

original prospects of the undertaking, and the value of the prospects of to-day? Have any doubts been cast upon it?—Certainly. Reports went home about the land-grant, which reached the financiers and others, to the effect that the grant was not worth an old song. I believe the reports were quotations from members in the House.

28. *Dr. Newman.*] You talked about selling the line at a future date to the Government. Have you any idea what you would sell it for?—We should have to sell it for the capital value to-day.

29. No discount?—No. I think I may point out that, if driven to the last resource, there is an arbitration clause in the contract.

30. What is the value of the land you possess?—We put it on the Government B1 value—the waste-lands value. One million and a quarter is supposed to be the value.

31. How much does the graduated tax amount to?—It depends upon what we hold at various times.

32. You have prepared a return for the Commissioner of Taxes: what is the amount of the graduated tax?—I cannot tell you without referring to the figures.

33. Will you give them to us?—Yes. We are now prevented from taking land, and holding it in the hope of getting an increased value.

34. That is beside the question. You talk about the taxation and the way the country has treated you. Does the Manawatu Railway Company pay graduated taxation?—I suppose so.

35. There is nothing singular in the treatment accorded to you?—It is singular so far as the contract with us.

36. Are you aware that the Manawatu Railway contract was signed many years before the graduated tax was imposed?—Yes.

37. What is the total mileage of your line?—230 miles.

38. How much has been done?—We have opened nearly 60 miles.

39. Then you have 170 miles to finish in two and a half years to complete the contract?—Yes; we have applied for an extension, because it is impossible to do it in that period.

40. Can you tell the Committee how much it would cost to finish the railway from Canterbury to Westland?—My estimate is £1,100,000.

41. Does that include the Abt line?—Yes.

42. *Sir J. Hall.*] Is that from Jackson's?—Yes.

43. *Dr. Newman.*] That is to complete the Junction?—Yes.

44. How do you arrive at the value of £618,000 on the land-grant?—By the amount fixed on the land-grant from east to west. We have an agreement with the Government that certain sections of the line shall carry a land-grant. These have been fixed, and this balance is available now for the uncompleted piece.

45. I want to know, if the Government have taken 184,000 acres and propose to take up 500,000 acres, how far would they extend?—The map will be produced, and it would be better for you to see that. I think the reserves include three or four miles wide up to Reefton, and forty miles along the line, and a narrow strip right up to Belgrove.

46. *The Chairman.*] About seventy odd miles?—Yes; that is the balance of the distance.

47. *Dr. Newman.*] Is there anything in the contract to prevent the Minister taking up the 500,000 acres?—No; but the inference in the contract is that it shall only be taken in blocks from time to time as required for *bona fide* mining purposes.

48. You talk about the obtaining of the consent to the incline as one of the reasons of delay: was there anything about the incline in the original contract?—The Government gave us permission to alter it in the second contract.

49. Was there anything about the deviation at Lake Brunner?—No, except that the contract empowers the Governor to make a deviation. A trial survey can only be an imperfect one, and may be improved as you explore the country.

50. You want a guarantee of 3 per cent. on £1,600,000?—Yes.

51. When the line will only cost £1,100,000 to complete? Why do you require the Government to guarantee the additional amount?—Because we have to complete the work and provide for the trust-fund.

52. Supposing the Committee did not consider the trust fund of any value: would you take off the £300,000 if the guarantee you ask for was given?—Yes.

53. *Hon. Sir J. Hall.*] About the coal-leases: you said the difficulties were practically through the way the company was obtaining the coal-leases?—We have one or two cases at Reefton: we have one or two applications for coal-leases, and people in these places work more or less against each other. I think we have a case where a man applied for one, where another had applied before him. He (the former) then applied for a gold-claim, and I imagine he thought he could work the coal under the gold-lease; but the Warden set him right on that point. The Government cannot give us the coal, because the land is to be made a gold-mining reserve.

54. And the land is hung up?—Yes.

55. You alluded to the amount of local taxation you are liable for. What is the amount you pay: you meant the completed portion?—I suppose on the piece completed we pay about £700 a year.

56. To the County Council?—Yes. I have tried to come to an arrangement with them. They wanted to rate us on the absolute capital value, and I suggested that we should take the mileage-rate to save going into Court. I argued that if the Manawatu Company was paying a small interest on shares, and interest on debentures, we should be rated less, as we are not earning debenture or shareholders' interest.

57. Are you rated on the value of the line as it stands?—They tried to rate us on the cost value, on our expenditure, and I fought it out on its value to sell, and I won it, at Springfield. You cannot