

time, it becomes a question of re-forming the company with additional capital. The present company, in the position as put by Mr. Bell, is dead. We are beginning to understand that there are debenture-holders connected with very wealthy men, by whom certain representations were made. Mr. Brodie Hoare was one of these gentlemen. I cannot believe that these representations were made on false premises. If so, then the colony has been misled grossly in that respect.

42. I am waiting for your answer to my question?—My answer is this: that it is for the company to re-form. They have got additional advantages—the Abt system, for instance, which saves them half a million. There can be no objection to a reasonable extension of time. With such advantages my opinion is that the company should endeavour to re-form.

43. Do you agree with me in this statement, that it would be a great advantage to the colony and the districts interested that the company should give up all right to its land grant; that the whole of the land should be re-vested in the Government to be disposed of according to the law for the time being in force?—Yes, if that had been the contract, it would certainly have been a great benefit both to the colony and the company.

44. Do you agree that it would be an advantage to the colony if that state of things were brought about?—Yes, I think it would.

45. Would it be for the interest of the colony if the land now locked up were thrown open for selection under the existing land law of the colony?—My answer is, most decidedly so.

46. *Dr. Newman.*] Do you think that any great harm would be done to the colony if this matter were hung up for another year?—Yes, I do. We do not live for ever. I think it is one of those things that require to be dealt with promptly one way or other.

47. Do you think, considering the wealthy names and the big financial institutions we hear of in connection with this undertaking, that it is quite impossible for the company to raise more money?—No, I do not.

48. Possibly with time it might be found?—I think so. I do not think, considering the large amount invested and the money lying idle there, and taking into view the circumstances altogether, that capital would be wanting to proceed with the work.

49. *Mr. Saunders.*] What did you mean in your reference to the Reefton line?—That is not giving any profit; it is bringing in no interest. A large sum has been expended by the company. There is nearly a million of money expended in one form or other; it is lying there dormant. I do not think a million of money would be allowed to lie there without an attempt, at all events, being made to turn it to some account. I am speaking for myself, and what I would look forward to if I were in this position. I think it would be quite unreasonable to allow this large sum to be idle without any advantage or profit being derived from it.

50. Is it probable that easier terms might be obtained next year?—In all probability things would be better. You should understand I do not blame the company or anyone else in endeavouring to get the best terms they can, and so improve their position. The proposal that is now submitted by the company might be a failure.

51. What you call the rigging of the market might change the position?—It is a failure, at all events.

52. *Mr. Shera.*] I understand that it will cost a little over a million to complete the connection between Christchurch and Greymouth. Do you think, in the interest of settlement, that this connection should be made?—Yes; I do say that, in the interest of the colony, this connection should be made.

53. As well as I recollect, there has been very little evidence adduced to show that there was land for settlement on the line of railway?—You must take the whole of the East Coast into view; it would not do to confine it to the mere land that is to be sold. You must take the line as joining together two communities; one side requiring everything that the other produces, and *vice versa*; such a line could not fail to give a great impetus to both.

54. The mining interest would be taken into consideration?—Yes.

55. *Hon. Sir J. Hall.*] You are aware of the traffic estimates which were formed by the Royal Commission which the company took as the basis of their own calculation?—Yes.

56. Does your knowledge of the West Coast, with your experience as Minister of Works, induce you to think they are reasonable or unreasonable?—I am not prepared to say whether they are or not.

57. With regard to the land set apart as mining reserves, can the Government or any one else throw open the land contained in these reserves for settlement?—No, they are not open except to be taken up under the Mining Act—that is, either for mining for residence area or for sawmills.

58. Then it would be shut up against settlement?—It would be shut up as against freehold settlers.

59. Against perpetual lease?—You could get an agricultural lease under the Mining Act, or you could get an occupation lease; the agricultural lease is for seven years.

60. Can you tell me what would be the position of the debenture-holders at the end of the contract time, and the railway not completed?—If we take the case put by Mr. Wilson that they are mortgaged, the mortgagees being secured to the extent of the debentures, then I take it they would foreclose.

61. Secured—secured on what?—On the railway.

62. Not on the endowment?—No, not on the endowment.

63. The railway would become their property?—But still the Government might take it if they wanted it.

64. By paying for it?—Yes.

65. You have looked at those proposals made by the company for a guarantee?—Yes.