In reference to paragraph C of the petition, so far as the colony is concerned the inducements given to the shareholders could only be in terms of the contract, and we have not departed from the terms of the contract. The company gave up the mile-for-mile arrangement which they had in the original contract. The colony, therefore, on the East Coast gave the company the advantage, and on the West Coast the company gave the colony the advantage; and I say that the advantages given to the company on the East Coast were much greater than those given by the company to the colony on the West Coast. On the East Coast, if we had kept our alternate blocks, the company's land would have been of no value to them—the nature of the country would have prevented its sale, as it is positively mountainous country; and on the West Coast we already had the right to take at any rate every alternate block up the Grey Valley, together with all lands in use for mining purposes and all known gold-workings. I say that the object and intention of subclause *c* of clause 16 has not been misrepresented. I say the clause has only been used in such a manner as that contemplated by the second contract, and that the company were fully aware before they signed the contract, and at the time they signed it, of the intentions of the Government to make these reserves of 750,000 acres. Now, the company have not lost any profit by being prevented from selecting the low-lying lands. They have stated in the petition that it was the low-lying land adjoining the line that had been reserved, but on reference to the map it will be seen that the low-lying lands are freeholds, and they were freeholds long before the company took the contract, right up to Block 59. With regard to paragraph E, the Government, in their definition of lands required for mining purposes, have taken in water-courses, but only on the south-west side of the line. The water-courses that we have taken are the only outlets for a large area of sluicing country, and they are absolutely required for *bonâ fide* mining purposes, and for purposes incidental and conducive thereto. I say that a tail-race is a necessity in order to work that country, that the tail-races empty into the gullies, and that the silt and deposits are carried by the gullies into the main streams; that without taking in the water-courses it would be impossible to work the payably auriferous areas on the West Coast; and that it was necessary to do so is admitted by the company themselves, and by the evidence they have submitted to this Committee. I allude more particularly to Mr. Lord's evidence. He said the proper thing to do would be to reserve the water-courses, and a strip of land alongside of them. In respect to paragraph F, I am not aware of any case where the company have applied for the timber on a mining reserve. Applications were made by the company prior to the reserves being made. Mr. Wilson cites the case of Mr. Morris; but if he looks at the Proclamation he will find that the application was made to take the timber off the land prior to its being made a mining reserve. I have been advised that under clause 18 of the contract the right of the company to take the timber is solely confined to land that has been reserved for mining purposes. At the present moment I do not know of a case where, after a reserve has been made for mining purposes, the company have asked to be allowed to select the timber on it. In the case of Mr. Butler's application, the Government met the company by excluding from the contemplated reserve the portion which they wanted for sawmilling purposes, so as to leave it open for the company to select it—not as timber from a mining reserve, but to select the land altogether. Now, if any applications have been made to select the timber on any land since it was made a mining reserve they must be very limited, and the Government could not grant the land to the company if it was required, or likely to be required, for any sawmill in existence, as will be seen from the proviso in the clause of the contract—proviso to clause 18: "Provided that such option shall not be exercisable over lands the timber on which shall in the opinion of the Governor be, or be likely to be, required for sawmilling industries in existence at the date when the Queen shall consent to the exercise of such option by the company, or where such timber shall be, or be likely at any time to be, required for holders of timber licenses or miners rights respectively, or for mining purposes." Now, the sawmill being there, if the right was given to the company, the sawmiller, under the terms of the contract, would have right of action against the Government. Supposing we sold the right to the timber to the company, then, unless the sawmiller paid such royalties as were demanded by the company, his sawmill plant would be rendered valueless, and in equity he would have ground for complaint, because we had exercised our prerogative in favour of the company knowing at the time that his mill was in existence.

Mr. Tanner: Is it your contention that, under sub-clause *c* of clause 16, the land referred to is unalienated Crown land, not disposed of by lease or in any way?

Hon. Mr. Seddon: Yes, distinctly. With regard to paragraph F, the Government have not, as stated, hampered the company in selecting timber, and, with the exception of the case I have mentioned, there have been no such refusals, so far as as I am aware. If there have been refusals, they must have been on the grounds stated in the proviso, that the timber was required for sawmills in existence at the time, or for mining purposes. The same reply applies to paragraph G—namely, that there is a reasonable prospect of the timber being required for gold-mining purposes, or that it is required for sawmills in existence. Paragraph H is incorrect, and places the question in an exaggerated form before the Committee. The contemplated areas shown were submitted to the company. The proposed reserves, marked by red lines on the map, have been recommended by the experts. They are not reserved at present, and are still open for selection by the company if they can show the Government that they are making more reserves than are required for mining purposes, or for purposes incidental or conducive thereto. The reserves made only take in a small portion of the land on both sides of the line. For the greater part of the distance there is freehold land on one side of the line, and on the other side there is the Grey River. I say there is no confiscation whatever. The shareholders and debenture-holders of the company could not possibly be misinformed on this question, the Government, through the Agent-General, having sent the *Hansard* reports of the debate in the House, and the newspaper reports of the debate in the Council, together with a copy of the proposed contract itself. And this was mentioned by the chairman of the company at its annual general meeting, and the Grey Valley was particularly