

“Yes.” But it is difficult for me to propound a plan as to how the ratepayers should be treated, or how the question of the Insurance debt should be dealt with. If I am required to go into the matter fully I can give an opinion. But there are various liabilities attaching, and there are many considerations to be taken into account other than professional ones.

44. Can you explain the liability with regard to interest?—The Government is liable to a certain guarantee up to a certain date.

45. *Hon. Sir Julius Vogel.*] Are you favourable to the purchase?—Yes, if it can be arranged at a reasonable price.

46. Do you regard it as a paying line?—If we take it into the system and work it with the Government lines we should save £1,000 a year.

47. You say we should save more by working it ourselves?—Yes—by arranging our own train-services as we should wish.

48. *Mr. Cowan.*] Are you aware that the company insisted upon the Government foregoing half-rates—the half is £7,860?—No; I have not read the correspondence.

49. You are aware that the Minister raised his offer by £2,000. That addition to his offer was brought about in this way: When this £7,560 of rates was forced on the company they asked the Government to bear half this loss with them. The Government declined to meet them half-way, but raised their offer by £2,000. Seeing that the company have given up these rates, would you not say that the price is reasonable?—I would not like to answer without reading the whole of the correspondence.

50. The particular point in your evidence is that, if you were asked by the Government to give a price for building an entirely new line in the position of this railway at a cost of £110,000, that would be a good thing to do?—Yes.

51. Suppose the Government can get the line from the company, who give up a claim to £7,860—bearing that concession in mind, is the price, in your opinion, a reasonable one for the company to ask?—I will read the correspondence, and reply.

52. The £2,000 added by the Minister to the price being taken into consideration?—[The following correspondence was read by witness:—

Railway Department, 22nd July, 1886.—Sir,—I have the honour to inform you that I have read the correspondence contained in Parliamentary Paper D.-6, 1886, handed to me by the Committee, and, in reply to Mr. Cowan's question, “If the Government can get the railway for £110,000, seeing also that the company agrees to forego about £7,860, rates due to it, is the price a reasonable one to ask?” I have to remark as follows: If the company asked the Government for £110,000 cash, and did not ask the Government to take over any liabilities, the request would be a reasonable one, I think. But it appears that the Government is asked to pay £35,000 cash, and to take a liability of £75,000, due to the Insurance Association. Having regard to the rate of interest at which the colony can get money, and the rates payable for the insurance loan, it would appear that the sum asked by the company considerably exceeds £110,000.—I have, &c., J. P. MAXWELL, General Manager, New Zealand Railways.—The Chairman, Public Accounts Committee, House of Representatives.

*Re Waimea Plains Railway.*—Memorandum for Mr. Maxwell.—Referring to your letter of the 22nd instant, the Committee wish to bring to your notice that Mr. O'Connor estimates at about £8,000 the difference between 6 and 6½ per cent., interest payable on the debentures issued by the company, and the 4 per cent. ordinarily paid by Government, and to ask you how far, if at all, the sum added to the £110,000, at which the line is offered to the Government, would affect the opinion expressed in your evidence on the subject.—F. J. Moss, Chairman, Public Accounts Committee.—Wellington, 23rd July, 1886.

*Re Waimea Plains Railway.*—Railway Department, Head Office, Wellington, 26th July, 1886.—Sir,—In reply to your letter of the 23rd July, 1886, in which you state that it is estimated that about £8,000 will be added to the suggested price of £110,000 by the Government taking over the liability of the Insurance Association debt, and ask if that fact would affect the opinion expressed in my evidence, I have the honour to state that the opinion I expressed was “that if the company asked the Government for £110,000 cash, and did not ask the Government to take over any liabilities, the request would be a reasonable one.” This opinion would be unaltered. I may point out that if the sum to be paid is £118,000 instead of 110,000, the value as an investment to the Government might be taken at 2.54 per cent. instead of 2.73 per cent., assuming that the railway rates and fares are kept in the future as high as they now are, and that the Government can make a direct profit of £2,000 a year on working, and could in other ways effect an economy of £1,000 a year, if the line were Government property. Regarding the additional sum mentioned—namely, £8,000, I am not able to give personal evidence as to the correctness of this calculation, but I am under the impression that this sum would not correctly represent the additional cost.—I have, &c., J. P. MAXWELL, General Manager.—The Chairman, Public Accounts Committee, Wellington.

Wellington, 25th July, 1886.—F. J. Moss, Esq., Chairman, Public Accounts Committee.—Sir,—I wish to ask Mr. Maxwell the following question, which I wish put on record in the evidence, as well as Mr. Maxwell's answer: Mr. O'Connor, Under-Secretary for Public Works, has stated in his evidence that you were, with Mr. Gavin and himself, appointed to draw up a report upon the value and purchase of the Waimea Railway. For the purposes of that report I understood Mr. O'Connor to say that a calculation has been made of the premium which would be required by the Insurance Association to allow the Government to pay off the amount due by the Waimea Railway Company, which bears interest at 6 and 6½ per cent.; that the minimum of that payment would be £8,100, the maximum £18,000. If the first sum were added to the amount offered by the Government it would bring the amount paid up to £118,100. You stated that you considered that, in your opinion, £110,000 was not too much to pay. In the view, however, that the present offer would mean £118,100 at the lowest computation. I wish to ask you if you consider this offer is a fair one, or if you consider that £110,000 is the full value, and whether you can recommend the Committee to agree to the offer made by the Government. I also think it would be well to write to Mr. Richardson to say whether the Government had taken this further sum, which will have to be paid to the Assurance Association, and if any arrangement had been made with the Assurance Association, in the event of a purchase, whereby a sum was fixed that the Government would pay in paying off the £75,000 due by the Waimea Railway Company.—Your obedient servant, JAMES G. WILSON.—Will Mr. Maxwell be good enough to send, for the Committee, an answer to the questions in this letter.—F. J. Moss.—25th July, 1886.—My opinion was that £110,000 cash was not an unreasonable sum to ask. This was having regard to the average interest the colony gets from its investments in railways, which was £2 17s. 3d. per cent. on the cost of opened lines last year. I am aware of no further reasons having been adduced for increasing the price to £118,000. As the ratepayers of the district, while being relieved of the payment of £7,860, back rates, are still, I understand, to be responsible for part-payment of interest on the cost, jointly with the Government, their burden would be increased by adding to the price, as well as that of the Government.—J. P. MAXWELL.—26th July, 1886.—The Chairman, Public Accounts Committee.