	£	s.	d.
Cost of railway and equipment	109,169	6	2
Deduct loan	75,000	0	0
	34,169	6	2
Purchase-money proposed	33,000	0	0
	1,169	6	2
Amount of rates abandoned	7,800	0	0
Amount to debit of profit and loss by reason of the company being unable to collect rates in consequence of faulty legislation, after crediting guaranteed interest for the year ending 31st March, 1886	4,297	16	7
	£13,267	2	9

It must be remembered that, in order to disarm opposition to the passing of an Act last session, rectifying a technical defect, the company was forced to submit to a reduction of guaranteed interest amounting, up to the 31st March, 1885, to upwards of £2,800, which, added to the proposed further reduction of £7,800, will equal a loss of £10,600 justly due to the company; and that in consequence of defective legislation, and through no fault of the company, it was deprived altogether of guaranteed interest for the period commencing the 1st August, 1880, and ending the 31st March, 1882, and amounting to about £11,000, for which my directors consider the company has an equitable claim on the colony, inasmuch as the shareholders were induced to subscribe for shares in the belief that section 75 of "The District Railways Act, 1877," providing for the guarantee of interest, could be enforced.

In fulfilment of a promise made to the ratepayers, the company is prepared to sell the railway on fair terms, but the conditions of your offer, involving, as they do, the abandonment of a large portion of the company's assets, and the expenditure of an unknown sum of money on new work, virtually reduces it to a sum far below the value of the railway, and correspondingly augments the company's loss.

My directors think that you cannot have realized how large a sacrifice the company is asked to make for the benefit of the ratepayers, and trust that, upon reconsideration, you will see your way to accept the company's offer made through Mr. Cuthbert Cowan, M.H.R.

I may state, for your information, that the profits made during the past twelve months have exceeded by the sum of about £2,000 those of the previous year.

Were the Government to acquire the railway at the price asked by the company, there can be little doubt that, even in the present depressed condition of trade, the line could be worked to yield between 3 and 4 per cent. interest on cost, and that in the course of a few years it will become one of the best-paying sections of the railway-system of the colony.

I have, &c.,

The Hon. the Minister for Public Works, Wellington. R. H. Leary, Secretary.

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19. Mr. Cuthbert Cowan, M.H.R., to the Hon. the Minister for Public Works.

(Telegram.) Lumsden, 20th April, 1886.

I hear your offer to purchase Waimea Railway has been sent back for consideration certain points. Earnestly urge you try to meet demand of company so far as reasonable. Wire Dipton.

Cuthbert Cowan.

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20. The Hon. the Minister for Public Works to the Secretary, Waimea Plains Railway Company.

(Telegram.) Wellington, 20th April, 1886.

Waimea Plains Railway: Referring to your letter of 16th in reply to mine of 8th instant, you know all the railways have been purchased with the condition that half-rates be foregone, and it is impossible to alter that principle; indeed, if that were altered, ratepayers would lose by purchase. If, however, you wire me that your company will accept my offer in letter of 8th, with the exception of the conditions named by me in the last paragraph, that is to say, to omit all the words of that paragraph between the word "shall" at end of third line, and the word "agreements" in eighth line, and to insert in lieu thereof the words "give full effect to all existing," so as to make that portion of the paragraph read, "the company shall give full effect to all existing agreements either written or verbal," &c., I will recommend it to my colleagues. The other conditions are common to all the other purchases. You must act at once as Cabinet will be separating before Parliament meets. Edward Richardson.
