

36. If the evidence taken by the Government, and which induced the company to take up the line, is absolutely false, has not the company some claim upon the Government?—I have not said the evidence taken by the Commission was false. The whole thing was *bona fide* from beginning to end. So far as I am concerned, I took it for granted that the Commission had taken reliable evidence, and so far as circumstances have occurred in relation to that evidence there is nothing to-day to alter that condition of affairs. I do not bind myself to their estimates.

37. Are the estimates I have submitted in these proposals reasonably near the estimates given by the Royal Commission?—I should have to look at them. I have not looked at them.

38. Do you consider these estimates of traffic that I have submitted reasonable?—I said on the basis of the Commission's report I considered them reasonable.

39. I say the estimates are within those taken in evidence by the Royal Commission. Do you consider them reasonable?—I have not altered my opinion. I must first satisfy myself by taking evidence.

40. On the assumption that the estimates are fairly correct, is not the system of guarantee proposed the cheapest for the colony?—No.

41. On what ground is it not the cheapest?—Simply because the Government will have to pay.

42. That is an assumption. You must accept the data. We start by saying that the traffics are reasonable, the expenses are reasonable, and the earnings are reasonable; would not the guarantee be the cheapest for the colony?—No.

43. Can you say what would be the cheapest way of making the railway?—I said before I have nothing to suggest.

44. Is it not a fact that under the proposal for 3 per cent.—the last proposal made covered in letter No. 7 in D 4, 1892—the company give back to the colony the whole of the value of the land-grant in exchange for the guarantee?—But they only give it back when the colony takes over the whole line. Now, of course, that is a very remote contingency, and in the meantime the company get the benefit of the six hundred and eighteen thousand pounds' worth of land that is given. It is only when we take over the whole of the line, according to Mr. Bell's contention; in the meantime we have been paying the guarantee of 3 per cent., that is if the receipts do not come in to cover it. There are so many contingencies; if the receipts are so much, if the working expenses are so much, then the Government will not be called upon to pay.

45. On the basis that the receipts are sufficient, are not the company offering to give the Government back the whole of their valuable land-grant, with all the increase in value accruing from the timber and coal; are we not offering to give all this back for a guarantee which, on the face of it, is not an actual payment of money on the part of the colony?—As I have said, there is the contingency, and I treat it that they would have to pay it. That is my opinion. You say it is a nominal guarantee, and I say it is an actual guarantee.

46. Are you an expert?—No, I am not an expert.

47. Then your opinion is only that of a private individual?—Only that of a private individual.

48. *The Chairman.*] These proposals of the company are based upon certain calculations and the Financial Statement here. Have you had them in any way examined or checked by any Government official who is competent to do so?—Yes.

49. Have you any report from that official upon them?—No.

50. Can you procure one?—My witness is in the room. I do not object to his being called: it is Mr. Blow. I said before that I would rather a thing of that sort should come from an expert than from the Government. Mr. Blow, as Under-Secretary for Public Works, had the papers submitted to him, and has examined them. I think it only right that any assistance of that kind should be given to the Committee. In these proposals the company ask to be exempted from local taxation: that is £6,000 a year. You know the condition of the local bodies on the West Coast. If that taxation is to be exempted then, of course, the local bodies will come upon the colony to make good what we exempt the company from; and they are clamouring now that there have been so many changes recently that they cannot carry on the functions of local government. Then, that is all in addition to the 3 per cent.

51. *Mr. Wilson.*] If the local taxation is taken off the company, there is £6,000 less in the likelihood of the Government paying at all?—Then we should have to find that money for the local bodies.

52. Is it not a fact that since the railway has been constructed the cost of maintaining roads and the responsibilities of the County Council have been materially reduced?—My answer is, Yes. The cost of maintaining the road between Reefton and Greymouth has been materially reduced to the local bodies, but not to the extent that this would mean.

53. Therefore the fact of the company's existence has been the cause of reducing the expenditure in the district?—But not to the extent of £6,000 of local taxation.

54. If the company had not been there the local taxation would have had to be found by somebody else?—No, they managed before the company came there to do what was wanted.

JAMES MILL MORRIS examined.

1. *Hon. Mr. Seddon.*] Your name is James Mill Morris?—Yes.

2. Miner?—Yes.

3. Where are you residing?—Nelson Creek, Grey Valley.

4. You have had considerable experience as a gold-miner?—Yes; since 1886, on the West Coast of New Zealand.

5. Are you well acquainted with the Grey Valley, and the gold-workings in that valley?—Thoroughly well acquainted.

6. How many years have you been in that locality?—Since 1869 I have been on that creek.