

Committee not to take them in a purely actuarial way, or in such a manner as they might do if the colony were to insist on a certain sum of money taken as a funded amount. What I say, and what I lay before the Committee, is that the proposals we are now making are the very best the company can offer the Government with any prospect of financing in London.

95. *Dr. Newman.*] Have you thought of any alternative scheme, whereby the colony should make an offer to you to clear out—that your company should sell out?—As I have pointed out, this company consists of shareholders and debenture-holders. Some of the latter hold very large sums indeed; they are involved in this company very deeply, and they would not “clear out,” as you put it. I think, myself, they will rather lie out of their interest and fight the Government to the utmost before they will give way to such a proposal. No doubt we all take our own view: but they believe they have been deeply injured; that they have not been treated at all fairly in the way in which their efforts to carry on the work have been met by the Government. They have tried to do their best, and they have not been helped in the way they consider they should have been. A little assistance in the past might have helped the company to finance, but they did not receive it. So in no sense are they prepared to take any such course as that suggested. They would rather, if possible, finish the line as proposed, in a creditable way, by so far completing what they have undertaken.

96. *Mr. Wright.*] In the last amended proposals, you say the bonds issued for the payment bear  $3\frac{1}{2}$  per cent. instead of 4 per cent. What currency is proposed for these bonds?—The same as your present bonds in the London market,  $3\frac{1}{2}$  per cent. Inscribed Stock.

97. Not terminable?—Not terminable. And, to guard the difficulty raised by Mr. Hutchison, the other day, as to “bulling” or “bearing” the market, the Government can choose whether they pay any instalment in their own inscribed stock or in cash. This would give the Government greater control of their own stock market. At times it might pay the Government better to finance a particular payment in the London market themselves rather than that the company should do so.

98. In stipulating that the maximum charges to be levied by the railway shall be those now in force on the Wellington-Manawatu line, plus 25 per cent.?—Wellington and Masterton; it is a Government railway.

99. Would that bring up the maximum charges to the charges current upon the Wellington-Manawatu line, from the time it was opened until recently?—No, I should take the present charges the Government are now making on the Wellington and Masterton line. I take that as the maximum, with 25 per cent. added. On certain things we might have to make some adjustment. I may, however, point out, although we have in our present contract maximum charges fixed considerably higher than the Wellington-Masterton Railway, yet our rates to-day on our line are as low, and, in some instances, lower than what are charged on the Government railways. With a railway company it is not a question of what are the highest rates it can charge. You must meet the requirements of traffic in your district, and adjust your rates so that you can get the traffic. In many cases, for instance, timber, at the present time on the West Coast we are charging lower rates than, I suppose, any line in the colony. We have competition, and we want to get the traffic. So that, as far as rates go, and as long as the Government are safe-guarded by a maximum, which is a reasonable one—I take it, the Wellington and Masterton rates to-day are this—they are protected by that maximum, while the company are enabled to charge what rates it likes, so long as it keeps within the maximum limit.

100. The charges on the Wellington-Manawatu line were for many years considerably higher than they are now?—Yes; probably.

101. *Sir John Hall.*] A question upon the subject of rates and taxes? You have stated what the company has paid within the last two years for rates and taxes?—For local rates.

102. Not rates and taxes?—No, local rates; not general taxation.

103. Have you considered the proposal now before Parliament for levying a land-tax upon the unimproved value of the land?—The land-tax was a point I was going to mention. Mr. Blow's memorandum says, “We exclude the land-tax.” Now, so long as we hold the land, other than the land on which the line is constructed, we do not object to pay that land-tax, because it will be our object to get rid of the balance of our land as soon as ever we can for settlement. I do not object to the Imperial tax. What I do object to is the local taxes.

104. *Hon. Mr. Seddon.*] The colonial tax?—Yes; the Imperial, colonial, or national tax—whichever you like to call it.

105. *Hon. Sir J. Hall.*] Then, with regard to your local rates, you are aware a proposal is before Parliament under which these could be charged, in view of the unimproved value of the land—would not that very largely diminish the payments of which the company complain?—Reducing the taxation?

106. Yes?—It might reduce it, but the local bodies would get us the other way. On the West Coast we have two large blocks of bush land round by Lake Brunner. We must expect it will take years before we can sell this for settlement. There are about 30,000 acres bush land, land which we hope to settle—assessed waste-land value at £1 an acre. If local bodies charge us rates on our unimproved value, we shall have to meet very large taxation on our land alone. I argue this, in regard to local taxation: the railway company now are very big ratepayers; you have local bodies who presumably may borrow on the security of the rates they are getting, and it would be wrong—morally wrong—to allow any local body to borrow on rates they are getting from the company, because the day we sold our railway the rating power ceases. We are ephemeral.

107. The land you mean; not the railway?—The railway itself.

108. If you sold it to the Government?—If we sold the line, power to purchase by the Government is put in our contract. We are an ephemeral ratable body. We may cease to exist any day. The Government may purchase the line.

109. As regards local rating upon the railway itself, which, I understand, is now heavy. Would not that be reduced to a comparative trifle if you were relieved from paying on the improvements