

all its profit will have lapsed to the colony The company then to give up the entire land grant, guaranteed B1 value £984,000, and the Government to pay off the whole of the company's present issue of debentures with part of the proceeds.

It is suggested to put off the completion of the Nelson line until the East and West is open for traffic, and for possibly a year or two afterwards, to avoid calling on the country for further interest until the company is in a position to earn something towards it.

The Hon. the Premier.

I have, &c.,  
ROBERT WILSON,  
Engineer-in-Chief and General Manager

### Enclosure 1 in No. 1

#### STATEMENT A.

ESTIMATED capital required to finish the East and West Coast line and to extend the Belgrove section into the Motueka Valley, on the assumption of a Government guarantee of 3 per cent. interest on £1,600,000 ordinary-share capital, and the formation of a sinking fund from lands sold by the Government to redeem £372,500 of the company's present debenture-issue five years after the opening of this line for traffic. The company to forego all rights as to selection, sale, control, and administration of the present land grant for this section:—

New share capital required	£1,350,000
Present share capital	250,000

Total amount on which Government are to give a guarantee of 3 per cent. per annum	£1,600,000
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Annual charge, 3 per cent. on £1,600,000 = £48,000.

Time of completion, say three and a half years, making total interest during construction to be provided by Government, say, £168,000.

Value of land grant in this section to be surrendered, guaranteed to sell for £618,000.

Annual charges for interest when the East and West Coast line is open for traffic, one-half the debentures not being redeemed from land-grant sales by the Government:—

Debentures £745,000, interest at 5 per cent.	£37,250
Ordinary shares £1,600,000, at 3 per cent.	48,000
	<u>£85,250</u>

Estimated revenue from East and West Coast line and from the Reefton line:—

East and West Coast line, net revenue available for interest, say	£60,000
Ditto from Reefton line	10,000
	<u>£70,000</u>

Balance required from Government to meet interest, but not allowing for any development of traffic, £15,250.

Annual charges for interest when the East and West Coast line is open for traffic after one-half of the debenture-issue has been redeemed by the Government by land sales:—

Debenture-interest on £372,500, at 5 per cent.	£18,625
Ordinary shares £1,600,000, at 3 per cent.	48,000
	<u>£66,625</u>

Estimated net revenue from the East and West Coast line and the Reefton line:—

East and West line, net revenue available for interest ..	£60,000
Reefton line, ditto	10,000
	<u>£70,000</u>

N.B.—This shows that, under these circumstances, the Government will not require to pay anything towards interest.

### Enclosure 2 in No. 1

#### STATEMENT B.

ESTIMATED capital required to finish East and West and Nelson lines on the assumption of a Government guarantee of 3½ per centum interest per annum on £2,900,000 ordinary-share capital, and the formation of a sinking fund from the land sales by the Government to redeem £745,000 of the company's present debentures, £372,500 to be redeemed five years after the opening of the line for traffic from east to west, and £372,500 five years after opening the Nelson section, or sooner if the Government desire to do so. The company to forego all rights as to selection, sale, control, and administration of the whole land-grant area:—

New share capital	£2,650,000
Present share capital ..	250,000
	<u>£2,900,000</u>