

100. Then the difference of time is from 17th January, 1885, to August, 1888?—Yes. The original contract was not signed by the company: it was a contract with the Government and certain individuals.

101. This company took over the contract in 1885?—In 1886. There was a company of people who had a contract with the Government in 1885. They had powers to sell the concessions in 1886, and the Midland Railway Company was started in 1886.

102. In August, 1888, the new contract was signed?—Yes.

103. Did that cover the construction of the line within the first period limited with the first promoters?—Of course it did.

104. When that contract was signed the company knew what time was left of the ten years?—And if the company had succeeded in getting the capital they would have been able to complete the works.

105. You laid great stress yesterday on the fact that five years had elapsed before anything was done?—You misunderstood me. I said the loss of the contract time was five years, through causes over which the company had no control.

106. I understood you that it was due, to a great extent, to the Government?—I said it was through, to a great extent, circumstances over which the company had no control.

107. It was not due to the Government?—I say it was partly through the Government and partly owing to the conditions of the contract. There was the question of getting a modification of the contract, which you might say was the fault of the House in not giving it to us at once.

108. When contractors sign a contract to do certain things in a specified period, the question of not getting capital or not bringing in a partner would not be taken, say by you as an engineer, as a ground for an extension of the contract time?—Considering that I have had to extend contracts, I do not think I am asking any concession. I have, as an engineer, to extend contracts when circumstances occur causing delay beyond the control of the contractors.

109. I ask whether the question of raising capital, or the necessity for taking other partners, would be held by you, as an engineer, as sufficient reason for an extension of time?—It all depends upon whether you took proper precautions. If the circumstances were beyond control, then, as a matter of equity, I should have, as engineer, to give way.

110. Do you not think a contractee should anticipate difficulties and have everything ready?—Financial arrangements often fail, and you sometimes accept a contract on the understanding that the contractor has a backing. Contracts in London are often accepted on the assumption that the contractor has a financial backing.

111. Was not an assurance given to the Government that your financial backing was complete and that you could do the work?—So the company thought it could: but it is one of those cases which I cite—where your backing may fail you.

112. What discount had the company to pay for its money?—On the first money we raised I think we had to pay—I can get it from the books—8 or 10 per cent. Our 5-per-cent. debentures we had to issue at £92 10s., and had to pay a discount on that. Practically, 10 per cent.

113. That is your first?—The ordinary share issue. It amounts practically to the same thing when you have to pay the brokerage.

114. Have you made any attempt since then to raise further capital?—Yes, we have made several.

115. When was the second attempt made?—The second attempt has been made within the last six months. When I informed my directors the works were nearly completed and advised them to push on with the financial arrangements, we tried then. It looked hopeful until the sudden change in the incidence of taxation, which simply threw a wet blanket over our finance. The most serious thing has been the proposal to tax debentures. But, of course, I may tell you further that the adverse reports as to the value of our land-grant, notwithstanding that we showed satisfactory sales, had a marked effect upon our prospects of raising money.

116. Would I not be correct if I said that you stated to myself, shortly after my assuming office in January, 1891, that the best time for going to the London market would be the February, March, or April following?—Yes. Generally, one would attempt to get money then. There are two periods in the money-market when you can get money most successfully—the autumn period, after the people have got back from shooting; then in May, June, or July. It is hopeless at other periods.

117. You made the attempt?—No; the directors informed me they could not get it. The discount rendered it simply hopeless. They have tried in March, 1891, and in August.

118. Was that not before the Government financial proposals were submitted at all?—Yes; I was alluding to the second trial. Your financial proposals were known in London in March last.

119. That is 1892. I was referring to March, 1891?—We were then suffering from the reports as to the value of our land-grant and the general value of stock in the market.

120. In March or April, 1891, 20 per cent. discount would be for what you could do it?—Yes, I daresay that would be about it.

121. That was not due to the financial proposals, but to other causes?—Our property was depreciated. Our property was improved after, and we might have done better had not the financial proposals been made.

122. Would the mining reserves make any difference?—I cannot tell you. I do not say they were the primary cause. The primary cause was the discredit thrown upon us in the London market owing to reports as to the value of our land-grant, and the delays.

123. If the date of the first reserve was August, 1891, that could not have affected your position at that time?—Probably not; I do not say it would.

124. With regard to the deviation to Lake Brunner, that only took place about June or July last?—That application was made in April, 1891.