

sion should be granted. To give the extension without a limitation of that sort would, in my opinion, be very inadvisable. In the contract there was provision for letting contracts at an early date up to certain specified amounts at Belgrove and Springfield; and I think that the company admit that another £50,000 spent at Belgrove would take the line to Motueka. Well, then, the next expenditure at the Springfield end would be to bring the railway through the Gorge; and this, I think, could be done within the time of the original contract. Then £50,000 would take the railway from Jackson's to Macdonald's, and the gap between would make it an easy day's journey between Christchurch and the West Coast; and the West Coast people think that there ought to be another section constructed beyond Reefton—namely, over the Inangahua River to the belt of timber on the left-hand branch. I simply mention the local feeling there. They want the Inangahua bridged, and this section made. Well, provision might be made for all this work being done before the expiry of the present contract time. Now, as to Part F. of the petition—namely, as to taxation, either local or general. I will take the general first. The company have been well aware that there has always been—as between parties here in Parliament—one party contending for a property-tax, and the other for a land-tax. I entirely disagree with the contention of the company that it was ever intended that they should continue to be large landowners. Parliament, in granting the concessions to the company, was all along under the impression that it was to promote settlement, and not to settle the land by the company, the company holding the land as landlords; but that the land would be settled and disposed of. So far, experience has proved that the company has not retained large areas of land, but has disposed of them as fast as they got them. A fact that is patent to my mind, and must be also to the Committee, is that large areas of land have been disposed of in blocks which would bring them under the graduated tax; and the purchasers are not afraid of the taxation, or they would not have bought. The company have proved that they are able to sell in large blocks, and the prices they have sold at have given a profit of 25 to 30 per cent. above what the land is valued at in their contract with the Government. There has been no evidence submitted by the company, and we have none, that the land has been diminished in value by the taxation proposals of the Government, and, judging from the contract valuations and the prices paid by purchasers since the taxation proposals were passed, there has been no diminution in values. I say that there has been no breach of faith so far as the English capitalist is concerned. As regards the debenture-holders referred to in paragraphs (e.) and (f.), it has been incontestibly proved by Mr. Wilson himself that the monetary difficulties of the company existed before our taxation proposals were submitted or known of; and I say without any hesitation that it is not our taxation proposals that have rendered it difficult for the company to obtain the necessary capital for the completion of the undertaking. Now, as regards local taxation: For local taxation the company are rated according to the capital value of their property, and I certainly think they are fairly treated. On the Wellington-Manawatu Railway Company's line the amount was fixed at £3,000 per mile; and on the Reefton-Greymouth line it is less than that.

*The Chairman:* It is £3,000 and more.

*Hon. Mr. Seddon:* The Springfield line is now a working line. When the company threw it open as a finished line we had to arrange with the Railway Commissioners to work it. The company are asking to have it simply assessed at the value of the land and the rails. The Government did not take any steps to increase the local taxation. The Government are bound by the terms of the contract to work the line at the Springfield end, but it is rated simply at the value of the land and rails. When the company asked to have the line worked, we did not tender any evidence against them in the Assessment Court, but let them have the benefit of their contention. In the assessments that have been made the Government, at all events, has not asked anything unreasonable; and the assessments were made between the parties.

*Mr. Wilson:* No; they were settled by the Board of Review.

*Hon. Mr. Seddon:* Well, as far as the Government was concerned we did not unduly press the matter, and it has been settled. In these assessments there are three districts directly interested—namely, Inangahua, Grey, and Springfield. They are all interested in the railway, and, I should think, favourably disposed towards the company.

THURSDAY, 15TH SEPTEMBER, 1892.

Hon. R. J. SEDDON attended, continued his Statement, and was examined.

*Hon. Mr. Seddon:* Having carefully considered the financial phase of the question, and the relative positions of the Government and the company, I have come to the conclusion, seeing that I may ultimately have to sit like a Judge in an Appellate Court on these proposals, that it would not be advisable for me to tender any evidence whatever. The company are contractors. Under an ordinary contract they would have sureties who could be called upon for the due completion of their work. In this case there are no sureties; but they are asking for a new contract two and a half years before the original contract expires. The Committee will no doubt come to a decision—I am not a member of the Committee—and the decision of the Committee will come to the Government, or, at all events, it will come to the House. My position is such, then, that I cannot well give information to the Committee, as I may have to sit in judgment, as it were, on the Committee's recommendation—either myself to lead the House in the matter, or to act with the Government in leading the House; and, under these circumstances, I do not consider it is consistent with the position I hold that I should tender any evidence whatever on the financial proposals. There is a contract in existence which has still two and a half years to run. The Government is perfectly satisfied with that contract, and have endeavoured to carry it out fairly and in accordance with its true spirit and intent. We have endeavoured to meet the company on the statements they first made, when they informed the Government through Mr. Wilson that, if they had permission to adopt the Abt incline-system at Arthur's Pass, they would have no difficulty in raising the