

222. Then why should it not have been granted?—Because the Minister has discretionary power under the Act, and if he sees reason enough not to grant an application he can exercise that power.

223. As far as you personally are concerned, do you consider there was any good reason?—As Commissioner, I saw no reason.

224. The area which has been granted to the company is considerably less than the area for which the company made application in the first instance—22nd August, 1902—is it not?—That is so.

225. Do you consider that the company was fairly treated under Mr. Hayes's apportionment of the ground, seeing that the company had applied for over 400 acres and the syndicate for only 100—the company receiving 230 acres and the syndicate 300? Do you consider that was a fair apportionment?—I considered it a fair apportionment or I would not have signed the report.

226. How do you justify it?—We had a clean field, and could deal with the whole of the area without any regard to this old affair; and I thought it would be wise, as you had been prospecting over here [Place indicated on plan] to give you this ground in front of that where you had been prospecting, and, as the coal-prospecting company had been prospecting there [Place indicated], to give them the area in front of that place.

227. You said there was the law in the first instance, and in the second instance you arrive at a decision as to apportionment, and you apportion to the applicants for 100 acres 300, and to the applicants for 400 acres 230. Do you consider that that was a fair apportionment?—If I had not thought it fair I would not have recommended it.

228. Have you, in your experience as Crown Lands Commissioner, ever known of a prior applicant being treated as the Taupiri Coal Company was treated in this instance?—There have been cases, but not with coal-mines.

229. I am speaking of coal-mines?—None in connection with coal-mines have ever come under my notice. There have been adjustments in mining matters, and so on; but in coal-mining cases this has been the first.

230. *The Chairman.*] Do you admit that the syndicate's application was, in for the 1,300 acres prior to the other company's?—No.

*Mr. Leather:* Prior to the application for the 230 acres.

*Witness:* That was no application at all. The 230-acre area was never applied for.

231. *Mr. J. Allen.*] Yes it was?—It was an allotment by the Minister.

232. Here is the letter showing that they applied?—Yes, after they got notice that the Government was prepared to give them a lease of the 230 acres. Then they applied.

233. *The Chairman.*] What do you mean by saying that you had a clean sheet?—The applications covering Lakes Wahi and Rotoiti were all disallowed. The decision of the Minister was that none of the applications should be granted, and, they being done away with, it gave us who had to report upon the matter a clean sheet, so to speak—we could deal with the areas in what we thought was the best way. We set about it, and a geological survey, as I explained before, showed that there was no coal in the western part of the lake-area, nor was there any down here [Place indicated on the plan]. This was the coal-area [Indicated].

234. I am not troubling about that. Do you not think that was misleading the first applicants—saying that you had a clean sheet? After you had applications in you would sweep them off and make a fresh start; we understand that is what you meant?—I only said it came to that. I did not do that.

235. I am asking if that was fair to the first applicants. If other applicants knew that this was going to be done they could have their application in before the others?—I do not know about that. When the Government decided that the applications should not be granted they gave instructions at the same time that a special report upon the whole affair should be furnished.

236. They would cancel these applications and start taking fresh ones?—Yes.

237. *Mr. Millar.*] The secretary to the prospecting syndicate distinctly asked in his letter for a further term of protection for six months?—Yes.

238. The Land Board's reply grants that application?—But the word "protection" there is very misleading. At first the Land Board only extended the time. When the application for the 100 acres was made in the first place Mr. Meldrum requested that it should not be proceeded with at once, as they were just on the point of bottoming one of the boreholes. I represented that to the Board; I told them exactly how the company stood, and expressed the opinion that it would not be fair to mulct them in further payments, seeing that they were spending a great deal of money in prospecting there. I suggested that perhaps we had better hold over consideration of the application for a month, so as to give the prospectors an opportunity to get their prospecting-holes put down. To this the members of the Board agreed. So we adjourned consideration for a month, and I believe nearly two months passed, when application was made for a further postponement for six months; and the members of the Board being particularly anxious to foster, as far as possible, every industry that might be started, they said, "Very well; let that application stand over for six months, and we will not deal with it till then." This is what the syndicate call "protection." But it is a very different thing from having a right to apply for any other part of the lake—I mean a prior right. We could not give that. There could be no such thing as granting a prospecting-area under the Coal-mines Act.

239. Is this land within a mining-area, or under the Mining Act?—No.

240. Then, you, as Commissioner of Crown Lands, and the Land Board, were dealing with the matter?—Yes.

*Mr. Millar:* The Mining Act distinctly makes provision for dealing with mineral leases outside of a mining-area, and there the word "protection" is used freely.

*Mr. Herries:* Coal is not included.