85. I ask you whether you have considered any system which it might be advisable for the colony to adopt with the view of regaining these lands for settlement purposes before the expiration of the present contract—have you considered any system which it would be advisable for the colony to adopt to obtain possession of the lands, the contract having still three years to run?—The present position of the company, according to Mr. Bell's statement, renders it impossible for the company to raise any more capital.

86. That is not an answer to my question. I asked you whether any proposals have occurred to you, which it might be possible for the colony to agree to, by which the lands now in the possession of the company, and locked up for the next three years, could be released for the purpose of settlement, and, at the same time, the company to be assisted to progress with the work?—I cannot say as far as this company is concerned. After the statement made by Mr. Bell as to the present position of the company, unless some modification is made in the present contract, we cannot go on. The construction of a railway on the land-grant system gives the company the right of dealing with the land, and that, in my opinion, has been a mistake. It would have been much better if the Crown had set apart the land—had issued debentures in lieu of lands crip, and created a sinking fund. Had that been done in regard to the Manawatu Railway, the district railways, and also in the present case, my opinion is that it would have been better both for the companies and for the colony.

87. What you have just stated may be exceedingly interesting, but it is no answer to my question at all. This is the position in which we now find ourselves: we have a company in existence, and, under the contract, the lands are locked up for the next three years. I ask you whether in that position you have conceived any scheme which it might be advisable for the colony to adopt by which these lands could be released—taking things as they are, not as they might have been if the contract had been framed on a different footing?—I have not worked out any scheme, and I do not think the time has arrived for that. There are still two and a half years of the contract to run.

88. I understood you to say, in answer to Dr. Newman, that the subject was one that required to be promptly dealt with?—Yes; I think there should be no difficulty in dealing with it promptly.

89. In what way would you deal with it promptly?—Giving an extension of time on the conditions I have indicated, which are reasonable, including some modification as to the incline and the tunnel. There is nothing shown—no proof given—except Mr. Bell's statement; we have only his statement as to the position the company is in. I must say there is a grave doubt, in my mind, as to the position of the company.

90. You have heard Mr. Wilson's statement?—I have. There was no extension of time granted when the petition was made. Then there is the price of money in the money-market, and the difficulty with the Argentine Republic. There is a financial crisis in Australia. All these things make it difficult for any such company as this to raise capital at Home just now. If these difficulties were tided over and an easier state of things existing on the money-market, and with the modifications indicated—to which I see no objection—then, I think, the company should, of course, endeavour to raise capital, and, if it is able to do so, it would come to the colony again. That is the position.

91. What would you do then?—Of course we would know the position better than we do at the present time.

92. Practically the company has told us that the time has now come; and you say the company should be promptly dealt with?—My opinion is that I do not think the time has come. You have no detailed evidence given by the company as to what attempts have been made, when made, or under what circumstances they endeavoured to raise the capital to go on with. We have no information upon that.

93. If you were a company you would not detail these points surely: you would not reveal proceedings of that kind?—I think the colony has a right to know that the company is exhausting every effort. I do not think it has been shown—not to my satisfaction, at all events—that the company has exhausted its means to raise capital. That is the position I take up.

94. Then you have no suggestion to make by which the colony could get its land released at an early date, have you?—No, I have no suggestions.

95. With regard to the extension of time, what has the Government agreed upon that point? Have they agreed to any extension of time?—We have not agreed to anything at present; that is one of the matters now before us before we can come to any conclusion without, of course, clashing with the Committee. We would be quite willing to be advised by the Committee on any question like that. That is why I have given definite evidence on that point so as to get the advice of the Committee in regard to the question.

96. Substantially, you think it would be a reasonable thing to grant an extension of time?—Yes, under certain conditions.

97. *The Chairman.*] Supposing it were proposed now, as a modification of the contract, to carry out your suggestion that the ——?—I have made no suggestion.

98. Well, we will say it was Sir John Hall's suggestion—namely, that in consideration of the company giving up all its rights to its land grant, the colony should give to the company—to the debenture-holders—the usual rate of interest as an equivalent for the land they are entitled to get; do you see any objection to that, assuming that the company has exhausted all its means of getting further capital?—That would be less objectionable than the guarantee system. The only difficulty would be as to the calculation of the value of the debentures when compared with the value of the land.

Hon. Sir J. Hall: That is the price at which the Government should take the land.

99. *The Chairman.*] Then, I understand your answer generally to mean that you do not see any great difficulty in adopting that course?—I say that it is less objectionable and easier worked