

86. Do you consider that the alternate-block provision was struck out simply to enable the mining reserves to be made where it was necessary?—Certainly not, from my point of view. I have told you how the question arose so far as I was aware. I have already explained that there were also certain mathematical difficulties which constituted the objection to No. 1 contract.

87. These words "from time to time": were they inserted for the convenience of the Government, so that they might have time to obtain full information?—That view never occurred to me; it was for quite the opposite reason so far as I was concerned.

THURSDAY, 1ST SEPTEMBER, 1892.

Mr. Scott further examined.

1. *Hon. Mr. Seddon.*] You said, Mr. Scott, that when you went to London as a delegate you went under a nominal contract. Does that apply to the first contract as between the syndicate and the colony?—I said the first contract, which might best be called a nominal contract because it was made, with the assent of the Government, in such a form that the nominal contractors were able to go out of it without penalty within a certain time if they did not succeed in passing it on to the real contractors.

2. It was a contract under the seal of the colony?—It was a contract.

3. You said that the capital was difficult to get in 1885?—It was for this purpose.

4. Then it is about the same now?—There is much more difficulty at present.

5. You heard Mr. Wilson give his evidence, and say that over 20 per cent. discount would have to be paid by the company for raising future capital. Is that so?—I cannot say from my own knowledge.

6. Touching your replies as to the eastern lands *versus* the western lands value. As regards the sale of the eastern lands you have got really more than you anticipated, or more than the company expected, in that respect?—More per acre?

7. Yes?—At the present time the sales have shown a greater increase per acre over the B 1 value to the company than I anticipated or led any one to suppose would be the case over the whole of the eastern lands. But, of course, we have not taken the worst lands to begin with; and the average over the whole of the eastern lands will come out, I think, a little over the value at which the company receives them from the Government.

8. That land is principally grazing land, I suppose?—Entirely; I suppose hardly an acre can be called agricultural.

9. Being grazing land, do you consider it advisable in the interests of the Government that it should be disposed of in large blocks?—Are you speaking of the land the company has already dealt with.

10. I am speaking of the land crossing over the eastern slope?—The bulk is only suitable for selling in large blocks. Part of it is possibly suitable for selling in smaller areas.

11. Is that in the vicinity of the railway, or at a distance from it?—It is roughly like this: The land which is available for the company is all hilly land (except some very indifferent land on the plains). It is principally mountainous land. Some of the front hill-land was, in our opinion, possibly suitable for small holdings of 200 acres or so, and the company offered it for sale in that way; but very little of it found purchasers in that shape.

12. For the purpose of disposing of the land to advantage, was the doing away with the alternate block system an advantage to the company, seeing that the land could be disposed of in large areas without the expense of subdivision?—The doing away of the alternate blocks was in my opinion an advantage to the company. I should perhaps explain that the alternate blocks would never have had quite the effect which I dare say members of the Committee and others may think—that is, it would not have been necessary always to take a block fifteen miles back with one mile frontage—because there was a provision in the original contract by which the shape of the blocks was limited, and the company would not have to take blocks which had not frontage to the railway, or so as to run behind the nearest watershed; so that, say, in a valley like the Bealey Gorge, it would only have been necessary to take a block with frontage on the railway and running up to the top of the nearest hill. Therefore, it would not have been compulsory for the company to take, say, fifteen miles of mountain tops, as has been suggested. There is one further explanation I wish to make: It was open to the company, in my opinion, under the original contract, to select its lands in such order as it pleased, subject to ultimately taking the alternate blocks. The correspondence with the Agent-General, printed with the Act of 1886, pointed out that that being the case was one of the conditions under which the Midland Company took over the first contract.

13. Your first right of selection was along the line?—It was, I believe, to be anywhere, provided that the alternate blocks should sooner or later be taken; but there was no compulsion to take them first.

14. That was in the contract—that you be allowed to select along the line first?—No, in my opinion, it was not. It was open to question, and it was then raised with the Agent-General.

15. At all events, the doubt was removed by giving the further right of selection under contract number two?—It was.

16. Have you anything to show from the colony that you were to have the right to select gold-bearing lands under the first contract?—The actual gold-bearing land was excluded from the first contract. That is merely a matter of reading. Anybody can turn up the contract and see.

17. You said your first impression was communicated Home as to the making of the mining reserves. That impression was that the reserves would not be made as now proclaimed, but that now and again, from time to time, small areas would be taken. You said that you sent that Home?—My evidence yesterday was to the effect that I did not imagine the mining reserves would be