

66. And the calculations of the company which they prepared to show that it would not involve any outlay on the part of the colony?—Yes, I have seen them.

67. Have you formed any opinion as to their correctness?—Yes.

68. What is that opinion?—That they will not be borne out by facts hereafter.

69. In what respects are they defective: is it in the amount of the traffic or in the expenses? I ask the question, because you are aware the Committee will have to pronounce an opinion on this?—I think I have given an answer that will cover the whole of that—in effect that, if you give a guarantee, and the work is to be done by the company, when the cost of the work is shown the traffic estimates will not come up to the mark.

70. You mean that the expenses will be larger?—Yes.

71. Could not that be got over by giving the Government a certain amount of control over the management?—I do not think it. I have met in my own experience cases where every kind of expedient was adopted to obtain control; supervisors have been appointed, and even then there was not sufficient control. The thing is simply unworkable. I have myself put supervisors in charge on behalf of parties interested, but it never worked out right; on the other hand, I have known some men who took the whole concern to themselves, and made a handsome profit out of it. The working out of these figures is the basis of the case as I put it. The whole thing is based upon the guarantee of £1,600,000—3 per cent. on that amount.

71A. Who would pay the interest during the construction?—The interest on the cost of construction is only payable when the Government determine to purchase. The petition refers to the 3-per-cent. interest, amounting to £48,000.

*Mr. Bell*: I did not understand the company to say that the cost should be a million, including interest, during construction. The company does not say that one million, with interest, during construction has to be paid.

*The Chairman*: The usual interest has to be paid.

*Mr. Wilson*: The £1,600,000 includes the cost of raising the money, and the £300,000, which is a covering fund, to guard the colony against having to provide any money during the time the railway is being constructed, and until the railway earns the interest itself.

*Witness*: There is no misconception of the matter so far as I am concerned. I still adhere to my first statement. It is unreasonable to ask for anything except the absolute cost of construction, which is one million. The company say they cannot do any more, and what they have already done is practically money sunk. That is their position, and they ask us to go back to their former condition when they will be fully prepared to go on with the work. They are asking for interest upon capital that is sunk, that is, according to their own showing, practically dead.

72. *Hon. Sir J. Hall.*] Do you mean that you should be prepared to recommend the guarantee of a million?—Oh, certainly not. I made no suggestion; I made no recommendation; I simply stated a proposal that might be considered reasonable—namely, to ask for a guarantee—to put it in the light that *Mr. Wilson* has put it.

73. You made a suggestion that the best remedy for the present difficulty that the company should be re-formed, I think?—I have made no suggestion.

74. How did you put it?—The question was put to me as to what was my opinion upon the situation. I said if I was in the position of those wealthy men at Home who have their money invested in this venture—those who have capital in the present company should go into liquidation or wind up—that those who have faith in the venture, and also their capital, should re-form the company and save what money they have already invested in the undertaking.

75. If they could take possession they could let it to somebody else?—No; the thing has arrived at this position: that it is no good to anybody as it stands.

76. Assuming, as far as the Jackson Section and Reefton line are concerned, the debenture-holders, by virtue of their mortgage, could take possession, surely they could let it to somebody to work?—They would be no better off.

77. Why not?—Because the line, before it would pay the capital expended on its construction, would have to be formed so as to carry the mineral traffic, as the small passenger traffic would not pay working expenses. The railway must be constructed so as to meet the mineral traffic. The passenger traffic on the line is small, as will be seen from the return of receipts. I look upon the expenditure as dead money. The line must be finished, or else the shareholders must lose their money.

78. I think you said, in answer to a question put by another member of the Committee, that you thought it would be very desirable if the colony could get possession of the lands which are now locked up by the company before the expiration of their contract?—Yes; I do think so. I think it would be better for all parties.

79. Have you considered the practicability of any arrangement by which that could be effected?—It could be effected easily enough.

80. In what way?—By the colony taking over the railway and finishing it.

81. Do you consider that practicable; you could not do that?—That would effectually release the land.

82. Is that what you call a practicable arrangement?—It is, perhaps, more than what it might be advisable for the colony to do at present.

83. I am asking you, have you considered anything that you think might be advisable for the colony to do for the purpose of getting this land before the expiration of three years during which the control has still to run?—Well, from the experience gained relative to this work, and in relation to other railways that have been made on the land-grant system, I simply say that in each case the colony has been very heavy losers.

84. You do not profess to call that an answer to my question, surely?—Yes; to my mind the system of construction by the Government is much preferable to the land-grant system.