

restricted, and we came to the conclusion that it would be better to hold it rather than sell it at a low price.

9. Could you not have cut it up into blocks, reserving your right to the bush?—We had that in view. As a matter of fact, our manager did go over the land and portion it out into blocks, but the development that has taken place along the line has induced us to hold our hand to see what we could do with it.

10. Could not the owners of Maraetae and the Smith Block and other blocks have pushed settlement too?—Again it is a question of only recent years that the belief has arisen that this land can be profitably occupied.

11. Is it not a fact that a good many years ago the Bank of New Zealand's estates in the Waikato—pumice lands—were manured by direct shipments in large quantities, and was it not known therefore that years ago as much as it is now that great benefit accrued from the application of manure?—It may be so, but I have no knowledge of that. There can be no doubt about this: that many years ago this land would not have paid to work. It is only the recent progress in dairying that has created this value.

12. You have fifteen years in prospect to cut out the timber, have you not?—Yes.

13. Taking the existing knowledge of what can be done, or supposed to be capable of being done, by the application of manures, would not that fifteen years be a reasonable time in which this land should be developed and made capable of contributing to the freights upon the line; and, not only that, would the lands extending beyond the present terminus not be within sufficiently short range of the railway to benefit from the manures and produce carried by the railway? Surely fifteen years would be ample time in which to get the country developed and put the line in a good financial position?—I am doubtful. You stop at Mokai.

14. I am contemplating that?—I would urge this upon the Committee: that the passenger traffic ought to be used for developing all that district. If you cultivate your passenger traffic in that district you are helping the country.

15. I am putting my questions on the assumption that the company retains its railway?—Yes.

16. I am asking whether the fifteen years during which the timber is in process of being cut is not sufficient time in which to develop a large amount of traffic from the carriage of manures, the carriage of passengers, and the carriage of produce from the lands, putting the line in a paying position when the timber is cut out?—In answer to that I would say it is quite impossible for anybody to say whether the development will or will not be sufficient. We all know that these lands are still to some extent in an experimental stage; but I say this, that there is no doubt whatever that no business man would go into the proposition on those lines.

17. I think you stated that the Tokaanu land was equal to any in New Zealand?—I am going now by the evidence of a witness which will be given later—one who lived for seven years and managed a station property near by.

18. I was not able to follow you in your new proposal that the Government should not be asked to decide finally on the purchase of the line until the expiry of fifteen years, and the ascertainment of whether the line was going to be payable or not: am I right there?—Yes, sir.

19. In the meantime do you propose that the company out of its own resources should continue the construction of the line to Taupo?—That is so; of course, on the security of the land.

20. In what way do you suggest that security should be given?—It would have to be by statute, and on the proceeds of the realization of the Crown and Native land.

21. *Mr. MacDonald.*] You mentioned that the real reason for coming to the Government is that either the Government should acquire the line or acquire land in the vicinity of the line so that the increased profits arising from its resale should help to pay for the extension?—Yes.

22. Without having some such understanding the company would have difficulty in financing?—Yes, that is so.

23. So that if neither proposal were given effect to by the Government there would be no prospect of the company considering any further extension of the line?—That is so; we could not finance it.

24. *Mr. Buick.*] Your offer is now a semi-compulsory purchase in fifteen years; at the end of fifteen years the Government will be almost compelled to purchase. You have to prove that it is paying, and if it is you may not be inclined to part with it?—The advantage to us in the meantime is that the purchase-money is charged upon the Crown lands and on the Native lands they purchase. That enables us to finance the extension. But we make this condition, because we believe that that country will pay for the development: we are content that the Government should have the option at the expiration of fifteen years of saying whether it will take the line over or not.

25. *Mr. Buchanan.*] Is this a correct presentment: assuming that the value of the Government land to-day was 10s. per acre, if the Government get £1 for it then that profit would go towards the purchase of the line; and, similarly, in the case of the Government purchasing the Native land the profit of that would go similarly to the purchase of the line?—Yes, we would be content with that.

26. *The Chairman.*] What I understand is this: that at the end of fifteen years if the line is paying the Government may or may not take it over?—We would not mind the Government not taking it over if it were paying.

27. It is not a question of compulsory purchase?—If it pays we are content to hold it; if it does not pay the Government need not take it.

28. If it is paying you are not particular whether the Government take it over or not, but if it is not paying you give it the option of taking it over as a *quid pro quo* for providing you with security over the purchased lands?—Yes.