

167. In all these proposals?—Yes. We made these proposals in the hope of inducing the Government to settle this very difficult question, and we relied mainly upon the belief that they would do it in order to have the block settled.

168. And it was upon that that the application was made for the Order in Council to issue?—Yes.

169. And throughout all subsequent proceedings, to the final stage, that has been acted upon?—Yes. Mr. Skerrett's proposal made there is the proposal which was carried into effect.

170. There has never been any attempt to deviate from those lines?—Not in any way. On the contrary, we have all been very anxious to carry it out in as effective a way as we possibly could.

171. At the time the land was sold to the company for £85,000, the company had purchased the Stubbs estate of 14,000 acres on the opposite side of the river?—I do not know the area, but they purchased that estate, with the coal-mining business, and steamers.

*Mr. Massey:* Is that Native land?

172. *Hon. Sir J. Carroll.*] A Native lease. And in their prospectus they associated that with the Mokau land?—That is so; and so they combined the whole coal interest.

173. The coal-mine in the Stubbs estate is working?—Yes, it is a working mine, and, I understand, a profitable one.

174. *Mr. Dive.*] I understand that under this agreement, if the company fail to subdivide and sell this land within three years, they have the right to apply for an extension of time: is that so?—That is so.

175. That being the case, do you think it is a fair thing to put in Mr. Bowler, who is President of the Board, as trustee?—I think it is the best possible arrangement, because the Board have to consider that sort of question every day.

176. Mr. Bowler, according to your statement, is a paid agent as trustee. Do you not think that is likely to influence him if application is made to the Board for an extension of time?—I do not think the amount is sufficient to influence anybody.

177. That is not the question. Do you not think it will have a tendency, if he is going to continue in office for perhaps a further period?—I think not. I think that is casting a reflection upon him.

*Mr. Dive:* I do not wish that to be inferred for a moment.

*Witness:* I may say that Mr. Bowler entered upon this work without any question of remuneration being raised at all, and it was, I think, two or three months afterwards that the question was raised by his Head Office. They then suggested that something ought to be paid, seeing that part of Mr. Bowler's time would be utilized in this work. It was not a suggestion that was made by me or by Mr. Bowler—it was made by the Department.

178. Is it a fact that the company will reserve the mineral rights over the various subdivisions that it may make of this block?—The company cannot reserve more than an area of 3,000 acres of any part of the 53,000 acres.

179. 3,000 acres is the most they can reserve in that block?—Yes, and they can only do that if it is third-class land.

180. *Mr. Massey.*] But they can reserve a number of blocks each of 3,000 acres?—No.

181. They can reserve a block for each individual, surely?—Mr. Dive was talking about the company. The company is not an individual. Of course, if the company likes to sell to a member of the company, that is within the law.

182. The company may sell a block to its chairman?—He is a private individual.

183. And to its secretary—he is a private individual?—Yes.

184. And so on, with each member of the company?—Yes. That is perfectly right and proper, is it not?

185. *Mr. Dive.*] You showed us just now the various amounts that were owing on this block in the way of mortgages?—Yes.

186. I think an attempt has been made to create an impression that there was £25,000 owing to Mr. Macarthy upon this block. Was the mortgage over the block not given as collateral security? The £25,000 that was lent by Macarthy was lent upon ample security, prior to this block coming into consideration at all?—Apparently Mr. Macarthy believed he had not ample security, because he insisted on getting a mortgage over this block.

187. Did this not come about only during the tight times of some two years ago?—After.

188. In other words, it meant this: that he took advantage of the financial position at that time to ask for more security?—I do not know that he was taking advantage of it: he was simply trying to secure himself as best he could.

189. It is the usual procedure on occasions of that sort?—Quite.

190. Therefore I take it that the £25,000 owing to Mr. Macarthy he had ample security for, and, providing the securities that Mr. Lewis gave to Mr. Macarthy would cover the amount advanced, he would reap the benefit of the increased amount?—That is rather a long question. As I understand it, you suggest that Mr. Macarthy had ample security without this mortgage. Well, he of course was the best judge, and he thought he had not. Of course, I had nothing to do with what took place between Mr. Macarthy and Mr. Lewis.

191. I only wish to show, in asking these questions, that Mr. Lewis was making a very good thing out of this block?—I think he deserved to. He took a very big risk.

192. It was a case of "Heads I win, tails you lose," as far as I can see?—Oh, no: he was liable for £16,000 or £17,000.

HERRMAN LEWIS further examined. (No. 19.)

1. *Mr. Herries.*] What made you go in for this speculation?—I go in for many speculations.

2. You did not intend to farm the land?—Oh, yes; I am looking for bushfellers now—twenty bushfellers.