

448. *The Chairman* : I want you to tell the Committee what guarantee you propose to give the Government that the amount you borrow will be expended on the railway?—We should give it in such a form, by agreement of trust, that the money should only be expended on the specific construction of a certain section of railway, so that the money would be earmarked, and not used for other purposes.

449. Would the company be prepared to give the Government control over the payment of that money, in order to carry out that trust?—There would be no objection to control so far, that our contracts would be let, and certificates would be given showing how the payments were made on the works. I suggested, in regard to that, in my letter of the 6th June, that the Government may nominate an officer, say the Commissioner of Railways, to report on the works from time to time, and that any suggestions by him, not accepted by the company, might be submitted to arbitration. [Clause G of letter of 6th June, company's proposals, read. (See Appendix H. of R. Journals, D.-4, 1892.)] I propose, therefore, that the Government should have power to appoint an officer to inspect as to company's cost of maintenance and administration: the Government would thus see that the company were not extravagantly expending revenue for this purpose.

450. I notice in your proposal that you refer entirely to maintenance?—Could that not be arranged?

451. Would the company be willing to give some guarantee, or supervision or control over this fund? If we guarantee the interest, we should see that the money is expended for the purpose for which it is borrowed?—I think it could be arranged with the Government. I do not think there is any difficulty in the matter of control. I may point out that under the existing contract Government have power to inspect all our books and all our land accounts; so that there is no question of keeping anything concealed. All that is required to be done is to send an auditor, and he could see the accounts. With regard to the estimates in reference to the line paying, these estimates were based upon reports and evidence laid before the Royal Commission. These estimates of traffic were sent Home, and we have always based our calculations upon them. I have made an estimate which is probably more correct, and also one lower; so that, with an abnormally low basis of traffic, we should still be safe, with the trust fund formed.

452. Is that Royal Commission the one which consisted of Mr. Napier Bell, Captain Russell, M.H.R., and Mr. Wilson, M.H.R.?—Yes.

453. *Hon. Mr. Seddon*.] There was a stipulation that you should spend £60,000 at the Belgrove and £60,000 at the other end?—Yes; we met those conditions.

454. There were conditions that trustees should be appointed, were there not?—Yes; that the land was to be placed in trust. As we made expenditure these trustees handed over to us the lands earned by it.

455. Would the company object to a proposal that moneys payable should only be drawn on warrants or certificates of construction?—It is rather a big point to commit my directors to; but any suggestion made I should endeavour to meet, and try to arrive at a satisfactory arrangement with the Government.

456. Supposing the guarantee is not given, if the line does not pay working-expenses how will the shareholders get anything?—They would have to be content with a bad bargain. There would be efforts made to get their money back, as the company can resort to arbitration, under the contract, as to the true meaning of the several clauses.

THURSDAY, 25TH AUGUST, 1892.

Mr. EDWARD IVEAGH LORD, Engineer and Surveyor, examined.

1. *Mr. Wilson*.] How long have you resided in Greymouth?—For twenty-five years.

2. Did you hold any official position during that period with the Government?—I was in the Government service for sixteen years.

3. In what capacity?—I was in the Provincial Government for six years, and the General Government for ten years, as District and Mining Surveyor.

4. Since you left the Government service, have you carried on your profession?—Yes.

5. You have had considerable experience in the district; and in going over the land did you ascertain the various qualities and nature of the country?—I have.

6. In your practice have you come across a good deal of gold-mining on the West Coast?—Yes; I have had to do considerably with gold-mining on the Coast one time and another. I have been all over the area under discussion.

7. You have seen maps showing the mining reserves, and the proposed mining reserves as shown on that map. The map is hanging on the wall, and is a copy of one produced by the Government?—It is filled-in from the maps which we have had; the yellow are the reserves actually made, and the red-bordered blocks are those proposed to be reserved.

8. Will you tell the Committee what is the character of the land in the valley. Is it likely to be settled?—Between what point?

9. Between Stillwater and Reefton?—The ground generally from Stillwater to Reefton, immediately adjoining the railway, is more suitable for settlement than any other part, because it is flatter land. The farther you get from the railway the more inaccessible it becomes. You begin to rise the mountain spurs, and much of this is almost worthless.

10. Is there any valuable timber on that land?—Yes; in patches.

11. Would you, looking at that map, and from your experience on the West Coast and in gold-mining, say that it is likely that gold-leads would run in such a direction and in such a manner as would necessitate making reserves in uniform and even-sided blocks such as are shown there. Is that the general character of the country?—I know of no instance in which gold-leads take