36. So that if the colony paid you this £618,000, spread over twenty half-yearly payments, they would only pay you 4 per cent. for the money?—They would be practically paying us 4 per cent. for the money, we getting no increase above the contract waste-land value. I say we might fairly ask for the increase on these waste-lands values. But we are in a position now that we cannot, from the evidence given last session, finance the required capital in London. Thus we have arranged proposals in the form we put them now. After much discussion with my directors, it was decided to make the offer—one which would enable us to put it at the lowest possible figure on which new capital could be obtained. This was in order to try and get a settlement, enabling us to complete the line from East to West Coast. That is the position my directors took up. Now, it is not a question of what profit we would or could make. The question was: whether we could finance to finish the line on these terms.

37. *Mr. G. Hutchison.*] And what is your proposal?—Our proposal is that we should receive £85,000 a year, spread over ten years. That is to say, that we should receive our waste land grant value funded, spread over ten years, and give up in exchange for that the whole of our land-grant rights, and let the Government deal with them as they like, they keeping the land, and all increase in value, which we should have got if we had held them as our reserves. We say we will take this payment spread over ten years, because the Government have in that way a perfect security for their money. The line will be constructed in three years and a half, and the Government will pay us in six-monthly instalments. The contract says the first payment shall be made on signing the contract. But that I am not particular about. It may be, if the Committee prefer, six or nine months after signing the contract; so that we are really undertaking the work before we receive our first payment on account. I propose, therefore, they should pay us these six-monthly instalments; and, as a modification, I have suggested the Government should pay us in 3½-per-cent. debentures, instead of cash, issued at the current market price of the day, and that we should accept these and negotiate them ourselves. With such an arrangement as that the Government will have it in their power to deal with the whole reserve area of 5,000,000 acres. They can sell it or deal with it as they like, and they have ten years in which to deal with it and recoup them for the moneys they pay us. I maintain they will; that they will gain far more even out of the £618,000 than they will pay the company for their rights to the land.

38. Of course, during the three years and a half the payments would be contingent on the work done?—The Government are perfectly safe. They raised that question to me. When we go to the London market we have to get our debenture issue out, and that debenture issue is secured by debenture bonds which compel the company to spend the money for the specific purpose of making the line between Springfield and the West Coast, therefore the company cannot use that money for any other purpose, and it must be spent on these works. We, as soon as we get our financial arrangements completed, will at once advertise our contracts and let the works right through the sections. As soon as we can we shall let the Springfield end, as it is the key of the position, and then let the other contracts as far as possible, so as to keep the whole works going together, and so as to finish the line within the three years and a half. We should push things forward; and it means the expenditure of something like £30,000 a month.

39. At the same time you would be willing that the £42,500, which would be the amount of these six-monthly payments, should be conditional on and follow certain work performed?—You see for the first two or three months we shall have to advertise contracts. Our plans are all ready, but we shall have to advertise and let the contractors have two to three months to go over the ground. We must give that time to make out the estimates. And probably we shall have contractors from other colonies, because there are very big works to do. The Springfield contract will be possibly one for something like £250,000 to £300,000. It is not every contractor who can undertake a work like that, and it is a work which will take some time to go through. So we may calculate that after we get the money it will take us two months and a half to three months before we can do any actual construction work.

40. It may take you six months to get the money in London, may it not?—I hope not.

41. It may be four then, we will say?—Yes. If the Committee prefer it, I will agree to this: That we receive our first instalment twelve months from the date of signing the contract, so that we shall be at work before we receive the first payment.

42. *Hon. Sir J. Hall.*] Would not that enable you to agree to the condition?—Yes, to the amount of £42,000. I might safely agree to that. We cannot say that we will accept these payments in proportion to the amount of work done, because our work will all be finished in three years and a half, and the Government will have payments spread over ten years.

43. *Mr. G. Hutchison.*] You will be ahead of the payments very soon. You must necessarily do that in the initiation, but provision must be made, otherwise the colony may pay you £42,500 without anything to represent it?—Of course we would gladly agree to that: that we must, before our first payment is made, have had that amount of work done. That is a provision of protection to which I have not the slightest objection.

44. Then it comes to this, that your proposal means a payment of £85,000 a year for ten years?—Yes.

45. You contracting to do the work within three years and a half?—Yes. Of course, we will do the work as quickly as we can, because we want to get our lines at work as soon as possible. It has been said in this room the line will not earn anything. I do not think that is in any way correct; but it was a point raised, and in face of this statement by a Government witness we cannot go to the London market and say this line is going to pay, because we are at once met with the evidence brought here last year that the line would not pay at all.

46. Do you still adhere to your willingness to undertake the line shall be made in three years and a half?—Yes, if we have good luck, and good seasons in our contracts. We ask for five years' extension of time.