benefit of the company as soon as earned by them.

Notwithstanding any order in which the company may select the lands to be ultimately granted to them, the company shall be entitled to apply for and obtain Crown grants of the various blocks or sections in any order which they may choose.

Second. That the Government admit that the term "cost price," at which they have the right hereafter to purchase the line, shall be deemed to include interest upon the cost during construction, provided that the total sum so expended does not in any case exceed £500,000.

Third. That the Government will at once enter into agreements with the company for giving and receiving mutual running powers and terminal facilities over their respective lines of railway, on the basis, as a minimum, of those given to the most favoured company or other railway owners or authority; such agreement more particularly to give the company access to the Ports of Lyttelton, Nelson, and Greymouth, and to the termini appertaining to the Government lines at those ports or at Christchurch.

Fourth. That the time during which the sum of £150,000 must be expended in accordance with the contract shall be forthwith extended until the 17th day of July, 1887.

I have further to request that, in order to remove any doubts, you will undertake, on behalf of the Government, that they will, if necessary, introduce a Bill into the New Zealand Parliament, in the coming session, to give powers to the Government to deal with all or any of these matters in the fullest possible way, and to use their best endeavours to carry such Bill.

I am, &c.,

THOMAS SALT.

Enclosure 2 in No. 3.

MR. SALT to the AGENT-GENERAL.

SIR,—

24, Throgmorton Street, London, E.C., 15th April, 1886.

For the satisfaction of my colleagues and myself, I should be glad if you would say whether the following statements are in accordance with the facts and law of New Zealand:—

1. Does the grant of lands to be made to the company include the timber upon them and the mines and minerals under them?

2. If the Government resume the possession of lands under "The Resumption of Lands for Mining Purposes Act, 1882," do they have to pay compensation for any lands so resumed?

3. Are there large and valuable deposits of gold, coal, iron, and other minerals in the country traversed by the line?

4. Did the railways in the South Island earn, during the past five years, an average return of 4 per cent. on the capital invested in them?

5. Have the New Zealand Government the right to purchase the line at cost price after ten years from the date of completion?

Sir Francis Dillon Bell, K.C.M.G., Agent-General for New Zealand.

I am, &c.,

THOS. SALT.

Enclosure 3 in No. 3.

The AGENT-GENERAL to Mr. SALT.
Midland Railway of New Zealand.

SIR,—

7, Westminster Chambers, S.W., 17th April, 1886.

In reply to your letter of the 15th instant, containing certain questions which you desire to have answered for the satisfaction of your colleagues and yourself, I have to make the following statement:—

1. The grants of land to be made to the company under the contract of 17th January, 1885, will comprise the timber upon, and all coal and minerals under, the surface, not being the precious metals (gold and silver).

2. If the Government resume possession of any of the Crown-granted lands under "The Resumption of Land for Mining Purposes Act, 1882," full compensation will be paid for the value (other than auriferous or argentiferous) of the land so resumed. In case of difference as to value, it will be assessed and determined by the Compensation Court under the Act, consisting of a Judge of the Supreme Court and two Assessors.

3. There are large and valuable deposits of gold, coal, and other minerals in the country to be served by the railway. The Prime Minister, in a paper he has just published, says: "On the West Coast there are enormous deposits of coal; thousands of acres of carboniferous land, with seams more than 20 feet in depth, of the finest steam coal in the world. There is also magnificent gas coal at Greymouth. The whole region of Westland may be a mineral region, which, through its inaccessibility, and being mainly timbered land, can hardly be said to be prospected." The Government Geologist (Dr. Hector) says: "The bituminous coal is chiefly worked in the Nelson District. . . . At Mount Rochfort, or Buller Mines, the seams are on a high plateau, and from 10 to 40 feet thick.

. . . . At the Brunner Coal Mine, on the Grey River, the working face of the seam is 18 feet, and it has been proved to extend one-third of a mile on the strike without disturbance. . . . Several promising auriferous reefs have been found in the Westland Goldfields."

4. The net yield of the railways in the South Island for the following financial years was:—

1881	..	..	..	..	..	£4 10s. 0d. per cent.
1882	..	..	..	..	..	£4 16s. 3d. "
1883	..	..	..	..	..	£4 2s. 6d. "
1884	..	..	..	..	..	£3 5s. 2d. "
1885	..	..	..	..	..	£3 10s. 0d. "

The average of the five years is £4 0s. 9d. per cent.

5. The Government are entitled, at any time after the expiration of ten years from the date when the entire line is opened for traffic, and upon giving twelve months' notice to the company, to purchase the railway at a price to be determined by arbitration. The arbitrators, in determining the price, are to take as the basis of valuation the cost of similar railways at the time the works were constructed, and are to take into consideration depreciation in permanent-way, plant, &c., including therein any provisions or existing rights respecting the use of the railway.

I shall be glad to give you any further particulars that you may desire.

Thomas Salt, Esq.

I am, &c.,

F. D. BELL.

Enclosure 4 in No. 3.

The AGENT-GENERAL to Mr. SALT.
Midland Railway of New Zealand.

SIR,—

7, Westminster Chambers, S.W., 19th April, 1886.

I have to acknowledge the receipt of your letter of the 15th instant, in which you explain more fully the concessions which your company asked for in Mr. Scott's telegram to the Christchurch Committee on the 20th March. In reply, I have to point out that, as some of these concessions may be held to involve variations either in the contract of 17th January, 1885, or in the East and West Coast Railway Act of 1884, they can only be made legally effectual by legislation. But as my Government are desirous of facilitating as far as possible the formation of your company, in order that the railway may be commenced at once, they have authorized me to come to an agreement with you respecting those concessions, and I now proceed to state the terms upon which I am ready to accede to them.

1. As to the Selection.

(a.) The company to be at liberty, as soon as reasonably can be done after the assignment of the contract, to make selections of the land that will be ultimately granted to them upon completion of successive sections of the line; and the valuation of the land as selected to go on concurrently with every selection as it is notified. Whenever the company makes a selection adjoining the line, the Government to be at liberty to make an alternate selection of equal size for themselves.

(b.) As soon as the blocks of land are selected and valued, the same to be set aside in such way as may be agreed upon by the Government and the company, to the intent that they may be held for the sole benefit of the company as and when the same shall have been earned by the completion of successive sections of the line.

(c.) Notwithstanding any order in which the company may select the blocks of land, the company to be at liberty, as and when each section of the line is completed by them, to declare which block or blocks shall be Crown-granted to them, up to the value of the completed section, without regard to the order in which their selections were made.

2. As to Interest during Construction.

If the Government exercise their right to purchase the line, such a sum to be added to the price (determined under the Act) as is equal to the amount which may have been actually paid to the shareholders or debenture-holders of the company as interest during construction, for the period ending 31st July, 1892; the rate not to exceed an average of 4 per cent. per annum, except in the case of the first half million of capital raised, in regard to which the rate to be 5 per cent.; the total amount to be added to the price of the railway not to exceed £400,000.

3. As to Running Powers.

The Government and the company to enter into an agreement for giving and receiving mutual running powers and terminal facilities over their respective lines, on the basis of the most favoured body or person owning railways in New Zealand, or having authority over the same. Such agreement to give the company access to the Ports of Lyttelton, Nelson, and Greymouth, and to the Government railway termini at those ports and at Christchurch.

4. As to Time for the £150,000.

The time for expending the first sum of £150,000, in accordance with the contract, to be extended to 31st July, 1887.

5. As to the Deposit of £5,000.

This amount to be paid to me upon the assignment of the contract being executed.

6. As to the Assignment of the Contract.

The assignment to contain a covenant by the company to execute, in New Zealand, a contract, in such form as the Government require, whereby the company, being domiciled in the colony, shall directly contract with the Government to carry out the provisions of the assigned contract, to the intent that the contract with the company shall be brought within the law of the colony. The contract so executed between the Government and the company to contain a covenant similar to the one in the assigned contract, restricting the company from assigning it without the consent of the Government; and the present assignment to contain a provision restricting the company from making any assignment before the new contract is executed in the colony.

7. As to the Form of Assignment.

In case of difference between the respective solicitors of the company and of the Government, the draft to be settled by some eminent counsel to be agreed upon between us.

8. As to an amended Act.

The Government to introduce, and use their last endeavours to pass, in the coming session of the New Zealand Parliament, an Act ratifying the preceding provisions.

Thomas Salt, Esq.

I have, &c.,

F. D. BELL.

Enclosure 5 in No. 3.

Messrs. BURCHELL and Co. to the AGENT-GENERAL.

Re *New Zealand Midland Railway*.

DEAR SIR,—

5, The Sanctuary, Westminster, S.W., 20th April, 1886.

We are much obliged to you for so kindly sending us the draft of the letter you propose to write to Mr. Salt, and are quite unable to suggest any amendments, as it appears to us to cover in the most comprehensive way all the questions which have been raised.

We are, &c.,

Sir F. Dillon Bell, K.C.M.G., &c., Agent-General for New Zealand.

BURCHELL AND CO.

Enclosure 6 in No. 3.

Messrs. MACKRELL, MATON, and GODLEE to the AGENT-GENERAL.

New Zealand Midland Railway Company.

DEAR SIR FRANCIS,—

21, Cannon Street, E.C., 20th April, 1886.

We send herewith for your consideration our copy of the revised assignment, the draft of which we received from Messrs. Burchell.

We have returned Messrs. Burchell their draft, but have informed them that it is subject to any observations which you may have to make.

We will call and see you again in the morning.

The Agent-General of New Zealand.

We have, &c.,

MACKRELL, MATON, AND GODLEE.

Sub-Enclosure.

(Draft.)

THIS indenture, made the day of , 1886, between the within-named William Chrystall, John Tucker Ford, George Hart, John Thomas Matson, Thomas Shailer Weston, John Honeycomb Cock, Charles Yates Fell, Henry Douglas Jackson, Albert Pitt, and James Sclanders (hereinafter called "the contractors") of the first part; Sir Francis Dillon Bell, K.C.M.G., Agent-General for New Zealand, of the second part; and the New Zealand Midland Railway Company (Limited), incorporated under the Companies Acts, 1862 to 1885 (hereinafter called "the company"), of the third part: Whereas the contractors have agreed to sell, and the company have agreed to purchase, all the contractors' rights, interests, and privileges under or by virtue of the within-written contract, and the full benefit thereof and advantage to arise therefrom for the price of £6,000, or such less sum as shall have been actually incurred as expenses in and about the obtaining the within-written contract and this assignment: And whereas Sir William Francis Drummond Jervois, the Governor of the said Colony of New Zealand, did, by an instrument in writing under his hand, dated the 17th day of January, 1885, duly appoint the said Sir Francis Dillon Bell, the Agent-General of the Colony of New Zealand, at any time so long as he should hold such office of Agent-General, on behalf of Her Majesty the Queen or on behalf of the Governor of the said colony, to consent to any assignment or transfer of the within-written contract on such terms and conditions as the said Agent-General should think fit, or absolutely without any such terms and conditions: And whereas the said Sir Francis Dillon Bell is still the Agent-General of the said colony, and has agreed, in consideration of the covenants hereinafter contained on behalf of the company, to consent in manner hereinafter appearing to the assignment hereinafter made: Now, this indenture witnesseth that, in pursuance of the said agreement and in consideration of the premises, the said contractors, as beneficial owners, hereby assign unto the said company all that the within-written contract, and the full benefit and advantage to arise therefrom, subject, nevertheless, to the liabilities of the contractors in respect thereof and to the conditions and agreements therein contained and on the part of the contractors to be observed and performed, to hold the same unto the said company absolutely: And the said company hereby covenants with the said contractors that they will at all times hereafter keep indemnified the said contractors and their estates or effects from the observance and performance of the conditions and agreements in the said contract contained and on the part of the contractors to be observed and performed, and from the liabilities of the contractors in respect of the said contract, and all claims and demands on account thereof: And the said Sir Francis Dillon Bell doth by the execution of these presents and in virtue and pursuance of the said instrument in writing, dated the 17th day of January, 1885, signify the written consent of the said Sir William Francis Drummond Jervois, the Governor of the said colony, on behalf of Her Majesty the Queen, to the assignment hereinbefore contained: And the said company hereby covenants with the said Sir Francis Dillon Bell as such Agent-General as aforesaid, on behalf of the Governor of the said colony and as a separate covenant with Her Majesty the Queen, her heirs and successors, as follows:—

1. The company will, within seven days hereof, pay to the said Sir Francis Dillon Bell, as such Agent-General as aforesaid, the sum of £5,000, being the amount referred to in clause 4 of the within-written contract.

2. The company will, as soon as conveniently may be, conform to the laws for the time being existing in New Zealand with reference to British companies carrying on business in that colony, so that the said company shall be domiciled in the said colony.

3. The company will, as soon as it shall have been registered in the said colony, enter into a contract in New Zealand with Her Majesty the Queen and the Governor of the said colony to carry out and be bound by all and singular the provisions of the within-written contract.

4. Such contract shall contain a covenant, *mutatis mutandis*, similar to clause 8 of the within-written contract; and until the said contract shall have been entered into, the company will not at any time assign, charge, or dispose of their interest in the within-written contract, or any benefit or advantage thereof either at law or in equity, without the written consent of the Governor on behalf of Her Majesty the Queen first had and obtained.

In witness, &c.

Enclosure 7 in No. 3.

The AGENT-GENERAL to Messrs. MACKRELL, MATON, and GODLEE.

New Zealand Midland Railway Company.

DEAR SIR,—

7, Westminster Chambers, S.W., 21st April, 1886.

I have perused the draft of the revised assignment from the present contractors to the company, which appears to be effectual for the purposes agreed upon, and you will please inform Messrs. Burchell that I approve the same. I have, therefore, to request that you will be good enough to arrange for its execution at the earliest possible moment.

I am, &c.,

Messrs. Mackrell, Maton, and Godlee.

F. D. BELL.

Enclosure 8 in No. 3.

Messrs. BURCHELL and Co. to the AGENT-GENERAL.

Re *New Zealand Midland Railway.*

DEAR SIR,—

5, The Sanctuary, Westminster, 21st April, 1886.

We are very much obliged to you for your letter and its enclosure. Messrs. Mackrell and Co. have returned the draft approved, and we will arrange for its engrossment and execution at the earliest possible date; but the near approach of Easter will, we fear, cause a few days' delay in obtaining the seal of the company.

We are, &c.,

Sir F. Dillon Bell, K.C.M.G., Agent-General for New Zealand.

BURCHELL AND Co.

THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED).

(Incorporated under the Companies Acts, 1862 to 1882.)

SHARE CAPITAL £500,000, OF WHICH £250,000 IS NOW OFFERED FOR SUBSCRIPTION, TO BE CONVERTED INTO STOCK ON PAYMENT OF THE FINAL CALL.

The balance of the cost of construction to be raised either by sale of the whole or portions of valuable lands which will be granted to the company by the New Zealand Government, as mentioned below, or by issue of debentures, as may be deemed desirable, during the progress of the works.

Directors:

Thomas Salt, Esq., Chairman (Chairman of the North Staffordshire Railway Company).

Sir Charles Clifford (Chairman of the New Zealand Trust and Loan Company, Limited).

H. V. Hart-Davis, Esq. (Messrs. Hoare, Wilson, and Co., London).

C. Shirreff B. Hilton, Esq. (Messrs. Miles Brothers and Co., London; also Christchurch and Timaru, New Zealand).

E. Brodie Hoare, Esq. (Chairman of the National Bank of New Zealand, Limited, and Director of Lloyd's, Barnett's and Bosanquet's Bank, Limited).]

Bankers:

Lloyd's, Barnett's, and Bosanquet's Bank (Limited), 62, Lombard Street, E.C., and all Branches.

The Clydesdale Bank (Limited), Glasgow, and all Branches.

National Bank of New Zealand (Limited), New Zealand.

Solicitors:

Messrs. Burchell and Co., 5, The Sanctuary, Westminster.

Messrs. Harper and Co., Christchurch, New Zealand.

Messrs. Fell and Atkinson, Nelson, New Zealand.

Engineers:

John Carruthers, Esq. (late resident Engineer-in-Chief to the New Zealand Government, now joint Consulting Engineer to the colony), 7, Westminster Chambers, S.W.

Robert Wilson, Esq., 7, Westminster Chambers, S.W.

Chief Resident Engineer—C. Napier Bell, Esq.

Secretary (pro tem.):

F. O. Stow, Esq.

Lloyd's, Barnett's, and Bosanquet's Bank (Limited) are instructed to receive applications at par for 25,000 shares of £10 each, payable as follows: 10s. on application, 30s. on allotment.

The balance in calls not exceeding £2 each at intervals of not less than three months. Interest at 5 per cent. per annum on the amounts paid up will be payable during the construction of the railway. Payment in full may be made upon any of the days when an instalment becomes due, and interest at that rate on the amounts paid up will accrue from the date of such payment.

The company has been incorporated for the purpose of constructing the above-mentioned railway under a contract, dated 17th January, 1885, which has been assigned to the company, and which was entered into by the Governor of New Zealand, under Acts of the New Zealand Parliament, intitled "The Railways Construction and Land Act, 1881," and "The East and West Coast (Middle Island) and Nelson Railway Act, 1884."

This railway will form a trunk line connecting the East and West Coasts of the Southern Island by the shortest and most direct route from the City of Christchurch, and also afford a through communication between that town and the Port of Nelson as shown by the map. It will enable a saving of about two days to be made out of the journey between Melbourne and the central ports of New Zealand.

Recognising the value of the line to the colony, the New Zealand Government have agreed to make a gratuitous grant to the company of very valuable lands. The value of the lands so to be granted is to be arrived at by arbitration, and is to be calculated upon the estimated market value thereof immediately before the making of the above-mentioned contract, without reference to any prospective value which will be given to such lands by the proposed railway; the total so to be arrived at is fixed at £1,250,000. The land will be selected as soon as possible from the large district shown on the map as reserved for that purpose, and will be transferred to the company as their absolute property, in proportional amounts, as each section of the line is completed and fit for traffic. The grant includes, not merely the land itself, but all timber thereon, and mines and minerals thereunder. The Government, however, have the right, upon paying compensation, to resume the possession of lands for the purposes of gold and silver mining only, under "The Resumption of Land for Mining Purposes Act, 1882."

The directors are fully persuaded of the great value of the concession, and it is difficult to believe that land granted on such terms will not on realisation reach many times the value at which it is granted to the company, when it has obtained the benefit of railway accommodation.

The length of line to be constructed is about 235 miles, divided, for the purpose of the land grant above referred to, into 35 sections, and the estimated cost does not exceed £2,755,000.

The Government are desirous of assisting the company in every way, and have consented to give the most favoured running powers and facilities for interchange of traffic, so that the company will get access to the natural termini of the line over existing railways.

In the country traversed by the line are large and valuable deposits of gold, coal, iron, and other minerals, with abundance of timber, and hard and soft building stone of excellent quality. From these sources alone a valuable traffic should come upon the railway. The export of gold from the western districts during the year 1884 (as shown in the Government returns) was of the value of £454,519, which may be taken to be about the average. The coal, from its excellent bituminous properties, is valuable, not only for local consumption, but for export, and from this source alone considerable traffic may be expected. The demand for timber is already great, not only on the treeless plains of Canterbury, but also in most parts of New Zealand and Australia.

The railways in the South Island, as shown by the official returns, earned on an average 4 per cent. per annum, during the five years ending in 1885, on the capital invested in them, by traffic alone.

The Government of New Zealand have the right to purchase the railway at any time after ten years from the date of completion, at cost price, in which will be included the interest on the present issue of capital.

The Government of New Zealand have undertaken, through the Agent-General, to introduce an Act of Parliament relating to running powers, regulations for the selection of land, and certain other matters that may be found desirable on behalf of the company and may require confirmation under the law of New Zealand.

The contract has been transferred to the company without any charge, except the repayment of expenses, to be vouched for as actually incurred, and not exceeding £6,000. For this payment the company also acquires copies of the detailed plans, sections, and estimates which were made for the New Zealand Government, the accuracy of which are fully confirmed by the company's engineers.

It may fairly be anticipated that, in addition to the revenue to be earned by the railway, a very considerable income will be obtained from the large estate which the company will possess; and it is very difficult, if not impossible, to fix any limit to the growth of the dividends.

Investors in the undertaking have (apart from the dividends) a twofold prospect; (1) either the Government will purchase the line, in which case it is anticipated that the whole of the capital will be returned, with a considerable bonus to the shareholders from the proceeds of the land grant; or (2) on the assumption that the land when realized will produce at the least £2,500,000, all borrowed moneys will be paid off, and the shareholders will have the greater portion of their capital returned, and still have the railway as an asset for the balance.

The only contract entered into by the company is the one above referred to, dated the 17th day of April, 1886, and made between William Chrystall, John Tucker Ford, George Hart, John Thomas Matson, Thomas Shailer Weston, John Honeycomb Cock, Charles Yates Fell, Henry Douglas Jackson, Albert Pitt, and James Sclanders of the one part; and the New Zealand Midland Railway Company, Limited, of the other part; whereby the original agreement with the New Zealand Government has been assigned to the company.

Copies of the New Zealand Acts of Parliament, of the agreement with the New Zealand Government, and of the assignment thereof, may be seen at the offices of the solicitors, or of the company.

Applications in the form accompanying the prospectus, together with a deposit of 5 per cent. on the amount applied for, must be forwarded to Lloyd's, Barnett's, and Bosanquet's Bank, (Limited), 62, Lombard Street, E.C., or to the Clydesdale Bank (Limited), Glasgow.

Prospectuses and forms of application can be obtained from the bankers, or at the temporary offices of the company, No. 24, Throgmorton Street, E.C.

Dated this day of April, 1886.

F. O. Srow, Secretary *pro. tem.*

MEMORANDUM OF ASSOCIATION OF THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED).

1. The name of the company is "The New Zealand Midland Railway Company (Limited)."
2. The registered office of the company will be situate in England.
3. The objects for which the company is established are:—
 - (a.) Acquiring the contract dated the 17th day of January, 1885, made between Her Majesty the Queen of the one part, and William Chrystall, John Tucker Ford, George Hart, John Thomas Matson, Thomas Shailer Weston, all of Christchurch, in the Colony of New Zealand, and John Honeycomb Cock, Charles Yates Fell, Henry Douglas Jackson, Albert Pitt, and James Sclanders, all of Nelson, in the said colony, of the other part, for the construction of a railway from Springfield, near Christchurch aforesaid, to Brunnerton, and from thence to Belgrove, near Nelson aforesaid, in the South Island of New Zealand, and all the benefits thereof or in connection therewith:
 - (b.) Constructing and working the said railway or any section thereof, and any extensions, deviations, or branches which may hereafter be contracted for, undertaken or acquired, either by purchase or lease, or otherwise:
 - (c.) Working, improving, leasing, selling, or otherwise dealing with the lands, mines, minerals, timber, and all other property to be granted or acquired under the said contract or in connection therewith:
 - (d.) Consenting to any variation of the said contract and executing the same as varied:
 - (e.) Applying for, accepting, and carrying into effect any other contract for railways, docks, harbours, or other public works in the Colony of New Zealand:
 - (f.) Constructing and working docks, harbours, and other public works, and reclaiming and utilizing the fore-shore in New Zealand, and applying for and obtaining all powers and authorities necessary or desirable for these purposes:
 - (g.) Purchasing, hiring, chartering, and otherwise acquiring steamers, and working and using the same:
 - (h.) Constructing, selling, leasing, and working hotels in New Zealand:
 - (i.) Acquiring by purchase, leasing, hiring, or otherwise, for the purposes hereby authorized, of any land, building plant, machinery, stock, or property of any kind:
 - (j.) Acquiring by grant, purchase, or license, and using and exercising any patents or patents rights, *brevets d'invention*, or copyrights which may be desirable for the purposes of the company:
 - (k.) Doing all or any of the matters herein authorized, either alone or in partnership or conjunction with, or as agents or factors for any other companies or individuals, or with any Government or any public authority:
 - (l.) Selling, demising, leasing, letting out, or licensing the use of the company's railway, lands, minerals, or any other property of any kind belonging to it, in such manner and on such terms and conditions as the company shall think proper:
 - (m.) Accepting and taking shares or stock in any company, society, or undertaking, or the stock or securities of any Government or State, whether British, foreign, or colonial, in payment for the sale or execution of any matters or things sold or done by the company, or in furtherance, directly or indirectly, or any of the company's objects, and either holding or selling such shares or stock:
 - (n.) Procuring, obtaining, keeping, accepting, and observing the terms and conditions of any Acts of Parliament, contracts, powers, or privileges granted or to be granted by the Government of the Colony of New Zealand or any county, municipal, local, or other authority thereof:
 - (o.) Assisting in passages of emigrants, and making advances to or on behalf of emigrants, to enable them to go to New Zealand and to develop the lands of the company on which such emigrants may be settle
 - (p.) Borrowing such sums of money as may be necessary to carry out any of the objects of the company:
 - (q.) Paying interest out of capital during the construction of the railway or any other works undertaken by the company on the sums from time to time paid up on account of capital subscribed for such railway or other works respectively:
 - (r.) Making and carrying into effect arrangements for the union of interests, or for joint working, or for running powers and terminal or other facilities, or for amalgamation, either in whole or in part, with any other company, body, authority, or person carrying on any business similar, auxiliary, or advantageous to any of the businesses of this company, and upon the terms either that (so far as is consistent with this memorandum) this company or the company, body, authority, or person with whom it shall make the arrangements, or some other company, body, authority, or person shall carry on the amalgamated business, or selling to any company, body, authority, or person all or any part of the company's business

or property, and for all or any of the said purposes, if necessary, establishing any new company, and taking shares in any such new or other company as partial or entire payment or consideration, and holding or selling such shares, or distributing or allotting them among the shareholders of the company:

(s.) Doing all such other things as are incidental or conducive to the attainment of the above objects.

4. The liability of the members is limited.

5. The capital of the company is £500,000, divided into 50,000 shares of £10 each; such capital may from time to time be increased as may be found necessary or desirable, which shares and all other shares of which the present or any future capital of the company shall consist may be divided into different series, and may have such preference guarantee or privilege as between themselves as shall be determined by the regulations of the company existing from time to time.

FORM OF APPLICATION FOR SHARES.

No. THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED).

To the DIRECTORS of the NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED.)

GENTLEMEN,—

Having paid to the company's bankers the sum of £ , being a deposit of 10s. per share on shares in the New Zealand Midland Railway Company (Limited), I hereby request that that number of shares may be allotted to me, and I agree to accept such shares, or any less number which may be allotted to me, upon the terms of the prospectus, dated , 1886, and to make the further payments specified in the prospectus, and I authorize you to enter my name on the register of shareholders in respect to the shares so allotted.

(Name in full.)

(Residence.)

(Profession or description.)

(Date.)

THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED).

No. BANKERS' RECEIPT FOR DEPOSIT.

RECEIVED of the sum of , being the deposit of 10s. per share on shares in the New Zealand Midland Railway Company (Limited).

£ : :

(For Lloyd's, Barnett's, and Bosanque's, Limited.)

[Approximate Cost of Paper.—Preparation, nil; printing (1,350 copies), £6 19s. 6d.]

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