

stock?—That proves that if the Government wanted to take over the line they could get it pretty cheap.

6. If it were known on the Stock Exchange that the Government would have to buy the line the debentures would go up to par?—I do not think so, or they would be higher now.

7. Do you think you could keep such information from the Stock Exchange?—I should think the Stock Exchange is well versed in what is going on, and could not think there was much chance of the Government purchasing the line, or your stocks would have been higher.

8. As soon as the Stock Exchange got to know that the company's proposals had been declined—and they would ascertain this without the slightest doubt—and the effect of the refusal of the proposals on the company's prospects; and, assuming your proposition to be correct that the Government may have to purchase the line, the effect undoubtedly would be to put these debentures up to par value?—I have never said the Government would have to purchase the line.

9. I think in your evidence yesterday you stated that the outcome would be that the Government would have to purchase the debenture-interest in the line?—I never said that. The question was put to me as a suppositious case, what would eventuate supposing the Government could not agree to the proposals, seeing that the debenture-holders had a mortgage on the property. I said I thought they could be very easily dealt with. Then Mr. Bell raised the question that we could not take over a piece of the line, but would have to take over the whole of it. Then he called my attention to a letter on the subject; and I said, and say again, that if the company did not make the line, the people who held the debentures would lose their money. There would have to be a re-forming of the company and the debenture-holders would have to go into it or lose their money.

10. How do you mean lose their money when they have got the line existing?—I mean to say that on the two pieces of line constructed they would not get interest on their money, for it would simply take all they could get for working expenses.

11. If the proposals are not accepted, and the debenture-holders retain the sections of line unfinished, do you mean to say they would lose their money?—I mean to say it would be dead money. You have said yourself the line to Reefton is not paying working-expenses. That is the finished section from Reefton to Greymouth.

12. I did not say the line from Reefton to Greymouth was not paying working-expenses. I said it was not paying interest on cost?—I thought you said it was not paying working-expenses. Is it paying working-expenses?

13. It is paying working-expenses, and a margin?—Well, taking that statement to be correct, if there is a margin we should know it.

It is about £4,000: according to last year's balance-sheet it was £4,500.

*The Chairman:* Profit on last year's workings?

*Mr. Wilson:* Yes.

*Mr. Seddon:* The interest on your capital would be about 1 per cent.?

*Mr. Wilson:* Yes.

*Mr. Seddon:* Interest has been paid to the debenture-holders out of capital account?

*Mr. Wilson:* Out of capital and land sales.

*Mr. Seddon:* Very well, if the construction stops the land sales will stop, therefore there would be nothing to pay out of that, and if the capital were exhausted you could have nothing to pay out of capital. Then all you could get would be out of the Reefton line. And there is, of course, the cost of construction from Jackson's down to Brunner; and I have no hesitation at all in saying that that would not pay 1 per cent., after paying working-expenses, on cost of construction. If you take those two sections, there is only the passenger-traffic to Christchurch and a little timber trade, which would not pay working-expenses.

14. *Mr. Wilson:* Not if the timber trade were started?—I do not think it myself, if the line were not carried further. It would be in the same position as the Reefton line. It would simply tap the Christchurch road-traffic.

15. And is that the basis on which you recommended the company to finish the line to the Cass and Jackson's?—No. I said before, with the one day's through journey, with the traffic of the coal at Castle Hill, and with the saving on construction of other portions, something might be done, but for through-goods traffic between the East and West Coast it must be a through line.

16. If the company constructed the line through to the Cass and Jackson's, who would get the benefit—would the coach proprietor be the only one to benefit?—I think the coach proprietor would rather have things remain as they are. Out of the land fund you would be able to get interest on cost of construction and keep things going.

17. I must return once more to the question of the debentures. From your experience of finance, I must ask you again, do you not think that when the Stock Exchange in London got to know the particulars of the contract and the fact that the Government, one day or other, would have to purchase the line, they would not hold up prices against you?—You still assume that the Government would have to purchase the line, and I say there is nothing whatever to indicate that.

18. Do you think the people on the West Coast and the people of Canterbury will be contented to sit down and look at the line partly finished between the two places, without insisting on the Government completing it?—Well, the people on the West Coast and the people of Canterbury are not the people of New Zealand, and this matter must be subject to the approval of the whole colony. With first the concessions under the original contract and then the concessions under the second contract, and then the second contract failing, and the demands made upon the colony now, I think Parliament would be very chary and wary of what they would do. It is this continual coming to Parliament which is against the promoting of the work, particularly after the assurance given the first and second time that nothing more would be heard of it if the concessions were granted, because the capital could be raised easily, and one of the strongest companies ever floated formed. And then to find the company, with only £600,000 spent on the works, and