

19. Has nothing occurred since the contract was made in 1885 which warrants you in coming to the conclusion that it was more advisable to proceed with the Springfield and Greymouth line than the Nelson and Greymouth line?—I know of no such circumstance so far as the colony is concerned; the position is just the same as when the contract was signed.

20. You have read the proposal made by Mr. Wilson on behalf of the company, to give up the areas they are entitled to on the completion of the line, and the substitution of a guarantee of 3 per cent. on the cost of constructing the East and West Coast line and $3\frac{1}{2}$ per cent. for the Nelson and West Coast line: have you any information to give the Committee as to whether or not modified proposals might be accepted in the interest of the colony?—I have no information to give.

21. What is your opinion with regard to the proposal to complete the East and West Coast line, the Government guaranteeing to the company 3 per cent. in consideration of receiving back the land?—I assume that if you gave a guarantee of 3 per cent. you could borrow at 4 per cent. If you made the line yourself it would only cost you 1 per cent. more. Then, of course, you would have the working of it yourself. All experience has taught me that where a guarantee is given, and the guarantor having no control in the working of the railway, he would have to pay the whole of the interest guaranteed.

22. Supposing a provision was made that on the completion of the line the colony were to have the management, would that meet the objection you have just put forward?—No; it would not.

23. Not the management?—No; there would still be the question of the cost of construction. You have it in evidence that there is only £600,000 gone in works; another £600,000 has gone somewhere else.

24. My question referred to management?—It would only partially meet the case.

25. Would not that meet one of your objections? You say you have two: one as regards the cost of construction, and the other management. If the question of management were modified so that the Government could have control of the line as soon as it is completed, would not this meet your second objection?—Under the terms of the contract you must pay cash if you take it over.

26. But my question does not suppose that you should take it over, but simply that the Government should act as manager?—That is not a part of the present proposal.

27. I am putting a case to you to meet your objection: whether in your opinion that would not be a sufficient guarantee on the question of working?—It would only partially be a reply to it: then there would be the question of taking over the rolling-stock; then there would be a guarantee for handing the line back at any future time in the same order and condition. It would be open to immense complications.

28. Is not that a small matter of dispute, whether an engine is handed over in the same condition that it was received?—There is the line.

29. I have not referred to the line?—No; it is not a small question—it is a very large question.

30. As to the question of construction, could anything be done to meet that by having it done under Government inspection?—Yes, if you were to abolish the company, its staff, and its officers. We have a staff already. It would mean a large daily expense going on. The company also have a very large staff.

31. Suppose the company are not able to come to any terms with the Government in regard to their proposals—suppose they were to say they were unable to proceed with the work—can you suggest to the Committee any way by which it is possible for the Government to complete the railway?—I have no suggestions to make.

32. Nor do you know how it could be done?—If such a state of things were to eventuate, and that day should arrive, I would say that sufficient for the day would be the evil thereof. We would doubtless have to meet it somehow.

33. I think you admit that it would be impossible for the Government to do the work without borrowing—

Mr. H. D. Bell: I would suggest that the circumstance referred to by Mr. Seddon has arisen, and I would also say that the day has arrived.

34. *The Chairman.*] You have made the statement that when the day arrived that the company, without some new proposal or without some modification of the contract, would be unable to proceed further with the construction of the line, and that such a state of things would have to be met. Can you suggest any way in which the work can be proceeded with?—Whenever something occurs to prevent the carrying on of an ordinary contract, the Government would then give notice to the sureties.

35. There are no sureties in this case?—No.

36. Then that would be a useless thing to do?—But I think there are mortgages by which some of the parties have secured themselves.

37. *Mr. Wilson.*] The debenture-holders, you mean?—Yes.

38. *The Chairman.*] What would you do with them?—That would be a matter of business, whether they would be prepared to arrange with the Government.

39. Do you suggest any way in which they could arrange with the Government?—No, I do not, at present. I have said it is not for me to suggest.

40. Are we to understand that, as the member of the House representing that district, you are not prepared with any method by which this difficulty could be got over?

Dr. Newman objected to the question put in this form.

41. *The Chairman.*] Can you, as a gentleman having an intimate knowledge of the district, and having a great desire to see this railway completed, not suggest any means by which this work can be proceeded with?—No, decidedly. The fact is that, when the present company started, their capital was too small (£250,000.) In the same way as with other companies I have known in my