2. *Mr. Barron.*] Who is the chairman?—Sir Julius Vogel. I then left for Auckland with the rest of the members. While in Auckland I received a reply. The documents are all here: the note to Sir Julius Vogel can be produced, and the reply to it.

SIR,— Wellington, 22nd September, 1885.

I have the honour, at the request of the Waimate Railway Company (Limited), to inquire whether the Government Insurance Association would be willing to purchase the debentures to be given to the company for their railway; and, if so, on what terms.

I have, &c.,

Hon. Sir J. Vogel. W. J. STEWARD.

I may here state that, until the receipt of the inquiry from the company, I had not the remotest idea that the negotiations for the sale of these debentures would be offered to me by the company.

3. *Mr. Garrick.*] What company?—The Waimate Company.

4. Can you produce the letter?—I have an extract.

5. Have you got the letter itself?—I have the letter I wrote in reply. Then there is a letter from Mr. Luckie of the 26th.

SIR,— New Zealand Government Life Insurance Association, Wellington, 26th September, 1885.

I have the honour to acknowledge receipt of your letter of the 22nd instant, addressed to the Hon. Sir Julius Vogel, in which you inquire whether the Government Insurance Association would be willing to purchase the debentures to be given (by the Government of the colony, as I understand) to the Waimate Railway Company. In reply, I have to inform you that your letter has been laid before the Board of Directors, and that they will be prepared to entertain consideration of the proposal on being furnished with full particulars.

I have, &c.,

W. J. Steward, Esq., Newmarket, Auckland. D. M. LUCKIE, Manager.

6. *Mr. Fulton.*] Are these originals?—Yes; these are the originals of theirs: they have the originals of mine. I then wrote from my sister's, where I was staying in Auckland, on the 30th of September,—

SIR,— Auckland, 30th September, 1885.

I have the honour to acknowledge receipt of your favour of the 26th inst., *re* proposed sale of Government 4-per-cent. debentures payable under "The District Railways Purchasing Act, 1885," to the Waimate Railway Company, and advising me that your "directors will be prepared to entertain consideration of the proposal on being furnished with full particulars." In reply, I have the honour to state that I am in communication with the Waimate Railway Company on the subject, and also with the Duntroon-Hakateramea Company (through the Official Liquidator), and propose, on receipt of their replies, to lay a distinct proposal on behalf of each before your directors.

I have, &c.,

D. M. Luckie, Esq., Manager, Government Insurance Association. W. J. STEWARD.

There is a correspondence here between myself and the Duntroon and Hakateramea Company, which, although it eventuated in nothing, it may be worth while to bring in. I may perhaps state that in the course of my public life I have had a good deal to do with negotiating two or three large loans, and therefore I became aware that the Stock Exchange Committee at Home will not quote any loan or any security of a less total amount than £100,000. I was also aware that the quotation of any stock on the Stock Exchange list enables it to command a better price, and that loans can be more favourably negotiated when in large than in small parcels. It therefore occurred to me that, as they were anxious to sell their debentures, and it appeared probable they would have to sell at Home, it would be a good thing if the two companies which had previously asked me to act for them would put their debentures together so that the parcel might be larger; and, as there was a balance of some seven thousand pounds' worth of the Rakaia debentures, these might be thrown in to make up one hundred thousand pounds' worth of stock in all. I hoped to be able to place before them an offer for one hundred thousand pounds' worth, being under the impression that it would be a good thing for the department, inasmuch as the whole of them might be, I thought, resold in London at a profit. I wrote a letter to Mr. Slee, Secretary of the Waimate Railway Company, on the 30th September, the same date:—

SIR,— Care of Mrs. Arthur Watt, Oakroyd, Mount Eden Road, Auckland, 30th September, 1885.

Having received from you, on behalf of your Company, instructions to endeavour to negotiate the sale of the £33,913 4-per-cent. debentures, payable by the Crown as the purchase-price of the line and appurtenances, I lost no time in carrying out the same, and wired you that I had placed the debentures under offer to the Government Insurance Association, asking that association (1) whether the investment would be entertained, and (2) what figure, in that case, they would be disposed to offer. I have now the pleasure to inform you that I am in receipt of a reply from the Manager to the effect that my letter "has been laid before the Board of Directors, and that they will be prepared to entertain consideration of the proposal on being furnished with full particulars. I have accordingly written to Mr. Luckie acknowledging receipt of above, and promising to lay a definite proposal before the Board on receipt of further instructions from your company. You will, of course, understand that, as the association is now empowered by law to invest in mortgage of freehold as well as in Government and other bonds, interest at 6 per cent. or better is readily obtainable, and therefore will see that no offer on our part is likely to be entertained which would present a less favourable investment of public funds. This, were it intended that the association should hold the debentures for the full term of their currency (twenty years), would evidently mean so large a discount off the principal sum as very seriously to diminish the proceeds; but I have suggested to Mr. Luckie (and hence the fact of the proposal being entertained at all) that the association, having acquired the debentures, should obtain the services of the Agent-General with a view to reselling them in London, an operation which could probably be completed within the year. But, no doubt, the association will require to secure itself a return of 6 per cent. for the year, besides a sufficient margin to cover the expenses of placing the debentures on the London market, and of remitting the proceeds to the colony. Seeing that 4-per-cent. New Zealand inscribed stock is only quoted at par in London, a small parcel of their uninscribed 4-per-cent. could scarcely be expected to reach more than 97 or 98, according to the state of the market; and at the lower figure, in order to yield 6 per cent. to the association for the year, 95 would be the highest figure they could give. On the other hand, if the company were selling in London, I do not think for so small a parcel you would obtain more than £90 net, if so much—*i.e.*, after paying insurance, advertising, commission, brokerage, and exchange; while also, as against a present sale for cash, you would lose six months' interest. I know something of these expenses, as I have been connected with the floating of two or three municipal and two harbour loans, and had in most cases to accept less than par for six-per-cents. I think, therefore, your company would make a good sale if they obtain 94 cash in the colony. Of course, I propose to ask a higher figure (say 96), with a hope of ultimately closing at 95. It is, I think, probable that the Duntroon Company will also again place the negotiation of the sale of their debentures in my hands; and, if so, it will rather improve the chance of a good price, as the two parcels together would, with £7,000 Rakaia Forks Company's debentures (which I shall ask to be thrown in), together make up over one hundred thousand pounds' worth, a line quotable on the Stock Exchange, which will not quote stock of any lesser amount. I must ask you, therefore, to furnish me with the undermentioned documents under seal of the company—viz., (1) a letter appointing me agent for the sale of the debentures payable by the Crown