

50. *Mr. J. Mills.*] With regard to the alternate blocks, you have explained that they were done away with for various reasons, the principal being that it was necessary the company should get land of recognised value—that, as the Government were unwilling to extend the area of selection, the alternate blocks were done away with in order to allow the company to select anywhere. Is the present reserved area the same?—The outside boundary is the same.

51. Was the advantage in this alteration entirely on the company's side?—If the present method of making mining reserves is to obtain, I should say I was wrong in supposing that it was an advantage to the company.

52. Was that the original aspect of it?—From the company's point of view it was intended to be for the benefit of the company, to enable the Government to give the required guarantee in such form that it would be a safe and valuable guarantee. Another aspect was that there would be considerable inconveniences in mathematically fitting in the alternate blocks with one another; that was of some advantage to the Government.

53. Was not the increased price to be realised from the alternate blocks understood to be an advantage to the Government, so that the Government were bound to get a considerable area of auriferous land?—It may have been so considered. Under the original contract actual gold-workings would not come to the company, but possibly-auriferous land would come to the company under the alternate-blocks system.

54. You said you had written a letter to your people at Home immediately upon the completion of the contract, giving your view of the meaning or interpretation of the clause in regard to the 750,000 acres, having reference also to the importance of the lands to be selected at intervals only for *bonâ fide* mining: will you put that portion of the letter in?—Yes, I will do so. That portion can easily be extracted from the correspondence.

55. I refer to this because I always consider that the direct impression of a party conveyed at the time, and on the spot, in writing is of great importance in strengthening the means of arriving at a decision?—I see no objection to that portion of my letter being put in. The extract is as follows:—

“MY DEAR SIR,—

“Wellington, 16th November 1882.

“The guarantee that the company's land grant shall be increased in area so as to realise £1,250,000 will be given on condition that the extra lands are taken from the authorised area, and that the proceeds of royalties from timber and coal go against the guarantee in the same way as would proceeds of *sale* of same, and the limit of 10s. an acre is practically repealed.

“To give ample margin within the authorised area, the Government agree to sacrifice their alternate blocks and the provision for settlement—clause 2, subsection (b) and (c). To provide against what you term “Larnach's action,” they agree to limit the total amount to be reserved for gold-mining to 700,000 acres (in addition to the 50,000 acres already occupied by same), and this amount *only to be reserved piecemeal when from time to time required for bonâ fide mining*. No block to exceed 10,000 acres.

“Another provision is inserted to allow Government to carry on sale of land, and therefore settlement, but as agent for the company and with its consent.

“Under these circumstances there is no possible doubt in my mind, or in that of any of those here who understand the matter, that there is plenty of land within the authorised area to realise the £1,250,000, and this may be accepted as a fact, while on the other hand it will be perfectly useless for any Government to ask Parliament to allow the company to take land outside that area. There are, according to the Surveyor-General, within the area some 6,900,000 acres of land other than freehold or public reserves—allowing, say, 2,000,000 or more for barren lands of little or no value except for minerals—a full allowance. There will remain some 4,000,000 acres of useful land all available for the company, and much of which will have been increased in value if large reserves have been made and therefore worked for mining. If only small reserves have been made for mining, there will be so much more for the company.

“The giving up of the alternate blocks will, you will realise, be of great benefit to the company, as they then gain the increased value over the whole area benefited by the railway instead of only half—a most important thing, and one which I hardly expected the Government to give.

“If large mining reserves are being worked it follows that the traffic on the line will be vastly increased by the extra population, though I should say that I do not anticipate it to be possible that the 750,000 acres can be so required.

Æneas R. McDonald, Esq.,

“Secretary, New Zealand Midland Railway Company (Limited), London.”

56. You said the company had 753 applications for land on the western slope, of which 10 per cent. would be duplicates, that would, I suppose, include applications for *bonâ fide* settlement over the 750,000 acres of proposed mining reserves?—As far as I can judge of them, knowing a good deal of the district, the vast majority of the applications were for *bonâ fide* settlement, and were not for speculation. In many cases they are made for the extension of a man's farm, or for a settler who wants another piece of land for his sons.

57. You say that fourteen had been dealt with three years ago, and that there were thirty-six cases in which you had been able to agree with applicants as to price. That makes about fifty cases out of the 753. What area would that represent?—I can only, at the moment, say that they average about 100 acres apiece, or something like that.

58. In what localities were these applications?—Over the whole of the western district.

59. Does that apply to the Grey Valley?—Some to that; some to the Hokitika district; some to the Nelson district; most to Greymouth, Inangahua, and Hokitika districts.

60. With reference to the yellow area on the map, containing about 184,000 acres, are all the lowlands on a level with the Grey River already alienated?—Most of them are.