

176. Hon. E. BLAKE.] I understand you to make a distinction between your capacity to estimate that part and to estimate other parts?—Yes.

177. Why?—The traffic on the East and West was a determinable question, because the West Coast produces coal and timber, both of which are required in Christchurch, and the amount of coal and timber that is consumed in Christchurch is to my mind a measure of the amount of those products that will come back, because having gone into it I am fully aware that this railway can take that coal and timber.

178. I wanted to know the reason?—Within my knowledge many people have a great objection to estimate the traffic on a railway. You may be almost utterly wrong. That is why I almost always decline to make an estimate of the traffic north and south, beyond saying that, though it has a longer mileage, I think I did estimate it at one-third of the traffic.

179. That is, one-third of the total traffic?—Compared with the East and West. It was a mere conjecture.

180. The longer mileage would produce about one-third of the other; but that was conjecture?—I think I take a different view of it to what most people do. The traffic to Reefton I looked upon as pretty sure; the traffic above that is purely guesswork or gambling, from the point of view that there was considerable prospect of a goldfield above Reefton at the Lyell; and from time to time there had been considerable starts in places like the Owen, and it was commonly thought that there might be a permanent goldfield found there. On the other hand, if there is nothing of the kind arises there will not be much traffic from there. There is another cause of traffic, in connection with the timber there, the timber about Matakitaiki.

181. There was some basis in your estimate as to that part?—Yes, the timber valleys half-way between Reefton and Nelson.

182. And for the rest?—There is a possibility of settlement which other people do not view so highly as I do. But there is a large quantity of that land up there which some people say is worth nothing, while others say it is worth a great deal.

183. You take, you think, a more favourable view of the capacities of that section than most people do? Your general conjecture is that the longer mileage would be one-third of the traffic on the East and West line?—It would produce at least a third per mile.

184. It is the mileage traffic?—That was under the worst circumstances.

185. I thought you said you took a more favourable view?—My view is that, under the worst circumstances, it would produce that. My other view is that possibly it may produce very much more than anywhere else.

186. That part of it?—Yes. If there is any great development up there the whole will be profitable. It seems to me to be only fair to say that I did not then know that it was an utterly wrong basis of the cost; it was on the Government estimate, which I have found to be wrong.

187. But the cost has nothing to do with the question. You say it will produce one-third of the mileage traffic. The result of that one-third of that traffic would be the next question. What would that have been on the cost—net, of course, after paying expenses—very roughly, the traffic per mile?

188. Give it very roughly. What percentage on the cost; you had based it on an erroneous estimate, what would the amount come to?

Witness (after making a calculation): That would come to something like 2 per cent. on the wrong cost.

189. Was that the net cost to the company after making allowance for the land?—No.

190. Then, when your estimate was corrected, what would it produce?—I dare say it would not produce more than 1 per cent.

191. Would there be any substantial return when you found the real cost?—Perhaps 1 per cent.

192. But not until after development?—No. You must understand I never gave any estimates with any authority; I only put forward whatever we had, for the simple reason that I was not sufficiently expert.

The Court rose at noon.

MONDAY, 2ND DECEMBER, 1895.

The Court sat at 10 a.m.

Messrs. J. G. Grey and W. Berry were sworn in as reporters.

Mr. Gully: I understand that counsel will lead evidence to day upon both the mining reservations and the question of the right to cut timber under clause 18. There will be certain objections to some of the evidence which will be tendered, depending upon the interpretation of this clause of the contract, and I have suggested to my learned friend that it would be shorter and more convenient if I were to state at once the views I desire to put before the Court as to the interpretation of these sections, and to ask that they should be treated as objections generally to the evidence, and thus save the necessity of objecting from time to time. First, taking clause 18 of the contract, I submit that upon a strict interpretation of the language used the company has not that which it is assumed to have—an exclusive right to select timber on lands coming within the area of mining reserves. That, in point of fact—

Hon. E. BLAKE: You are dealing now with the timber question.

Mr. Gully: First with the timber question under clause 18.

Hon. E. BLAKE: Mr. Cooper, are you going to take evidence on the timber question to-day?

Mr. Cooper: Not to-day. We are going on first with the question as to the mining reserves.