

company to a land grant in respect of it. I say that the benefit of the land grants should not be made contingent on the completion of the whole line, but you should ask how much of the land grants should be given as a premium for the carrying-out of the ninety miles of railway. Those gentlemen who are acquainted with the West Coast know that this line has been of substantial service to the whole colony. In 1894 33,000 passengers were carried on it, and since then there has been an enormous increase in the traffic. Therefore the land grants should not be taken as part payment by the Crown to us. Mr. Blow says we got more for the land than £260,000, at which it was valued nominally, and I understand it was actually sold for £300,000, or £40,000 more than the nominal value. But how did we manage to get that amount? It was through the expenditure on the railway. It was the expenditure on the railway which gave all the land of Canterbury a prospective value. It has been forcibly put by Mr. Bell himself when he says that the whole of the land on that line would be substantially increased in value by the construction of the line, and while these lands were not near the railway. I submit the increased value of £40,000 on these lands is due to the line being constructed, and that it would be unfair to say that that £40,000 is a gift from the colony to us. In dealing with this matter you should consider what the value of the land was at the time the line began, and not what is the value of the land now. But if in dealing with the matter on broad and equitable grounds you consider that this £40,000 of increased value of the land should be deducted, then you should remember that we have £750,000 in railway for which we get nothing at all.

*Right Hon. R. J. Seddon*: I should like to hear you on this position, Dr. Findlay: Supposing the Government steps in and buys the line before completion. Section 43 of the contract provides that the Government can come in and buy a portion of the line at bare cost.

*Dr. Findlay*: There is nothing said about the land grants already given being taken into account. It is, of course, a matter of law; but my opinion is that the company could retain the land grants without deduction even if the line was not completed. Then, it is said that large areas of land were shut up. We regret that very much, but we are not responsible. We had no interest in having the land locked up, and we fostered and tried to promote settlement so that better prices might be got for our own land. I appeal to Mr. Blow, who has had considerable experience in the matter, to say whether throughout the correspondence the company has not shown itself desirous to sell the land. There would have been no difficulty in selling any portion of this land which it is suggested was locked up. We were ready to sell the land at any time, the proceeds being held contingently on the completion of the line, and put into a suspense account. Now, Mr. Blow takes a view of the value of the line which is somewhat startling to me, as I think it will be to you. In paragraph 20 of his report on our petition he says,—

“The sections of the line mentioned in this paragraph include the sections constructed by the Government since taking possession. On these latter sections the Government has expended a sum of over £200,000, of which amount only £37,876 15s. 1d. has been repaid by the company, but in addition to this £12,293 has been derived as profit from the working of the railway; still, however, leaving the Government an unsatisfied claim against the company amounting to more than £150,000.”

It is not asserted, as I understand, that this claim is against us for the ninety miles of line we have completed. Part may be, but the balance is to carry out additional work on the railway. Then he proceeds:—

“The line is not more substantially built than Government railways constructed during recent years. In some respects, indeed, it is below the present Government standard. The rails are lighter than those now being laid in Government lines, there are fewer sleepers to the mile than the present Government standard, and at the time of the seizure the ballast on the railway was very deficient, and the rolling-stock in poor condition. Its value as an asset, from a business point of view, is merely the capital sum upon which it will earn interest; and the Government experience of the railway, extending now over five years, is that the receipts exceed the working-expenses by about £2,500 per annum on an average. If, however, the expenditure on new wagons (which might have been charged to Capital Account, had such an account been available) and rates to local bodies (which will not be payable under Government management) is deducted from the total expenditure the receipts would then have exceeded the expenditure by about £4,000 per annum. This, on a 3-per-cent. basis, would make the capital value of the railway about £135,000.”

I understand that about twelve miles of railway have been constructed since the Government took possession of it. The Government have expended £200,000 on the line, and assuming that that has been expended on railway construction, you get a total cost per mile of £16,666. If it be fair to put the whole capital value of the line at £135,000 as suggested by Mr. Blow, then those portions which the Government have constructed are naturally worth only a fraction of the £135,000—only one-seventh or one-eighth—and yet they have expended £200,000 on it. They have expended £200,000 on a piece of the line which, on Mr. Blow's method of valuation, is worth about £30,000. It is absurd, and it simply shows how unfair it would be to value the whole line by capitalising the income. That is never done, and it should not be done here. We have in the statutes and in the contract the proper measure laid down for arriving at the value, and I am sure the method of arriving at the value suggested by Mr. Blow will not appeal to the sense of fairness of the Committee. I say, in conclusion, that if last year we were entitled to any consideration at your hands, and if we had any claim upon the Government before the case was decided, we are equally entitled to the same now, and for this reason: no greater service was ever rendered to the colony than our appeal to the Privy Council. Before that the Government were uncertain as to their position. The Government of the day have had the justification of the highest tribunal in the Kingdom, and they are, therefore, now free from any sense of uncertainty, which they must have had if they had gone on with the construction of the line without that