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I do not know what this would amount to, but trust the simplicity and the moderation will commend itself to your favourable consideration when you remember the risk the company ran, especially in the early stages; the honourable and complete way in which they have carried out every feature of their contract and agreement; the vast benefit it has been to the colony; and also the further benefit and economy that would be derived by combining the management under Government control. Experts here, from the facts placed before them, think this would amount to £17,000 per year, while the facilities gained by the travelling public and freighters would really be a still further yearly money gain; and, in addition to this, the large outlay which I hear it is contemplated to expend in improving another route to oppose this line would be rendered unnecessary. I am sure all these desirable advantages are patent to you. All can be acquired by letting those who hazarded their money on the good faith of the New Zealand Government on the favourable terms named. I think it is right for me to say that the shareholders I have come in contact with are fully alive to the value of their property, and believe that in the long-run they would, by holding on, get more than the 6 per cent., and are making a very large concession in allowing me to name the terms I have; but for you granting me the interview, and what then passed, I could not have persuaded them to entertain the idea.

I wish to add that I am writing without the knowledge or the prompting of the directors or any one of them, but it is only respectful to forward this letter through them. They may disapprove of the whole, or parts, but it may have the effect of bringing about a conference, and

a solution of what all admit is an undesirable position.

I have not failed to convey to those of my fellow-shareholders whom I have met your assurance that no injustice should be done to us: you will remember that you authorised me to I am, &c., repeat what you said to me.

The Right Hon. R. Seddon, Premier of New Zealand.

OLIVER WETHERED.

The CHAIRMAN, Wellington and Manawatu Railway Company to the Right Hon. the PREMIER. Wellington, 17th September, 1900. SIR,-

Since I had the honour to hand you Mr. O. Wethered's open letter of 27th July, 1900, the Directors of the Wellington and Manawatu Railway Company have given most careful consideration to his announcement of the terms on which some of the largest English shareholders are

prepared to dispose of their interest in the assets of the company to the Government.

As a result of our deliberations, I am now authorised to inform you that (subject to confirmation by shareholders) the Board of Directors are prepared to sell to the Government the whole of the assets of the Wellington and Manawatu Railway Company for a sum equal to the paid-up capital of the company (£170,000), with compound interest thereon at the rate of 6 per centum per annum, calculated from the various dates when the calls forming the capital of the company were paid to the present time and hereafter to the completion of the purchase. When estimating the amount of the purchase-money, full allowance to be made for all dividends paid to shareholders, with compound interest thereon at a similar rate. The Government to assume the responsibility of payment in London, at the due date, of the debentures (£680,000) issued by the company, with the interest thereon, and all other liabilities and engagements as they become due.

I am also authorised to request that, in the event of the Government making a purchase of the assets of this company, employment be provided in the public service for our staff and well-trained employés in positions similar to those they now hold.

The liabilities of the company were all shown in the balance-sheet of 28th February, 1900. Since that date the items of "Sundry creditors, £3,834," and "Debenture interest accrued, £8,500," have been discharged, but others of a similar character have matured.

From the assets as stated in that balance-sheet a dividend of 5 per cent. (£8,500) has been paid to shareholders, but a sum in excess of that amount has been received as profits during the

year.

In submitting this offer for acceptance by the Government, I purposely abstain from advancing any argument to commend the Wellington and Manawatu Railway as the most valuable and profitable section of railway in New Zealand. The joint report of Mr. Hales, Engineer-in-Chief, Mr. John Coom, Chief Engineer for New Zealand Working Railways, and Mr. C. Napier Bell—all leading men in their profession here—lately laid before Parliament, classes the permanent-way, buildings, and rolling-stock as being sound, durable, and fully efficient; and, what is more noticeable, hardly suggests an improvement.

The Wellington and Manawatu Railway was constructed by contract, under most efficient

engineering supervision, and at a time when the cost of all classes of labour were fully 20 per cent.

less than the rates now prevailing.

The completion and equipment of the railway has cost the company a very much larger sum than £762,751, the amount in which it appears as an asset in the balance-sheet above quoted. To place before you in as succinct a form as possible the capital account of the company, I enclose a statement showing,-

Receipts	•••	•••		•••		•••	•••	£ 1,116,434
Expenditu Value of f	ure on Treehol	railway, i d lands un	nclusive o	of land purtgages, o	archases ash, and	 other a	 ssets	950,262 166,172
								£1,116,434