

47. *Hon. Sir J. Hall.*] Not of five years, to five years?—We expect to do it in the three years and a half, but, for financial purposes, I must have a margin to prove I have plenty of time to do the work in, even with accidents or contingencies.

48. *Mr. Wright.*] You want that you will not be subject to penalties if you fail?—Yes.

49. *Mr. G. Hutchison.*] You would undertake to do it in five?—Oh yes; I only ask for five years to meet financiers' objections.

50. *Hon. Sir J. Hall.*] From the signing of the contract?—Yes.

51. *The Chairman.*] Have you stated your proposals fully?—The whole, practically speaking, is in the financial proposal; and my directors have written me instructions to say that is the lowest offer on which they can hope to finance the money in London.

52. *Mr. G. Hutchison.*] Are they not prepared to name a minimum quotation at which the stock of the company?—That would be a most dangerous thing to do. The stock of the colony is rising, and the credit is improving. It would be very wrong of the directors to say that they would take it at a minimum, because they would have to fix a minimum they would be perfectly sure the stock would not fall below.

53. Suppose the market was "bullied" or "beared"—say "beared"—at the time of putting the stock on the market?—I will suggest a way to you to get over that. The colony may have the option to pay us either in bonds or sterling. Then, if the markets were bad, and the Government feared anything like a "bear" or "bull," they could arrange to pay that particular instalment in cash. That would guard them against any such contingency arising.

54. *Dr. Newman.*] You would undertake to take it?—Yes. If the Government take the option they could deal with it either in stock or cash. There are other points in the contract which have been criticized by the Public Works Department. Shall I go through these?

*The Chairman.* I think you have given us the main features. I do not think it is necessary to go through these.

55. *Mr. G. Hutchison.*] The Committee would like some information, I think, from the Public Works Department as to the probable value of the land-grant?—This is the Public Works' own valuation; or, rather, the Survey Department's valuation.

56. On that map?—Yes.

57. But that is some years ago?—Yes; ten years ago.

58. And I suppose a good deal of it was imaginary?—It was made between the Surveyor-General and somebody on behalf of the company. Mr. McKerrow was the Surveyor-General at the time.

59. Has he been over it since?—I do not know.

60. *The Chairman.*] Will you hand in those tables?—Yes. [Tables handed in.]

61. *Mr. Wright.*] I should like to put one question. You stated the expenditure would be about £30,000 monthly to get this work completed in three years and a half?—Yes.

62. About what proportion, roughly, would go in wages?—There would be nearly 60 per cent. in wages.

63. *Hon. Sir J. Hall.*] It will help the Committee if Mr. Wilson will just summarise the several points of the proposals now before the Government. No doubt they are all stated here in this correspondence, but it would be a help if they could be put before us, say, in tabular form, upon one sheet?—I will give them to you summarised at the next meeting.

The Committee then adjourned.

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TUESDAY, 29TH AUGUST, 1893.

Mr. MORRIS FOX examined.

63A. *The Chairman.*] You are the Actuary in the Government Insurance Office, I understand?—Yes.

64. Will you explain to the Committee how you arrive at £33,750 as the half-yearly payment extending over twenty half-years, as the sum which the colony would be bound to pay, under the circumstances, to the Midland Railway Company in payment of £618,000?—The present value at 4 per cent. of an annuity of £1 per half-year for twenty half-years, the first instalment payable at once, is £16,67846. The present value of a similar half-yearly annuity of £33,750 will therefore be £33,750 multiplied by 16,67846, which comes to £562,898. The present value at 4 per cent. of £200,000, due in one year, is £192,308; the present value of £200,000 due in two years is £184,911. The present value at 4 per cent. of £218,000, due in three years, is £193,801, the total present value being £571,020. This sum of £571,020 discounted at 4 per cent. for about three months and a half is also £562,898, and therefore the present value of the—

65. Three months and a half; how is that taken?—I supplied figures to Mr. Blow for the end of July. But the end of July is five months from the end of the year. Mr. Blow did not take exactly the figures I gave him, for the reason that you would not have finished the arrangement by the end of July. Mr. Blow also took round figures,—£33,750,—and the present value of that annuity is equal to the present value of the three land-grant instalments, discounted for about three months and a half, to the end of the year—that is, the middle of September. But, to complete my statement: this sum of £571,020 discounted at 4 per cent. for about three months and a half is also £562,898, and therefore the present value of the three land-grant instalments (due at the end of 1894, 1895, and 1896 respectively,) will be equal to the present value of the twenty payments of £33,750 about the middle of next month, September, 1893, taking interest at 4 per cent.

66. Is that all you wish to say in connection with this calculation?—It is everything I wish to say in reference to that calculation.

67. You have seen the calculation of £850,000?—Yes.