

MINUTES OF EVIDENCE.

FRIDAY, 3RD AUGUST, 1894.—(Captain RUSSELL, Chairman.)

Mr. ROBERT WILSON, Engineer-in-Chief, New Zealand Midland Railway Company, examined.

1. *Hon. Mr. Seddon*: I desire you to inform the Committee the grounds upon which you desire the proposed modification in the terms of the agreement, as set forth in the resolutions adopted by the House, and why it is imperative that the whole of the £618,250 should be deposited with the Public Trustee. The resolutions are contained in the printed correspondence (page 6):—

“A. That in lieu of land-grants being made to the company on account of work hereafter executed by it, debentures of corresponding value to the B 1 value be issued to the company, bearing interest at the rate of $3\frac{1}{2}$ per cent. per annum, such issue of debentures, in lieu of land-grants, to be conditional on the company surrendering its rights to select land within the reserved area of about 5,600,000 acres, after deducting the quantity to which it is entitled, and to which it may be entitled, for work done.

“B. That an extension of time for completion of the work be granted to the company; such extension not exceeding five years from the date of signing the new contract.

“C. That, if desired by the company, the debentures to which it may become entitled from time to time be deposited with the Public Trustee, to be issued to the company in, as nearly as may be, twenty equal half-yearly instalments.”

Witness: The reason for the proposed modification is entirely due to the financiers, who state that they must have the security of the deposit for the total amount. It is at the request of the financiers that the suggestion is made that the £618,250 should be placed in the hands of the Public Trustee, as a fund from which the interest on the new issue of capital shall be drawn, and used for that purpose only.

2. What is the amount you propose to raise?—One million and a quarter.

3. Have you ascertained the feasibility or otherwise of the new proposals? It will be necessary for the Committee to know what the company is prepared to do, the guarantee the colony will have in respect of the raising of the money, and the terms upon which it shall be raised?—We have the written assurance of the financial houses that they will raise this money, and have undertaken to do so on the terms stated.

4. What terms?—On these terms, that the Government place the £618,250 in the hands of the Public Trustee, and that it is used solely for the purpose of paying interest on the new issue of capital, which will cover interest for fourteen years. The fund forms practically a guarantee of interest for fourteen years.

5. At what rate of interest?—Four per cent. We propose to issue the stock at 4 per cent. interest, and we expect to be able to issue it at a favourable price. I am speaking now without the actual facts before me—we expect to issue it at about 98. I do not anticipate that we can issue 4-per-cent. stock at par. If we had actually the Government guarantee we could no doubt issue it at par. With the present proposals the interest is covered for fourteen years. I question if we shall be able to issue as high as at 98. This, I think, would be about the market value.

6. You ask here that “Interest at $3\frac{1}{2}$ per cent. per annum to be paid on £200,000 as from that date.” Is that the date when the money is lodged in the hands of the Public Trustee?—Yes. I suggested, in order to meet the wishes of the Government, that the £618,250 should bear interest on three yearly instalments. In carrying out this suggestion the interest-charges will be the same as on three instalments paid into the fund at intervals of one year. It was to meet the wishes of the financiers that I proposed placing the whole amount in one lump sum in the hands of the Public Trustee, and I suggested the modification of interest-payments to meet the wishes of the Government.

7. Why should the colony be called upon to raise £618,250 at once, when you only require the interest on £200,000 the first year, £200,000 the second, and some £218,000 the third? Is not the colony's credit good enough?—It is not a question of the colony's credit, it is a question of the company's credit. The company must be able to show that they have absolute security before the financiers will raise the money. They say: If you have this placed at deposit it is all right enough, we will raise the whole capital; but under the other plan all we have got is the £200,000 certain, with a promise that we will have from the Government of the colony £200,000, and £218,250 later on. It will simplify matters, and make the scheme more appreciated by the public, if the whole actual sum is deposited in the hands of the Public Trustee; and yet it will make no difference in the cost to the colony, and would make it better and more satisfactory for the public. That is the argument they use.

8. What is the difference between an Act of Parliament and a contract signed that you were to have in value over £1,000,000 worth of land. The company were quite prepared at that time to accept those conditions: as soon as you did the work you were to get the land. We have kept faith with the company in that respect, and we expect the company to keep faith with us. You now ask for the amount of £618,250 to be raised immediately. Of this sum, you want £200,000 the first year, £200,000 the second year, and the remaining £218,250 the next year. What reason have you to offer for this demand?—We do not say we only require the £200,000. We say we are prepared to meet you. You do not pay interest on the money until it is due. It is a question of