

disposal of the Queen for the purposes of the construction of the said railway of the width and extent necessary for such construction, and of any land adjacent thereto, which may be available and in such possession or at such disposal as aforesaid, which in the opinion of the Engineer may be required for side-cuttings, ballast-pits, spoil-banks, and road-approaches and road-diversions, or for the protection in any way of the said railway, or for workshops, stations, or other buildings used in connection with the said railway: Provided that nothing herein contained shall be deemed to require the Queen to cause possession of any land to be so given which is then lawfully held and used for mining purposes, or which may be subject to the terms of any special Act of the General Assembly affecting the same.

9. The Queen will, at the request of the Company, work any portions of the main line between Springfield and the eastern end of the Incline line until the main line shall be completed, for the carriage of contractors' material, &c.

(a.) The Queen shall be called upon to run only such number of trains as may be considered necessary for the requirements of traffic:

(b.) The Company shall maintain the rails, sleepers, ballast, formation-works, and bridges:

(c.) The Queen shall pay to the Company the gross receipts derived from the working of the said portions of railway after deducting the net cost of working.

10. After the completion of so much of the main line as extends from Reefton to Brunnerton, and thence to Jackson's, the whole or any part of the lands which the Company shall have earned or become entitled to in respect thereof, and not already selected by and granted to or otherwise vested in the Company in accordance with the provisions of the original contract shall be granted to it in accordance with the said provisions, the legal estate being antevested to the date of selection when the Company shall so require or direct, but so that each separate selection shall, unless with the consent of the Queen, be granted to the Company in one grant only; and the whole of such lands earned by the Company, or to which it shall have become entitled, shall be granted to the Company within two years from the first day of January, one thousand eight hundred and ninety-three.

11. Save as provided by the last preceding clause, the rights of the Company to select and acquire lands shall absolutely cease and determine from the date hereof.

12. In consideration of the surrender by the Company of such rights, the Queen shall pay to the Company the sum of £850,000 sterling, or by the issue to the Company of Government bonds bearing  $3\frac{1}{2}$  per cent. interest per annum. The bonds to be issued at the current market price on the day of issue, by twenty equal half-yearly instalments, of £42,500 each, payable at the head office of the Company in London, free from all deductions or taxations of any sort or kind whatsoever, the first of such instalments being paid on the execution hereof.

13. If the Queen and the Company shall not within one year after the opening of the main line for traffic, enter into an agreement for the construction of the Buller line, the powers of the Company to construct the Buller line shall cease, and if the Queen shall hereafter construct that line the Company shall afford the Queen reasonable and proper traffic facilities in their Reefton Station.

14. The Queen shall give to the Company and the Company shall give to the Queen mutual running powers and terminal facilities over the respective lines of railway of the Queen and the Company for carrying traffic on the line of the one party through or on to the line of the other party, and in particular shall give the Company access to the ports of Lyttelton, Nelson, and Greymouth, and to the Government termini at such ports and at Christchurch; but neither party shall have the right to compete with the other party, by carrying on the line of the other party traffic originating and terminating on such line. The terms and conditions under which such running powers and terminal facilities shall operate shall be set out in an agreement, or, if the parties cannot agree, the form and contents of such agreement shall be determined by arbitration, and while no agreement is in existence binding the parties, then on terms to be prescribed by regulations to be made by the Governor.

15. All by-laws and regulations made for the conduct of traffic on the railway, and for the working and management thereof, shall from time to time be subject to approval by the Governor; and, subject thereto, the maximum tolls, fares, rates, and rents to be charged by the Company for the carriage upon the said railway of passengers, produce, animals, goods, merchandise, articles, matters, and things, and for the storage of goods in any of the Company's sheds or warehouses, shall not exceed the scale set forth in the schedule hereto attached, with twenty-five per centum added thereto.

16. The Company shall be at liberty at any time to reduce the said tolls, fares, rates, and rents, or any of them.

17. The Company shall not be chargeable with any rates, taxes, charges, or duties other than such as may be levied by the New Zealand Government direct, and any and all such rates, taxes, charges, and duties shall be assessed upon the income of the Company, and not upon the capital value of its railways or property.

18. If the Company shall not be able to construct and finish the main line within the period hereinbefore limited in that behalf, the Governor in Council may, by writing indorsed on these presents, if satisfied that the delay has not been caused by the wilful default or neglect of the Company, extend the said period, or the period mentioned in clause 10 hereof, for such time as he shall deem reasonable, and any such extension may be made although the period to be extended has not yet expired, or may be made after such expiration.

19. The power of purchase conferred upon the Governor by "The Railways Construction and Land Act, 1881," and "The East and West Coast (Middle Island) and Nelson Railway and Railways Construction Act, 1884," may be exercised at any time after the expiration of ten years from the completion of the main line.

20. In the event of the purchase of the main line by the Queen, or on her behalf, in accordance with the Acts relating thereto, the price to be paid for such purchase shall be the sum of £2,500,000 sterling, payable at the Company's head office in cash, or in New Zealand Government