68. That is based upon a different principle ?—The £850,000 appears to me to be a slightly higher estimate than the £618,000. The £850,000 is not supposed to be due now, but is an accumulation over ten years. But it is also the value of the land-grants at the time they are granted, with an addition equal to about 37½ per cent. on the B1 value. I may say that the £850,000, in twenty instalments of £42,500, accumulated in the way that the sums are accumulated in the statement given to me, over ten years, gives at 4 per cent. about £1,053,000.

69. *Mr. Wilson.*] Supposing the company were to sell its land-grant to-day for £618,000—I am simply assuming a case—to the Government in cash, giving them the land to deal with, and leaving in their hands this £618,000 to be funded at a certain percentage; at the end of ten years what would be, roughly speaking, the value of that funded amount ?—At what rate of interest ?

70. At, say, 3 or 3½ per cent. ?—Your figures are quite correct. At the end of ten years £618,250, payable in three equal sums, would accumulate at 3 per cent. to £806,911, and at 3½ per cent. to £842,944.

71. *Hon. Mr. Seddon.*] I take it you have had these questions submitted to you before ?—I had the statement submitted to me on Saturday morning, and I have gone into it carefully since.

72. Cannot you save us, then, going into this? What is the use of a series of cross questions?—I will hand this statement into the Chairman. (See Appendix C.)

73. *Mr. Wilson.*] Excuse me, I want to show clearly the offer the company are making, so that there may be no mistake as to any confusion of the annuity, or as to any slowly-increasing value. I want to assume this case of the company: that we sell our land-grant for a specific sum of £618,000 ; that we leave that land in the hands of the Government ; that we leave the money in the hands of the Government, and say, to enable us to finance, will you hold this money as a funded amount, and, as a concession, pay us out of increment so much a year. Therefore it is not a question really of what is the accurate funded value of a certain amount as an annuity, but it is a proposal to enable us to finance. The £850,000 we ask for does not give the total amount of funded value at 3½ or 4 per cent. It is below that rather. I am, therefore, not arguing before the Committee that we are asking for actuarially the amount, but I am asking for a sum, the lowest on which we can finance our present arrangements in London.

74. *Hon. Mr. Seddon.*] Do you not commence with an assumption which is entirely unfounded, that is, that we owe you this £618,000—that you are holders of a land-grant to that value. Is not the whole of your structure built upon that ?

Mr. Wilson : I am taking a new condition. I am assuming that we have the land-grant granted to us under the old contract, and that we now wish to sell it to the Government for a specific amount. For the purpose of showing the values we put upon it, I assume that we sell it to-day for its waste-land value of £618,000. In selling it we at once hand over the land to the Government to deal with as they like. The asset is handed to them. We also leave in the hands of the Government the sum given in exchange for the land-grant, and which has become the company's on that assumption. Leaving it in the hands of the Government for ten years, that amount, without any increase over its B 1 value, would accumulate at compound interest of 3½ per cent. to something over £850,000.* Then, I ask the Government, as a concession to enable us to carry out our finance, to make us these annual payments out of this fund of £85,000 a year.

Mr. Fox : May I say, in connection with the question just put, that I stated the £618,000 accumulated would at the end of ten years amount to certain sums. I do not look upon the £618,000 as due yet. The present value of these three sums does not amount to £618,000, as it will be more than three years before they all fall due. Their actual present value is only £562,898. That is an important point.

75. *Mr. Wilson.*] But that is an actuarial question. I am assuming a case. Say, we sell this land, and the Government have paid us actually in cash, £618,000; I immediately hand that £618,000 to the Government for their purposes, and, charging them compound interest, at 3 per cent. it would amount at the end of ten years to £800,000 odd ?—It would. But I must also point out that the £42,500 per half-year will accumulate, at 4 per cent., not to £884,559 as the £618,250 would, but to £1,053,291. It is suggested this £850,000 should be split up into twenty equal sums, half-yearly, of £42,500 ; if you accumulate this at the same rate of interest——

76. *Hon. Sir J. Hall.*] From what date ?—From the date on which it is paid. It will accumulate at the end of ten years to £1,053,291 ; whereas what is given—namely, £618,250—will only accumulate to £884,559.

Mr. Wilson : But the question before the Committee now is not what is the correct sum which will work out to the accumulated amount. It is : Is this land worth the sum asked for here, as the smallest amount on which it is possible for the company to finance its capital? That is the question before the Committee, not whether the figures work out actuarily correct or otherwise.

The Chairman : That would be a matter for consultation afterwards.

77. *Mr. Wilson.*] I wish to ask Mr. Fox whether the statement he has before him shows the figures made out by us are erroneous. Are they not correct, with but certain small errors ?—Yes, they are correct in calculation. The tables A., B., C., D., E., and F. are practically quite correct. The other two, G. and H., as I have pointed out, have errors in them.

78. Clerical errors ?—Clerical errors.

79. And they are against the company rather ?—Yes.

80. *Hon. Sir J. Hall.*] Have you in your calculations considered that the £618,000 is not due to the company in land at once, but will only become due by instalments of three years ?—Yes.

81. And you have also calculated what these half-yearly instalments of £42,500 would amount to at compound interest ?—Yes, at 4 per cent., £1,053,291.

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* Note by Mr. Fox when revising evidence : The statement shows it would accumulate to £842,944, slightly under £850,000.—M.F.