whether, in accordance with the powers conferred by the said Act, it is contemplated by the Government to redeem the debentures issuable to the said company, and, if so, what offer the Government is disposed to make. I may point out that 2 per cent. interest has accrued to the 30th September last, and that, assuming as I do that on and after the 31st March, 1887, when the interest will be payable in London, the debentures will command a par value, it is apparent that the interest accruing to that date, two years at 4 per cent., will equal over 5 per cent. per annum on present purchase at par. I have received from the company full authority to sell at or above a stated minimum, and shall therefore be glad to learn whether the Government is disposed to purchase, and, if so, at what price.

I have, &c.,

Hon. Sir J. Vogel, K.C.M.G. W. J. Steward.

P.S.—I may add that it is not improbable that I may have a similar communication to make to-morrow (Friday) on behalf of the liquidator for the Duntroon-Hakateramea Company, and on behalf of the Thames-Rotorua Company.—W. J. S.

On the 16th I wrote to Mr. Luckie,—

Sir,— Wellington, 16th October, 1885.

Referring to your favour in which you inform me that your directors will be prepared to entertain consideration of a proposal for the purchase by the association of the 4-per-cent. debentures payable by the Government to the Waimate Railway Company (Limited) as the purchase-price of their line, I have the honour to state that I am empowered by the company to treat for the sale, and to conclude same if satisfactory terms can be arranged. The debentures referred to are for a total sum of £33,913, and of twenty years' currency dating from the 1st April, 1885. It will thus be seen that 2 per cent. interest (for half-year ended the 30th September) was already accrued due. The interest is payable in the colony only until the 31st March, 1887, after which date it can be made payable in London. As the New Zealand "fours" are worth par in London, it appears evident that par value could be realized, if desired, say, eighteen months hence, and that should the association purchase it need not necessarily be as a permanent investment. I shall be glad to be informed at as early a date as possible whether the association is willing to purchase, and, if so, upon what terms.

A reply will reach me in Wellington up to to-morrow inclusive; after that date at Waimate.

I have, &c.,

D. M. Luckie, Esq., Manager Government Assurance Association. W. J. Steward.

On the 16th of October I had the following letter from the Treasury:—

Sir,— Treasury, New Zealand, Wellington, 16th October, 1885.

I have the honour to acknowledge the receipt of your letter of yesterday's date, informing me that you are authorized to negotiate the sale of the debentures which will come to the Waimate Railway Company under the District Railways Purchasing Act, and asking me for particulars regarding the same. In reply, I have to say that the taking-over the property and fulfilling the conditions of purchase, including seeing to a legal conveyance, will rest with the Minister for Public Works. I shall have to attend to matters relating to payment for the railway, subject to my keeping in hand so much as my colleague may find necessary to cover engagements outstanding, if any. The purchase-money will be paid in debentures, in terms of the agreement. I am prepared to take the debentures which will be coming to the Waimate Railway Company under the purchase, if the Company should so desire it, at the price of £95 for each hundred, the debentures to bear interest from the 31st March last. If, instead, the company prefer it, I will agree to purchase the debentures, under the 23rd clause of the Act, in London, for £97, on or about the 31st May, 1887. You will be kind enough to let me know in a few days whether the company desires to avail itself of either of these offers. I have, &c.,

Julius Vogel.

10. *Mr. Ormond.*] That was the Treasury offer?—Yes, that was the Treasury offer. I then ascertained, in an indirect way, what was the probable price the Government Insurance Association might offer. I only got at it in this way: I ascertained what was the rate of interest they looked to obtain on their investments, I calculated the actuarial value of the debentures on that basis, and I arrived at the conclusion which I will here state as to the price they would give.

11. *Mr. Garrick.*] Have you any objection to state from whom you got the information?—I was in Mr. Shannon's office. He is one of the directors also; and I understood that they would not enter upon any investments that would not give 5½ per cent. I then telegraphed to Mr. Frank Slee,—

Mr. F. Slee, Waimate. Wellington, 17th October, 1885.

Though formal reply Insurance not received, have ascertained not likely give price greater than yield five per cent. The exact actuarial value of debentures, including assured interest on a five-per-cent. basis, is eighty-nine twelve eight. You should accept Government offer at once. W. J. Steward.

And on the 17th of October Mr. Slee replied,—

W. J. Steward, M.H.R., Assembly Library, Wellington. Waimate, 17th October, 1885.

Company will accept ninety-five plus interest, or ninety-seven without interest. Frank Slee.

12. That is, the Government offer was 95, and they took the whole of the accrued interest?—There was an offer made to receive interest to a certain date.

13. *Mr. Fulton.*] Yes; but they were to receive the interest?—About this time I received authority from the Rotorua Company to sell £115,000 at 95, and I advised Slee to that effect—

Mr. F. Slee, Waimate. Wellington, 17th October, 1885.

Since wiring you have received authority Rotorua Company to sell one hundred and fifteen thousand at 95, dividing accrued interest with purchaser. Will Waimate Company accept same? W. J. Steward.

My suggestion was that the interest should be divided—that all interest accruing after the 30th September should go to the company. I foresaw that it would be months before the money was actually paid over. It seemed to me that it was not fair to them to be left without interest so long as any one might choose to keep payments back. On the 17th Slee replied,—

W. J. Steward, M.H.R., Assembly Rooms, Wellington. Waimate, 17th October, 1885.

Received your telegram *re* Rotorua directors. Notwithstanding, confirm my previous telegram ninety-five *plus* accrued interest. Frank Slee.

I wired to Sir Julius Vogel, who had then gone to Christchurch. This was on 17th October.

Hon. Sir J. Vogel, Christchurch. Wellington, 17th October, 1885.

Waimate Company will accept ninety-five exclusive, ninety-seven inclusive accrued interest.

W. J. Steward.

Sir Julius Vogel replied the same date, "Waimate Company's offer refused." On the 19th I telegraphed to Slee,—

Mr. F. Slee, Waimate. Wellington, 19th October, 1885.

Vogel positively declines increase offer. Think directors should reconsider before finally refusing ninety-five cash. Will try get ninety-five ten, payable end November, and, to ease matters, reduce commission to three-quarters. The net result would thus be only one per cent. less than your own terms. Pity matter should fall through on so slight difference, as you will never get better price. Reply promptly. W. J. Steward.

I may state that the explanation of the passage which relates to my commission was this: On the