1892.

NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE.

(REPORT ON THE PETITION OF THE NEW ZEALAND MIDLAND RAILWAY COMPANY, LIMITED; TOGETHER WITH PETITION, MINUTES OF PROCEEDINGS AND EVIDENCE, AND APPENDIX.)

Report brought up 8th October, 1892, and ordered to be printed.

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Report brought up 8th October, 1892, and ordered to be printed.

ORDER OF REFERENCE.

Extract from the Journals of the House of Representatives.

TUESDAY, THE 5TH DAY OF JULY, 1892.

Ordered, "That a Committee be appointed to examine into and report upon such questions relating to the Public Accounts as they may think desirable, or that may be referred to them by the House or by the Government, and also into all matters relating to the finances of the colony which the Government may refer to them; five to be a quorum. The Committee to consist of Mr. Guinness, Hon. Sir J. Hall, Mr. G. Hutchison, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward, and the mover."—(On the motion of Hon. Mr. BALLANCE.)

REPORT.

THE petitioning company state,—

That the company entered into certain contracts with the Government, dated the 17th day of January, 1885, and the 3rd day of August, 1888, respectively, for the construction of the East and West Coast and Nelson Railway, and, pursuant to those contracts, raised large sums of money, and entered upon the construction of the works.

As specific allegations of departure by the Government from the contract, the company cites,—

(*a.*) The method of the Government in proclaiming mining reserves, and that such Proclamations have been greatly in excess of the requirements, and will be a hindrance to settlement.

(*b.*) That the Government have allowed the company's interest to be injured by permitting timber to be cut for other than mining purposes, and has imposed difficulties and delays in the way of the company dealing with lands for settlement purposes on the West Coast of the South Island.

(*c.*) That long and unnecessary delays were caused by the Government in consenting to the deviation of the railway-line at Lake Brunner, though such deviation is beneficial to the colony.

(*d.*) That great and unnecessary delay took place in the consent of the Government to the construction by the company of an incline line at Arthur's Pass instead of a tunnel line, and the consequence of this delay has been disastrous to the company.

(*e.*) That on the 15th day of March, 1892, the company applied to the Government for an extension of its contract time under clause 42 of the contract; and, though the delay in construction has not been caused by the "wilful default or neglect of the company," the Government has neglected to give such consent, and by reason of such neglect the company is powerless to make further financial arrangements.

(*f.*) That the imposition of the graduated land-tax has seriously depreciated the value of the grants of land to be made to the company, and that the imposition of the tax on debentures has increased the company's difficulty in raising further capital.

As to local taxation, the company, while not alleging that the matter under this head has been the result of the action of the Government of the colony, or that any change has been made since the formation of the company, submits that it should not be taxed by local bodies in respect of its railway-line, which provides a means of access through the country.

The company has made certain proposals to the Government to surrender its future land-grant in return for certain Government guarantees.

The company prays—

1. That Parliament will appoint a Committee to inquire into its proposals, in order to settle all existing differences between the Government and the company.
2. That Parliament will consider the grievances which the company has in consequence of the action of the Government and the injury caused to the company thereby.

The Committee, having carefully considered the petition and taken voluminous evidence thereon, have the honour to report as follows:—

A.—The Proclamations reserving Land for Mining Purposes.

1. The generally auriferous character of the country through which the Midland Railway passes on the western slope has made it possible for the Government to reserve an area of land in continuous blocks exceeding what might have been reasonably contemplated by the company to have been reserved in this way. It does not appear to the Committee that in doing so the Government has exceeded its legal rights, nor has reserved or proposed to reserve more land than an exclusive regard for possible future mining developments may prove to be of advantage to that industry, but the Committee are of opinion that the reservation in continuous blocks of such a large portion of the land in the Grey Valley could not have been reasonably contemplated by the company.

B.—Regulations of the Government injuriously affecting the Company.

2. The company has had some grounds for complaint under this head, but the Committee do not consider them of such importance as to seriously affect the position of the company.

C.—The Delay in respect of the Lake Brunner Deviation; and D.—The Delay in Consent to the Incline.

3. These delays have arisen in consequence of time being necessary for the consideration of proposals by the company for modifications of certain provisions of the contract, but these proposals were made by the company in its own interest, the Committee therefore do not think the company can reasonably complain.

E.—The Refusal or Delay in Extension of the Time for Completion of the Line.

4. The Committee are of opinion that the time allowed in the original contract for the completion of the work was sufficient, but that, owing to the delays consequent upon the negotiations for modifications of the contract, and also owing to the many other difficulties under which the company has laboured, it is evident the work cannot now be completed within the contract time. The Committee, therefore, recommend that the Government should grant a reasonable extension of time for the completion of the contract. In any such arrangement, the Committee consider that the Government should insist on reasonable progress being made with the work, and should endeavour to arrange with the company for a release of the land reservation not later than the end of the term of the present contract.

F.—Taxation.

5. The Committee are of opinion that with regard to general taxation the company has no claim to special treatment. The Committee is further of opinion that local taxation presses heavily upon the company; and the Committee desire to direct the attention of the Government to this matter.

Proposals for Guarantee.

6. The Committee cannot recommend that these proposals should be entertained in their present shape; to do so would practically increase the liability of the colony.

Conclusion.

7. The Committee recommend that any proposals which may be the result of negotiations between the Government and the company should be submitted to Parliament at its next session.

8. The petition and the evidence taken thereon, together with the documents and maps produced before the Committee, are attached hereto.

A. R. GUINNESS, Chairman.

8th October, 1892.

PETITION.

(Presented 9th day of August, 1892.)

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled.

THE humble Petition of the NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED), by ROBERT WILSON, its Attorney, showeth:—

1. In the year 1884 the Parliament of New Zealand passed "The East and West Coast (Middle Island) and Nelson Railway and Railway Construction Act, 1884." By that Act several advantages were proposed and offered by the colony to such company as should undertake the construction of the railways therein specified. By section 7 of that Act it was provided that the Governor should cause an area of Crown land for a distance not exceeding fifteen miles on each side of the proposed line to be withdrawn from sale, that such lands should be surveyed into rectangular blocks, and that the company, by alternate choice, should obtain land having one-half the frontage

to its line. By section 8 it was provided that should there not be sufficient Crown land adjoining the line, then other land should be set aside in places which would be specially benefited by the construction of the railway; and by the same section (subsection 5) it was provided that the company should be entitled to any coal found upon the land comprised in its grants. By subsections 8 and 9 of section 8 lands described in the Schedule to "The Westland and Nelson Coalfields Administration Act, 1877," and lands then used for mining purposes, on which were known gold-workings, were excepted, and declared not to be Crown lands for the purposes of the Act.

2. A contract under the Act of 1884 was, on the 17th day of January, 1885, entered into between Her Majesty, of the one part, and several gentlemen therein named, of the other part, and was laid before the General Assembly in the session of 1885.

3. On the 14th day of May, 1886, this original contract was, with the consent of the Governor of the colony, assigned to the New Zealand Midland Railway Company, your now petitioner.

4. The Amendment Act of 1886 was then passed, authorising the Governor to enter into a new contract with the company. In the 3rd section of the Act of 1886 maps were referred to as defining the part of the colony within which the company was entitled to select lands to be granted to it.

5. In the year 1887 "The Midland Railway Contract Act, 1887," was passed, authorising the Governor to enter into a contract with the company, and providing by statute for the provisions of such contract, and declaring that such contract should operate as a substitute for the original contract. Pursuant to this Act a contract was duly executed, bearing date the 3rd day of August, 1888, between the company and Her Majesty. The 16th clause of this contract provided that all lands within the limits of the authorised area should be available for selection by the company with the exceptions therein specified, one of which exceptions (see paragraph *c*) was in the following terms:—

All lands which from time to time, in the opinion of the Governor, are or may be required for *bonâ fide* mining purposes, and the several purposes connected therewith or incidental or conducive thereto, and which lands shall from time to time be set apart and defined by Proclamations to be issued in that behalf; but no more than 10,000 acres shall be so set apart or proclaimed in one block at any one time; and the lands so set apart and proclaimed from time to time shall not in the aggregate exceed 750,000 acres.

By clause 18 it was provided that the company might select timber on lands reserved or set apart for mining purposes in lieu of land, provided that timber should not be taken where required for saw-milling industries in existence at the date when the option to take such timber should be exercised, or where such timber should be likely at any time to be required for holders of timber-licenses or miners' rights, or for mining purposes. By clause 25 the provision of the original statute as to the selection of alternate blocks was rescinded, and the right given to the company to select any block which it should have earned or become entitled to. By clause 29 it was provided that no selection made by the company should be valid until a period of two months should have elapsed after the notification of such selection to the Minister for Public Works, and that within that period the Minister might object to any such selection either in whole or in part on the ground that the land or part of the land comprised therein was required for any of the purposes set forth in clauses 16 and 18. By clause 33 it was provided that, so far as respected any lands in the Nelson and Westland Land District on the western side of the main range of mountains, and available for selection by the company, Her Majesty should from time to time, at the request of the company, sell any such lands for cash or on deferred payments in such manner as might be agreed upon between Her Majesty and the company, and making provision for the assessment of the price and for payment of the purchase-money to the company.

6. Pursuant to the contract of 1888 the company raised large sums of money by the issue of shares and debentures, and entered upon the construction of the work specified in the said contract, and has endeavoured in all things to comply with the provisions of the said contract subject to certain deviations and alterations which have been permitted and assented to by the Governor and by the Parliament of the colony. Your petitioner avers that the colony has not performed its part of the contract with the company according to the true intent and spirit of the contract, and that the result of such action on the part of the colony has been to seriously hamper and hinder the work of the company, to depreciate its property and the value of its concession, and to make it impossible for the company to raise further necessary capital except at great loss, and to render its financial operations and its prospects of success difficult and doubtful.

7. Your petitioner submits the following specific allegations of departure by the Government of the colony from the true intent and meaning and spirit of the contract.

A.—The Proclamations reserving Land for Mining Purposes.

(*a.*) The provisions of clause 16 of the contract of 1888 were intended to enable the Crown to reserve such lands within the area of selection as were then being worked for gold-mining purposes or in respect of which there was reasonable proof or evidence that payable gold would be discovered thereon, and was intended to authorise the Governor to provide for any emergency which might arise, such as a discovery of payable gold, and a large access of population to the place where such gold was discovered.

(*b.*) The company never intended, nor did any person contemplate at the time when the contract was executed, that the company should surrender, by the operation of clause 16, the whole value of its land-grant in the neighbourhood of its railway.

(*c.*) One most important inducement to the shareholders and debenture-holders of the company was the prospect of obtaining grants of land adjoining the railway and settling a population thereon, which would use the railway. The enhanced value given to the land by the construction of the railway and the increased working-profits by the settlement of a population thereon was an inducement held out by

the colony to those who invested their capital in the company, and upon such inducement such moneys were invested.

(*d.*) The whole object and intention of the clause has been misinterpreted by the Government of the colony, and the clause has been used in such a manner that along the line of the company's railway on both sides, by Proclamation following Proclamation, the Government have defined, or have expressed their intention of defining, lands as required for *bonâ fide* mining purposes in continuous blocks, so that the company is excluded from all lands fronting its line. All such lands are entirely reserved from settlement. The company is driven to selection at a great distance from its line, the value of which is but little enhanced by the construction of the railway; and not only the company, but the colony, loses the profit to be derived from the settlement of the low-lying land adjoining the line.

(*e.*) In addition the Government have defined lands, or have expressed their intention of defining all lands, adjoining all watercourses as being required for mining purposes.

(*f.*) The Government have refused permission to the company to select timber on such lands, on the allegation that such timber may be required for mining purposes.

(*g.*) The fact is, as the company is prepared to prove, that there is no reasonable prospect of any of the lands or timber above referred to being required for mining purposes. The whole area of the land on the west coast of the Middle Island now worked as auriferous is considerably less than the area which has been already further reserved out of the company's right of selection as above stated. The land thus reserved is chiefly low-lying and open land, which has been easily approached and often prospected, and is near to the larger centres of population on the West Coast.

(*h.*) The company is informed that a plan has been prepared for further Proclamation, comprising all the land along both sides of the company's line so far as the same is now open, and that it is the intention of the Government to issue further Proclamations embracing the whole or a large part of the 750,000 acres assumed to be permitted by clause 16, and thus, under cover of a power conceded to the Crown by the company for one purpose, to practically confiscate the whole benefit of the land-grant adjacent to the line which was, as above stated, the chief inducement to the shareholders and debenture-holders of the company to embark their capital in the colony.

(*i.*) Whereas only 20,000 acres of land at the outside have, as the company is informed, been worked for gold-mining purposes on the west coast of the Middle Island, there has been already specially reserved, by Proclamations under clause 16, no less than 184,000 acres, and the further reserves contemplated by the Government as above stated will enormously increase the area of reserve.

(*j.*) The population upon the west coast of the Middle Island has not increased since the date of the company's contract, but, on the contrary, has decreased. There have not been any new large discoveries of gold, nor has the area over which gold-mining operations are carried on materially increased.

(*k.*) Since October, 1885, prospecting has been subsidised and rewards promised for the discovery of new goldfields or the rediscovery of lost leads, and the authorities of the counties on the west coast of the Middle Island have spent large sums in employing men to prospect, but without success: for example, fifty-four men were at one time in the employ of the Grey County as prospectors. If, therefore, land had been required to be specially reserved for mining purposes, discoveries in verification of such requirement would almost certainly have been made, yet none such have been made.

(*l.*) The mining reserves have been made in certain places to cover large coal-bearing areas which have not been proved to contain gold in payable quantities, and such reserves have been made for the purpose of defeating the right reserved to the company to exercise its right of selection over land containing coal.

B.—Regulations of the Government injuriously affecting the Company.

(*a.*) The Government have directed that the management of mining reserves should be taken from the Commissioners of Crown Lands and handed over to the Wardens of goldfields.

(*b.*) Under the direction of the Wardens, timber is being cut for purposes other than mining purposes, and the company's interest in the timber is being confiscated.

(*c.*) The Government has required that all correspondence relating to reserves and selections should be direct with the Government, instead of with the Commissioners of Crown Lands for the various districts.

(*d.*) In November, 1888, it was arranged between the Government and the company that lands should be assessed under clause 33 of the contract by the Commissioners of Crown Lands, and that the company should communicate with them direct, for the purpose of saving the great and unnecessary delay of sending correspondence from Westland or Nelson to Christchurch, then to Wellington, and thence back through Christchurch to Westland or Nelson; and that, in case of the possibility of any land being required for gold-mining purposes, the Commissioner should require the application of the company to be advertised in the local papers. The Minister now requires all such communications to be sent to himself direct.

(*e.*) One hundred and forty-eight applications have been sent to the Minister, of which 106 were sent in the month of January, 1892, and as yet only 16 assessments have been received by the company upon the 148 applications.

(*f.*) Settlement has thus been hindered; such lands as the company was able to dispose of to selectors it has been prevented from dealing with, and persons who were willing and anxious to deal with the company, and had made applications for lands to the company, have left and are still leaving the district, in consequence of the delays and difficulties thrown in the way of the company by the Government.

C.—The Delay in respect of the Deviation of Lake Brunner.

(*a.*) Soon after the operations of the company had been commenced it was clearly shown by surveys, and by practical experience, that a line taken on the eastern side of Lake Brunner, instead of the specified line on the western side, would save a steep gradient and much annual cost of working and maintenance, and in the month of December, 1889, the company applied to the Governor for his consent to the deviation.

(*b.*) There was no question but that such deviation would be a benefit to the colony, nor was there any doubt that it would be inadvisable for the company to proceed with its work at that point until the right to deviate was granted.

(*c.*) Notwithstanding that the Government were fully aware of all the matters stated under this head, they delayed the consent to the deviation until the 7th day of July, 1891, and thereby caused wholly unnecessary delay, loss, and expense to the company, involving £18,625 of debenture-interest, in addition to the loss caused by the postponement of the earning of traffic-receipts.

D.—The Delay in Consent to the Incline.

(*a.*) Clause 4 of the contract of 1888 provides that the company might construct an incline instead of a tunnel, if the Governor, after having obtained the opinion of two eminent engineers, to be nominated by him, was satisfied that the incline-line, when made, would be suitable for mineral and other heavy traffic, and, in his opinion, worked at a satisfactory cost.

(*b.*) The company completed its survey and plans of the incline on the 18th day of August, 1891, and then applied to the Governor for his consent to the construction of the incline, and have since constantly urged the Government to grant it an early reply, as it was quite unable to proceed with any arrangements, financial or otherwise, until it knew whether the line was to be made by tunnel or over the incline.

(*c.*) The Government did not refer the question until February, 1892, when they appointed Messrs. Higginson and Maxwell to make the inquiry pursuant to clause 4. On the 21st April, 1892, the Government received the report of those engineers, who advised that the incline-line when made would be suitable for mineral and heavy traffic, at a satisfactory cost.

(*d.*) Notwithstanding such report, and notwithstanding the provisions of clause 4, the Government have never yet forwarded to the company the Governor's consent to the construction of the incline-line.

(*e.*) The substitution of an incline for a tunnel would reduce the total cost of the railway from Springfield to Brunnerton by £559,881, and it is quite impossible for the company to arrange its finance, or to calculate its engagements, or to arrive at a just estimate of its position under the contract until such consent has been given.

(*f.*) All arrangements of the company for the issue of further capital have therefore been delayed by the action of the Government in abstaining from forwarding to the company the necessary consent to an alternative which involves a difference in cost of considerably over half a million of money.

(*g.*) The result of this delay to the company has, combined with the other matters above referred to, been disastrous. Favourable opportunities of raising the necessary capital have been lost, and an injury which it is difficult to estimate at a reasonable sum has been suffered by the company.

E.—The Refusal or Delay in Extension of the Time for Completion of the Line.

(*a.*) By the original contract ten years was allowed, computed from the 17th day of January, 1885, "or such further time after the expiration of that period as may be allowed in that behalf under these presents."

(*b.*) Of the ten years, one year and six months elapsed before the New Zealand Midland Railway Company was formed, and another six months elapsed necessarily before the works could be begun in the colony.

(*c.*) Thereafter a further period of one year and nine months was spent in the negotiations with the Government for the alteration of the contract, which led to the execution of the contract of 1888; and until the completion of the modified contract of 1888 it was obviously impossible for the company to make its necessary issues of capital for the work to be done.

(*d.*) Then followed the great delay in the consent of the Governor to the Brunner deviation, and the total neglect to consent to the incline.

(*e.*) The result has been that up to the present time five years and seven months have been lost through delays from causes entirely beyond the company's control, and of a kind which have prevented the company from commencing the construction of further sections of its railway, and therefore from making further issue of capital necessary for the construction of such further section.

(*f.*) On the 15th March, 1892, the company applied to the Government, under clause 42 of the contract for an extension of time for completion. That clause provides that

the Governor in Council may, if satisfied that the delay has not been caused by the wilful default or neglect of the company, extend the period for the completion of the contract for such time as he should deem reasonable.

(*g.*) As only two and a half years remain of the period originally allowed, it is and was obviously impossible that the company could raise capital for the completion of the contract within such a time, and as the company had been always willing to perform its part of the contract, and as the delay in its further issues of capital had been simply consequent upon the action of the Government, the company considered that it was entitled under clause 44 to the extension asked for.

(*h.*) No extension of time has yet been granted, the result of which is to leave the company powerless. It has received no reply to its request, and is quite unaware whether the Government propose to advise His Excellency to indorse upon the contract a memorandum of the extension required for its purposes.

F.—Taxation

(*a.*) Since the formation of the company an alteration in the incidence of taxation has left the company in the position of being subject to a graduated land-tax, which, if it were to take up the grants it has and will become entitled to, would render the concession made to it by the colony a ruinous possession.

(*b.*) The result in the case of the company has been that, whereas the company was induced, by the offers of 1884, and by the subsequent legislation, to enter into a contract upon basis of receiving an endowment of land, that endowment has, by the imposition of a graduated tax, been turned into a property which it would be dangerous for the company to take up, and impossible for the company to retain and work to advantage.

(*c.*) It is submitted that during the currency of a contract of such a nature it could not have been intended by Parliament that the company should fall within the operation of a measure directed against the possession of large areas of land.

(*d.*) In several speeches the Government have declared the intention of the graduated tax to be to prevent the holding of land in large areas, and therefore the intention and object of the tax has been in direct conflict with the object and intention of the offer which was made to the shareholders upon the faith of the colony, and upon the credit of which English capital was invested.

(*e.*) A further alteration was made by the Act of 1891 in the direction of taxing foreign debenture-holders.

(*f.*) The combined result of the graduated tax upon land and of the change in taxation of debenture-holders has been to render it difficult in the extreme for necssary capital to be raised upon the London market for the completion of the undertaking.

8. As to local taxation, the company, while not alleging that the matter under this head has been the result of the action of the Government of the colony, or that any change has been made since the formation of the company, still submits that it is a real grievance that a company formed for the purpose of providing means of access to the country should be so taxed as to be the principal source of revenue of local bodies along its line of route. The company does not object to the taxation of its land, but protests against the taxation of its railway, as a going concern, for the purposes of the revenue of local bodies.

9. The company has recently made offers to the Government, none of which have so far been accepted. The company has offered to surrender the whole of its land grants, except lands already selected, earned, or pledged, in consideration of certain guarantees which it has requested the Government to grant. The company desires to bring under the notice of Parliament the subject-matter of its various recent proposals to the Government, the correspondence relating to which has been ordered by the House of Representatives to be printed.

10. The company desires respectfully to request permission to put its present petition to Parliament in two aspects: First, as asking Parliament to appoint a Committee to consider the proposals made by the company, in the belief that the acceptance by the colony of such proposals, or some modifications thereof, may lead to a settlement of all the existing questions between the colony and the company; and, secondly, as asking Parliament to consider the matter of the grievances which the company undoubtedly has against the Government of the colony in respect of the action of the Government, and the injury which the company has suffered consequent on such action.

11. The company, while submitting with all respect the subject-matter of the petition to Parliament, is advised that it is necessary to state in express terms that it does not thereby abandon the legal rights which it has in respect of the matters above referred to, in the event of a settlement of the same not being arrived at through the action of Parliament.

Wherefore your petitioner humbly prays that your honourable House will be pleased to appoint a Special Committee to consider the matter of this petition, and to report to your honourable House thereon.

And your petitioner, as in duty bound, will ever pray, &c.

THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED),
By its Attorney, ROBERT WILSON.

MINUTES OF PROCEEDINGS.

[NOTE.—The proceedings of the Committee referring to other business are omitted.]

WEDNESDAY, 17TH AUGUST, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Petition of the New Zealand Midland Railway Company.

The Hon. Mr. Seddon was present. *Resolved*, on the motion of Dr. Newman, That representatives from the Public Works Department and from the Midland Railway Company (Limited) be allowed to be present during the taking of the evidence.

Messrs. H. D. Bell (Solicitor), Robert Wilson (Attorney for the Company), and N. H. M. Dalston (Accountant) were then admitted.

Resolved, That the above resolution be communicated to the Public Works Department.

Mr. Wilson made a statement of the official papers he would ask to be produced before the Committee, and also the names of the witnesses he would desire to call.

Resolved, That the consideration of the petition be adjourned until to-morrow, when Mr. Wilson would make a statement.

THURSDAY, 18TH AUGUST, 1892.

Present: Mr. Guinness (Chairman), Hon. Mr. Ballance, Hon. Sir J. Hall, Mr. G. Hutchison, Dr. Newman, Mr. J. Mills, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

Messrs. Bell, Wilson, and Dalston attended in support of the petition. The Hon. Mr. Seddon and Mr. Blow (Under-Secretary, Public Works Department) attended the Committee as representing the Public Works Department.

Mr. Wilson made a statement, which was taken down by the reporter. After Mr. Wilson had replied to questions by the members of the Committee, the Committee adjourned until to-morrow at 11 a.m.

FRIDAY, 19TH AUGUST, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. G. Hutchison, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

The Hon. Mr. Seddon and Messrs. Wilson, Bell, Dalston, Scott (Midland Railway Company, Limited), and Blow attended the Committee.

Mr. Wilson made a further statement in reply to questions by the Hon. Mr. Seddon, which statement was taken down by the reporter.

During the examination the question arose as to the extent of the proofs that the company was to give in support of the allegations as to the reserving of land for mining purposes. After discussion, the Chairman suggested that the Hon. Mr. Seddon be allowed to cross-examine Mr. Wilson on the evidence he proposed to tender on this point, and the Committee agreed to this course.

The Committee adjourned at 1 o'clock until Tuesday next at 11 o'clock, when Mr. Wilson's cross-examination will be continued.

TUESDAY, 23RD AUGUST, 1892.

Present: Mr. Guinness (Chairman) Hon. Sir J. Hall, Mr. G. Hutchison, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Bell, Wilson, Scott, Dalston, Young (Assistant Engineer, Midland Railway), Lord (Surveyor), the Hon. Mr. Seddon, and Mr. Blow attended the Committee.

Mr. Wilson made a further statement in reply to questions from the Hon. Mr. Seddon, which statement was taken down by the reporter.

Resolved, on the motion of Dr. Newman, that the evidence be printed.

The Committee then adjourned until to-morrow at 11 o'clock, when Mr. Wilson's cross-examination will be continued.

WEDNESDAY, 24TH AUGUST, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Dalston, Lord, Young, Blow, and the Hon. Mr. Seddon were present.

Mr. Wilson made a further statement in reply to questions by the Hon. Mr. Seddon, which statement was taken down by the reporter. After the statement had been delivered the witnesses withdrew.

The Committee then considered what further information they would ask Mr. Wilson to supply, as requested by the Hon. Mr. Seddon, on points raised in his cross-examination. After

discussion, it was resolved to ask Mr. Wilson to supply the following, viz.: Total cost from Brunner to Reefton, total cost from Stillwater to Lake Brunner, total amount paid to each contractor, and aggregate amount paid to contractors, with the length of the section, cost of material, compensation for land, supervision, and any other items which make up the total cost of £8,000 per mile or thereabouts.

Resolved, on the motion of Mr. J. Mills, That a representative from the Midland Railway Company and one from the Public Works Department be asked to go through the correspondence relating to the "mining reserves" and "the regulations as to the land grant," and decide between them what portion of the correspondence they desire the Committee to have printed; and that the correspondence relating to the Incline and Brunner Deviation be not printed at present.

The Clerk was directed to urge that the printing be proceeded with as quickly as possible.

The above resolutions were communicated to Mr. Wilson and Mr. Blow by the Clerk.

The Committee then adjourned until to-morrow at 11 o'clock.

THURSDAY, 25TH AUGUST, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Lord, Dalston, Young, Scott, Blow, Gordon (Inspecting Engineer, Mines Department), and the Hon. Mr. Seddon were present.

Mr. Edward Iveagh Lord, called by Mr. Wilson, made a statement, which was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

FRIDAY, 26TH AUGUST, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Bell, Wilson, Young, Scott, Dalston, Lord, Gordon, and Blow were present.

Mr. Henry William Young (Assistant Engineer, Midland Railway), made a statement, which was taken down by the reporter.

Resolved, That, as the Hon. Mr. Seddon was not present, Mr. Gordon should be allowed to cross-examine Mr. Young on behalf of the Public Works Department.

The Committee then adjourned until Monday next at 11 o'clock.

MONDAY, 29TH AUGUST, 1892.

Present: Mr. Guinness (Chairman), Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Gordon, Blow, Wilson, Scott, Dalston, Lord, Young, Bell, Hon. Mr. Seddon, and Mr. John Gow (Inspector of Mines) were present.

Mr. H. A. Gordon made a statement, which was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

TUESDAY, 30TH AUGUST, 1892.

Present: Mr. Guinness (Chairman), Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

The Hon. Mr. Seddon and Messrs. Wilson, Gordon, Scott, Dalston, Young, Lord, Bell, Blow, and Gow attended the Committee.

Dr. Newman brought up under the notice of the Committee a paragraph in the morning's *New Zealand Times*, referring to the evidence taken before the Committee at yesterday's meeting. The Chairman notified to the gentlemen present that the whole of the proceedings of the Committee were confidential, and no part of them were to be made public.

Mr. Gordon made a further statement, which was taken down by the reporter.

The correspondence relating to the selection of land under clause 33 of the Midland Railway Contract, as selected from the file by a representative of the Railway Company and one from the Public Works Department, was handed into the Committee. Mr. Wilson also handed in balance-sheet of the Midland Railway Company ending the 30th June, 1891, and also one ending the 30th June, 1892; and also statements showing the amount paid to contractors on the various contracts, compensation paid, surveys, cost of material, length of each contract, &c., to the 30th June, 1892, as requested by the Committee.

Resolved, on the motion of Mr. J. Mills, That the above correspondence, balance-sheet, and return be printed.

The Committee then adjourned until to-morrow at 11 o'clock.

WEDNESDAY, 31ST AUGUST, 1892.

Present: Mr. Shera (Chairman), Mr. G. Hutchison, Mr. J. Mills, Mr. Saunders, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

The Chairman (Mr. Guinness) being unavoidably absent for a few days, *Resolved*, on the motion of Mr. Mills, That Mr. Shera be appointed Chairman during the absence of Mr. Guinness.

Messrs. Wilson, Scott, Dalston, Young, Lord, Blow, Gordon, Gow, and the Hon. Mr. Seddon were present.

Mr. H. Alan Scott (of the Midland Railway Company), made a statement, which was taken down by the reporter.

The Committee then adjourned.

THURSDAY, 1ST SEPTEMBER, 1892.

Present: Mr. Shera (Chairman), Hon. Sir J. Hall, Mr. G. Hutchison, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Tanner.

Minutes of the previous meeting were read and confirmed.

Messrs. Wilson, Scott, Dalston, Lord, Bell, Gordon, Gow, Blow, and the Hon. Mr. Seddon were present.

Mr. H. Alan Scott made a further statement, which was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

FRIDAY, 2ND SEPTEMBER, 1892.

Present: Mr. Shera (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

The Clerk produced a copy of the circulars handed in by Mr. Gordon, relating to the proposed reserves as sent to the different County Councils and other bodies, together with the replies thereto. *Resolved*, on the motion of Dr. Newman, That the same be printed.

Resolved, on the motion of Dr. Newman, That a lithographed map or plan be prepared, showing the reserves already made and those proposed to be made, to be attached to the evidence.

Messrs. Wilson, Scott, Bell, Dalston, Young, Lord, Blow, Gordon, and the Hon. Mr. Seddon attended the meeting.

Mr. Scott made a further statement, which was taken down by the reporter.

The Committee then adjourned until Tuesday next at 11 o'clock.

TUESDAY, 6th SEPTEMBER, 1892.

Present: Mr. Shera (Chairman), Hon. Sir J. Hall, Mr. G. Hutchison, Mr. J. Mills, Dr. Newman, Mr. Saunders.

Minutes of the previous meeting read and confirmed.

Messrs. Bell, Wilson, Scott, Dalston, Lord, Young, Gordon, Blow, and the Hon. Mr. Seddon attended the Committee.

Mr. John Montgomerie (District Surveyor), Reefton, and John Snodgrass (District Surveyor), Westport, also attended the meeting.

Mr. Wilson handed in a statement showing the lands selected by the company, and the disposal of the same to the 30th June, 1892. *Resolved*, That the same be printed.

The Hon. Mr. Seddon made a statement, which was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

WEDNESDAY, 7th SEPTEMBER, 1892.

Present: Mr. Shera (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Mr. Saunders.

In consequence of a quorum of members not being present the meeting lapsed.

THURSDAY, 8th SEPTEMBER, 1892.

Present: Mr. Shera (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Tanner.

Minutes of the two previous meetings read and confirmed.

Messrs. Wilson, Scott, Snodgrass, Montgomerie, Lord, Young, Dalston, Bell, Blow, Gordon, and the Hon. Mr. Seddon attended the Committee. Messrs. J. M. Morris (miner) and Robert Hyndman (miner) also attended the Committee.

The Hon. Mr. Seddon made a further statement, which was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

TUESDAY, 13th SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Dr. Newman, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Young, Lord, Montgomerie, Snodgrass, Gordon, Morris, Hyndman, Blow, and the Hon. Mr. Seddon attended the Committee. Mr. R. C. Taylor (surveyor, Midland Railway Company) also attended the meeting.

The Hon. Mr. Seddon made a further statement, which was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

WEDNESDAY, 14th SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. G. Hutchison, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Lord, Young, Taylor, Snodgrass, Blow, Montgomerie, Gordon, Morris, Hyndman, and the Hon. Mr. Seddon attended the Committee.

The Hon. Mr. Seddon made a further statement, which was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

THURSDAY, 15TH SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. G. Hutchison, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Dalston, Lord, Young, Bell, Taylor, Gordon, Snodgrass, Montgomerie, Morris, Hyndman, Blow, and the Hon. Mr. Seddon were present.

The Hon. Mr. Seddon made a short statement, intimating that he did not propose to offer any evidence on the financial proposals of the company, which statement was taken down by the reporter.

Mr. Bell made a statement, which was taken down by the reporter.

The Hon. Mr. Seddon was then cross-examined by Mr. Wilson, which cross-examination was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

FRIDAY, 16TH SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting were and confirmed.

Messrs. Wilson, Bell, Scott, Dalston, Young, Lord, Taylor, Gordon, Montgomerie, Snodgrass, Morris, Hyndman, Blow, and the Hon. Mr. Seddon were present.

The Hon. Mr. Seddon made a further statement in reply to questions by Mr. Wilson, which statement was taken down by the reporter.

The Committee then adjourned until Monday at 11 o'clock.

MONDAY, 19TH SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Dr. Newman, Mr. Saunders, Mr. Shera.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Dalston, Taylor, Lord, Young, Snodgrass, Montgomerie, Morris, Hyndman, Bell, Gordon, Blow, and the Hon. Mr. Seddon attended the Committee.

The Hon. Mr. Seddon made a further statement, which was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

TUESDAY, 20TH SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall. Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Bell, Dalston, Young, Lord, Taylor, Blow, Gordon, Snodgrass, Montgomerie, Morris, Hyndman, and the Hon. Mr. Seddon attended the Committee.

The Hon. Mr. Seddon made a further statement, which was taken down by the reporter.

Mr. James Mill Morris made statements, which were taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

WEDNESDAY, 21ST SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Bell, Scott, Lord, Young, Dalston, Taylor, Gordon, Blow, Snodgrass, Morris, Montgomerie, Hyndman, and the Hon. Mr. Seddon attended the Committee.

Mr. Morris made a further statement, which was taken down by the reporter.

Mr. Robert Hyndman made a statement, which was taken down by the reporter.

The further hearing of the petition was adjourned until Friday next.

The Committee then adjourned until to-morrow at 11 o'clock.

FRIDAY, 23rd SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Mr. Ballance, Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

Resolved, on the motion of Dr. Newman, That Mr. Morris's expenses as a witness, viz., £28 12s. 4d., and Mr. Hyndman's, viz., £25 4s., be approved and recommended for payment.

The Committee then adjourned until Monday next at 10.30 o'clock for the further consideration of the petition of the New Zealand Midland Railway Company.

MONDAY, 26TH SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Bell, Dalston, Young, Taylor, Lord, Gordon, Snodgrass, Montgomerie, and the Hon. Mr. Seddon attended the Committee.

Mr. John A. Montgomerie, District Surveyor at Reefton, made a statement which was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

TUESDAY, 27th SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Dalston, Bell, Young, Lord, Taylor, Montgomerie, Snodgrass, Gordon, and the Hon. Mr. Seddon were present.

Mr. John Snodgrass (District Surveyor, Westport) made a statement, which was taken down by the reporter.

Mr. H. A. Gordon read a statement, and the same was handed in.

The Committee then adjourned until to-morrow at 11 o'clock.

WEDNESDAY, 28TH SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Dalston, Lord, Young, Taylor, Gordon, Blow, and the Hon. Mr. Seddon attended the Committee. Mr. James McKerrow, Chief Commissioner of Railways, also attended the Committee.

Mr. H. A. Gordon made a further statement, which was taken down by the reporter.

Mr. McKerrow made a statement, which was taken down by the reporter.

Resolved, on the motion of the Hon. Sir J. Hall, That, as recommended by the Hon. Mr. Seddon, the expenses of Messrs. Snodgrass and Montgomerie for attending as witnesses, viz., £30 10s. and £33 10s., be recommended for payment. The amount stated is at the rate of 15s. per day, they being Government officers.

Resolved, on the motion of the Hon. Sir J. Hall, That the expenses of Mr. E. I. Lord for attending as a witness be paid according to the schedule rates up to the date of his completing his evidence, and allowing for his return to Greymouth, viz., £22 10s., be recommended for payment.

Resolved, on the motion of the Hon. Sir J. Hall, That the memoradum of Mr. C. Y. O'Connor "on prospects of railway in the matter of coal carriage to all places within the Province of Canterbury, as compared with carriage by sea, dated 1887," be printed.

The Committee then adjourned until to-morrow at 11 o'clock.

THURSDAY, 29TH SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir John Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Bell, Dalston, Taylor, Young, Blow, Gordon, McKerrow, and the Hon. Mr. Seddon attended the Committee.

Mr. McKerrow made a further statement, which was taken down by the reporter. During Mr. McKerrow's examination, and after the members of the Committee had crossed-examined Mr. McKerrow, Mr. Blow proceeded to cross-examine Mr. McKerrow as representing the Public Works Department. Mr. McKerrow raised the question as to Mr. Blow's right to do so as the Hon. Mr. Seddon was present. After discussion, the witnesses were asked to withdraw.

The Committee then discussed the question, and it was resolved, on the motion of Dr. Newman, That, as the Hon. Mr. Seddon was not present during the whole of the examination in chief of Mr. McKerrow, that Mr. Blow be allowed to conduct the cross-examination of Mr. McKerrow.

Mr. McKerrow was then asked to attend the Committee, and having done so, the Chairman explained that on a previous occasion during the examination of a witness, the Hon. Mr. Seddon being absent, Mr. Gordon was permitted to cross-examine a witness, and read the above resolution to Mr. McKerrow.

Mr. McKerrow explained that he meant no discourtesy to the Committee, nor to Mr. Blow, and in order to expedite matters he would consent to his being examined by Mr. Blow, though he maintained he had been within his right in objecting.

The other witnesses were then admitted, and the decision arrived at was announced by the Chairman, and Mr. McKerrow's cross-examination was proceeded with.

The Committee then adjourned until to-morrow at 11 o'clock.

FRIDAY 30TH SEPTEMBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. G. Hutchison, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

Messrs. Taylor, Wilson, Scott, Bell, Dalston, Young, Gordon, Blow, and the Hon. Mr. Seddon attended the Committee. Mr. J. P. Maxwell, Commissioner, of Railways, attended the Committee. Mr. W. H. Hales, Engineer-in-Chief, also attended the Committee.

As the Hon. Mr. Seddon was unable to attend at the commencement of Mr. Maxwell's examination, it was resolved, That, in the absence of the Hon. Mr. Seddon, Mr. Blow be allowed to call and examine Mr. Maxwell.

Mr. Maxwell then made a statement, which was taken down by the reporter.

During Mr. Maxwell's examination the Hon. Mr. Seddon attended the Committee, and desired to examine Mr. Maxwell as to the delay in reference to the proposed adoption of the incline system at Arthur's Pass, but, upon Mr. Bell, on behalf of the company, making a statement, which was taken down by the reporter, the Hon. Mr. Seddon expressed himself as satisfied, and did not proceed to examine the witness.

The further consideration of the petition was then adjourned until Monday at 11.30.

The Committee then adjourned until Monday next at 11 o'clock.

TUESDAY, 4TH OCTOBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, and the Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Bell, Scott, Dalston, Young, Taylor, Gordon, Blow, and Maxwell attended the Committee. Mr. Martin Kennedy attended the Committee.

Mr. Maxwell made a further statement, which was taken down by the reporter.

Mr. Kennedy made a statement, which was taken down by the reporter.

As Mr. Guinness, at this stage of the meeting, had to attend the Conference on the Electoral Bill, Mr. Shera was voted to the chair.

Mr. Blow stated that he intended to put in a statement based upon the figures of Mr. Maxwell, which statement was now being prepared by the Public Works Department; and, in reply to the Committee, both Mr. Blow and Mr. Wilson stated they did not intend to call further evidence.

The Committee deliberated in the absence of the witnesses, and, after some discussion, it was resolved, on the motion of the Hon. Sir J. Hall, That the Committee cannot accept any fresh evidence, but both the Hon. Mr. Seddon and Mr. Bell, in the course of their addresses, may introduce any calculations or tables that they think proper. This resolution was communicated to the witnesses, and

The Committee then decided to take the addresses of the Hon. Mr. Seddon and Mr. Bell to-morrow at 11 o'clock.

The Clerk produced a letter from Mr. James McKerrow, enclosing a return of the estimate of traffic on the New Zealand Midland Railway Company's East and West Coast line between Springfield and Stillwater.

The Committee then adjourned until to-morrow at 10.30 o'clock.

WEDNESDAY, 5TH OCTOBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. G. Hutchison, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

Messrs. Wilson, Scott, Young, Bell, Dalston, Taylor, Gordon, Blow, and the Hon. Mr. Seddon were present.

The Hon. Mr. Seddon addressed the Committee, which address was taken down by the reporter. At the conclusion of his address Mr. Seddon handed in and asked leave to have embodied in his address, Statement of Tables prepared by Mr. Blow upon the figures as given by Mr. Maxwell in his evidence, and also another statement by Mr. Gordon upon the figures given by Messrs. McKerrow and Maxwell in their evidence.

It was agreed to receive the statements, but that they should be sent to Messrs. McKerrow and Maxwell to give them an opportunity of verifying or commenting upon same.

Mr. Guinness, at this stage of the meeting, having to attend the Conference on the Electoral Bill, Mr. Shera was voted to the chair.

Mr. H. D. Bell addressed the Committee, which address was taken down by the reporter.

The Committee then adjourned until to-morrow at 11 o'clock.

THURSDAY, 6TH OCTOBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Mr. Guinness being absent at the commencement of the meeting, Mr. Shera took the chair.

Minutes of the previous meeting read and confirmed.

Mr. Guinness, at this stage of the meeting, attended and took the chair.

Messrs. Wilson, Bell, Scott, Dalston, Taylor, Gordon, and Blow attended the Committee.

The Clerk produced and read the replies from Messrs. McKerrow and Maxwell in reply to his memorandum of the previous day, forwarding the tables of Messrs. Gordon and Blow. The Hon. Mr. Ward reported that he had, at the request of the Committee, submitted to the Hon Mr. Seddon

the replies from Messrs. McKerrow and Maxwell, and that Mr. Seddon stated he still wished the statements of Messrs. Gordon and Blow to be put in, together with the comments and explanations of the Railway Commissioners; and it was then *Resolved*, on the motion of Mr. J. Mills, That the replies from Messrs. McKerrow and Maxwell be printed with the statements of Messrs. Gordon and Blow.

Mr. Bell made a further statement, which was taken down by the reporter.

After the witnesses had withdrawn, it was resolved that the Committee should meet to-morrow to deliberate upon the petition, and that in the meantime copies of the seven questions submitted by Mr. Bell should be sent to each member of the Committee.

The Committee then considered whether the statement read and handed in by Mr. Gordon on the 27th September, 1892, should be printed.

After discussion, it was *Resolved*, on the motion of Mr. J. Mills, That the statement of Mr. Gordon, read and handed in by Mr. Gordon, be printed, together with the other evidence.

The Committee then adjourned until to-morrow at 11 o'clock.

FRIDAY, 7TH OCTOBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

After some discussion, it was *Resolved*, on the motion of the Hon. Mr. Ward, That a sub-committee, consisting of the Hon. Sir J. Hall, Mr. Saunders, Mr. Tanner, Mr. J. Mills, and the Chairman, be appointed to draft a report, and submit the same to the Committee at 5 o'clock in the afternoon.

The sub-committee, having met at 2 o'clock in the afternoon, the members submitted certain resolutions.

Mr. J. Mills was asked to embody the resolutions in a draft report, and submit the same to the Committee at the meeting at 5 o'clock.

When the Committee met at 5 o'clock, Mr. J. Mills submitted the following draft report:—

The investigation of this petition has extended over a very long period; a large mass of evidence having been offered, both on behalf of the company and of the Government. The Committee have therefore had but a very short time to consider the effect of the evidence, and of the recommendation which it is its duty to make. After the best attention they have been able to give to the matter they have the honour to report as follows:—

A. *Proclamations reserving Land for Mining Purposes.*—The generally auriferous character of the country through which the Midland Railway passes on the western slope has made it possible for the Government to reserve a continuous block of land far beyond the amount contemplated by the contractors. It does not appear to the Committee that in doing so the Government has exceeded its legal rights, nor has reserved, or proposed to reserve, more land than an exclusive regard for possible future mining developments may prove to be of advantage to that industry; but the Committee is of opinion that the reservation in continuous works of such a large portion of the land in the Grey Valley could not have been reasonably contemplated by the company, and is therefore hardly within the spirit of the agreement.

B. *Regulations of the Government injuriously affecting the Company.*—The company has had some grounds for complaint under this head, but the Committee does not look upon them as of such importance as to seriously affect the position of the company.

C. AND D. *Delays in respect of Deviations, &c.*—These delays have arisen in consequence of time being necessary for the consideration of proposals by the company for modifications of certain of the provisions of the contract, but these proposals were made by the company in its own interest; the Committee therefore does not think complaint can be reasonably made.

E. *Extension of Time.*—The Committee is of opinion that the time allowed in the original contract for the completion of the work was sufficient, but that owing to the delays consequent upon the negotiations for modifications of the contract, and also owing to the many other difficulties under which the company has laboured it shall be treated generously in the matter, and the Committee recommends that the Government should consider favourably any application for a reasonable extension of time for the completion of the Brunnerton and Springfield line, and for a liberal extension in respect of the Reefton–Belgrove Section. In such an arrangement, however, care should be taken that the land reserved for the company is not locked up beyond the term of the present contract, but rather that inducements should be offered to the company to release their claims to the reserves at an earlier period.

F. *Taxation.*—It must be admitted that under recent changes in the incidences of taxation, "general taxation" falls heavily on the company, but this applies alike to all large companies trading in the colony. The Committee therefore cannot see its way to recommend an exception in the present case. As to "Local taxation," it does not appear that the Government can interfere with a view to securing to the company any relief. The Committee is, however, of opinion that it is unfair on the part of "local bodies" to impose heavy taxation on the company, by placing the value for rating purposes upon sections of the line which may be completed but are not open for traffic.

FINALLY.

As to Proposals for Guarantee.—The Committee cannot recommend that these should be entertained in their present shape; to do so would be practically to increase the liability of the colony, and to abandon the advantage contemplated in leaving the construction and working of the line to a company. The Committee, however, recommends that the Government negotiate with the company during the recess for the submission to Parliament next year with a view to endeavouring to

arrange some modification of the contract based on a release by the company of their claim to land of such a character as would enable the company to complete the more pressing portions of their line.

The Committee then proceeded to go through the report clause by clause.

Introductory clause amended as follows: "The Committee to which this petition was referred have carefully considered the same, have taken voluminous evidence thereon, and beg to report as follows:—

Clause A read.

Resolved, on the motion of the Hon. Mr. Ward, To strike out the words "a continuous block of land far beyond the amount contemplated by the contractors," in lines 5, 6, and 7, and insert, in lieu thereof, the words "an area of land in continuous blocks exceeding what might have been reasonably contemplated by the contractors to have been reserved in this way." *Resolved*, to insert the words "to the Committee" after the word "appear," in line 8.

Mr. Shera moved: To strike out the words "of advantage," in line 14, and insert the word "conducive."

Upon the question being put, a division was called for, and the names were taken down as follow:—

Ayes, 1: Mr. Shera.

Noes, 6: Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Tanner, Hon. Mr. Ward.

Motion lost.

Resolved, on the motion of the Hon. Mr. Ward, to strike out in line 17, the words "in contiguous blocks," and insert the same words in line 15, after the word "reservation."

Mr. Guinness moved to insert in line 17, after the words "Grey Valley," the words "in proximity to the line of railway."

Upon the question being put, a division was called for, and the names were taken down as follow:—

Ayes, 2: Mr. Shera, Mr. Saunders.

Noes, 5: Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Tanner, Hon. Mr. Ward.

Motion lost.

The Hon. Mr. Ward proposed to strike out the words, "and therefore hardly within the spirit of the agreement," at the end of the clause.

Upon the question being put, a division was called for, and the names were taken down as follow:—

Ayes, 4: Dr. Newman, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Noes, 3: Hon. Sir J. Hall, Mr. J, Mills, Mr. Saunders.

Motion agreed to.

Resolved, on the motion of Mr. Tanner, That the clause as amended be agreed to.

The Committee then adjourned until 8 o'clock p.m., and subsequently adjourned until 11 o'clock to-morrow.

SATURDAY, 8TH OCTOBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

The draft report was again taken into consideration.

Resolved, on the motion of Mr. Guinness, That in the report similar headings to those set out in the petition be adopted.

Clause B, on the motion of Dr. Newman, agreed to, after striking out the first three words, and inserting in lieu thereof the words "The company has had."

Clause C and D, on the motion of Dr. Newman, agreed to.

Clause E.—Mr. Saunders moved to strike out the words from "Brunnerton" down to "section," both inclusive.

Upon the Question being put, a division was called for, and the names were taken down as follow:—

Ayes, 5: Hon. Sir John Hall, Dr. Newman, Mr. Saunders, Mr. Tanner, Hon. Mr. Ward.

Noes, 2: Mr. J. Mills, Mr. Shera.

Motion agreed to.

Resolved, on the motion of the Hon. Mr. Ward, to strike out the words "it should be treated generously in the matter;" and also in the next two lines the words "consider favourably any application for," and insert the word "grant" in lieu of the last words struck out, and to insert the word "contract" at the end thereof.

Resolved, on the motion of Mr. Saunders, to strike out all the words after the word "contract" down to the end of the clause.

Resolved, on the motion of Mr. Tanner, to add the following words to the end of the clause—viz., "In any such arrangement the Committee consider that the Government should insist on reasonable progress being made with the work, and should endeavour to arrange with the company for a release of the land reservation not later than the end of the term of the present contract."

Clause F.—*Resolved*, on the motion of Mr. Tanner, to strike out the clause as drafted.

Mr. Tanner moved, That, with regard to general taxation, the company have no claim to special treatment.

Upon the Question being put, a division was called for, and the names were taken down as follow:—

Ayes, 5: Mr. J. Mills, Dr. Newman, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.
Noes, 2: Hon. Sir J. Hall, Mr. Saunders.
Motion agreed to.

Resolved, on the motion of Dr. Newman, to add the following words to the clause: "The Committee is further of opinion that local taxation presses heavily upon the company, and the Committee desire to direct the attention of the Government to this matter."

Final clause as drafted, as to proposals for guarantee.

Resolved, on the motion of Dr. Newman, That the first two lines be agreed to—viz.: "The Committee cannot recommend that these should be entertained in their present shape."

The Hon. Sir J. Hall moved, To strike out the next two lines—viz.: "To do so would be practically to increase the liability of the colony."

Upon the Question being put, a division was called for, and the names were taken down as follow:—

Ayes, 3: Hon. Sir J. Hall, Mr. Shera, Mr. Tanner.
Noes, 4: Mr. J. Mills, Dr. Newman, Mr. Saunders, Hon. Mr. Ward.
Words retained.

Mr. Tanner moved, To strike out the words from "and to" down to "company," both inclusive.

Upon the Question being put, a division was called for, and the names were taken down as follow:—

Ayes, 4: Hon. Sir J. Hall, Dr. Newman, Mr. Shera, Mr. Tanner.
Noes, 3: Mr. J. Mills, Mr. Saunders, Hon. Mr. Ward.
Words struck out.

Resolved, on the motion of Mr. Saunders, To strike out the remaining words of the clause.

Mr. Guinness moved, To insert the words "The Committee recommends that if further proposals are made by the company for any modification or alteration of the contract the Government enter into such negotiations with the view of ascertaining whether modifications can be agreed upon in the interests of the colony."

Upon the Question being put, a division was called for, and the names were taken down as follow:—

Ayes, 2: Hon. Sir J. Hall, Mr. Shera.
Noes, 5: Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Tanner, Hon. Mr. Ward.
Motion lost.

Resolved, on the motion of the Hon. Sir J. Hall, That the Committee recommend that any proposals which may be the result of negotiations between the Government and the company should be submitted to Parliament at its next session.

Resolved, on the motion of Dr. Newman, That the petition and the evidence taken thereon, together with the documents and maps produced before the Committee be attached to the report, and that the same be printed.

Resolved, on the motion of Mr. Tanner, That the report, as amended, be agreed to, and be presented to the House; and the Chairman do move that it be referred to the Government.

Resolved, That the report, as amended, be printed, and that the Committee meet again in the afternoon to revise it.

The Committee again met at 4.30 p.m., and a proof of the printed copy of the report was considered and agreed to.

Resolved, on the motion of the Hon. Mr. Ward, That the following expenses to witnesses be approved and recommended for payment: Mr. Dalston, £27 10s.; Mr. Young, £22 10s.; Mr. Taylor, £26 10s.; and Mr. Scott, £34.

The Committee then adjourned *sine die*.

For the proposals of the Company relative to an amendment of their present contract, see Appendix H. of R., D.—4, 1892.

MINUTES OF EVIDENCE.

A. R. GUINNESS, Esq., Chairman.—THURSDAY, 18TH AUGUST, 1892.

The Hon. Mr. Seddon attended the Committee as representing the Public Works Department.

Mr. H. D. Bell, solicitor, attended on behalf of the New Zealand Midland Railway Company (Limited).

Mr. ROBERT WILSON, F.R.S.E., M.Inst.C.E., examined.

1. *The Chairman.*] You are attorney for the company in New Zealand, and engineer-in-chief and general manager?—Yes.

2. You wish to make a general statement with regard to the petition?—I wish particularly to draw your attention, in the first instance, to the original contract of 1884, in which it was stated that the land-grant given to the company should consist of alternate blocks; that is to say, the company should take one block, the Government should take the next, and so on, right through the whole length of the railway; and these blocks were to extend a distance of not exceeding fifteen miles on each side of the line. It was also arranged that, if there was not sufficient Crown land adjoining the line, other land should be set aside at places which would be specially benefited by the construction of the railway. I wish you to note particularly the point that land was to be set apart which was to be specially benefited by the railway. When the contract was altered it was considered that the company was not getting sufficient advantage by the alternate block-system, and preferably the company wished to have lands thrown open in an area where it could select lands most suitable and beneficial. The contract was altered in 1888, and, in going to the public for money, particular stress was laid upon the fact that all the lands within the limits of the authorised area were available for selection with the exception of lands which were to be worked for gold-mining, and which, in the opinion of the Governor, would be required in the course of the exigencies arising from the growth of population and the discovery of goldfields, and he had power to reserve such blocks when required. There was a limit that no more than 10,000 acres should be set apart or proclaimed at any one time, and that the amount should not exceed in the aggregate 750,000 acres. The result of working the new contract has been that the mining reserves have been made along the line, and by the method in which they have been set apart the advantage of settlement to the company along such line has been of course materially decreased, and the company argue that such mining reserves as have been set apart are not required for the *bonâ fide* mining purposes of to-day. And I think, in proof of that, I may point out that from the very earliest times of gold-mining on the West Coast, and when rushes took place and a big population was there, I believe I am right in saying that the whole of the land used for mining purposes did not exceed 20,000 acres. At present the Government have selected, I think, 184,000 acres, and have arranged to select something like 500,000 acres. Now, as the population has not increased, the inference is that these mining reserves far exceed anything likely to be required for generations to come. The effect of making these mining reserves is to exclude the lands from settlement. The evil of these reserves being made in such large blocks and close along each side of the line, which, I may say, go probably from Stillwater to Reefton and right to Belgrove by the Buller Valley, is that, practically speaking, all that section of the company's lands is shut off from settlement, and the only land available must be some distance back from the railway. Consequently, the company is not getting the advantage of close settlement along its line. I maintain that the close selection of mining reserves is against the spirit and intent of the contract, and the company would not have entered into the contract had it foreseen that such an advantage would be taken by the alteration in the first contract, which was presumably in favour of the company, but which proves to be the reverse, and now enables the Government to select all such land for mining purposes along the course of the line.

Foreseeing the difficulties of these mining reserves, and knowing the Government desired to make these big selections, I proposed to the Inangahua County Council that the company should make an agreement with the Government that no mining reserves should be made; but that the company, to meet this difficulty, would undertake that all applications for land should be advertised, so that, in the event of a person wishing to take up land for settlement, the experts in the district and those who knew the area and thought there were gold-leads upon it might object on the ground that the land might be required for mining purposes. The Inangahua County people were strongly inclined at one time to come to an arrangement which would facilitate both gold-mining and settlement. The question was discussed, I believe, with the present Minister for Public Works, Mr. Seddon; and the Inangahua people informed me, after interviewing Mr. Seddon, that it was perfectly right to have these mining reserves made, because the Government could sell the lands for settlement even if the reserves were made.

Hon. Mr. Seddon: I do not wish to interrupt at this stage, but I may say that I never made such a statement to the Inangahua County.

Mr. Wilson: I am only saying, of course, what I proposed to the Inangahua people, and what they told me. Probably they may have been mistaken in Mr. Seddon's explanation. The company under its contract had power to select and settle the lands, and the making of these mining reserves stultifies the company, and prevents it from dealing with the land for settlement purposes; and whether Mr. Seddon said what he did or not does not weaken the case. The company has also the right of selecting timber on such lands reserved for mining purposes in lieu of other land. Supposing a block is valued at 10s. an acre, the company, if it so desires, might select the timber

on this acreage reserved for mining, taking the nominal price of 10s. an acre against the land. The contract has certain limitations with regard to saw-milling existing at the time, and the timber must be used for certain purposes. The company had, I think two years ago, an application for timber near Kumara. I believe the question was referred to the Commissioner of Crown Lands, who, I think, referred it to the Warden, who reported that the land was not required for mining and could be sold for timber. This was objected to, and the land was made a gold-mining reserve, notwithstanding the reports which were sent in. And practically now the Government object to the company selecting timber on mining reserves which have been made, on the ground that the timber might be required for mining purposes. I may point out that the reserves made and intended to be made practically confiscate the whole benefit of the land-grant adjacent to the railway, and I maintain that this is not according to the spirit or intent of the contract. There is another point, too. The old contract stated that the coal-area should belong to the company, and might be worked by it. There are certain areas of coal on the West Coast which, geologically, are peculiar. They have traces of gold probably overlying the coal, and we have had cases where men applied for coal-leases and were prevented from taking them up. But many of the coal-mining claims have been worked purely for coal under the gold-licenses. I think the Warden has put them right, but the coal-bearing area is now blocked by mining claims. This is a broad question for the Government, for, if coal-working is more important in a case like that, the Government should grant coal- instead of gold-mining leases; for the latter is a poorly-paying business at the best. With regard to these areas, surely on the face of it, if there was so much gold-paying property and wonderful opportunities, the West Coast would have a larger population, and not have men working away for bare tucker when they might be working the gold-leads. I think it is but fair that the Committee should have evidence to see how these gold reserves have been made. The company bitterly complain that since they began work they have been hindred and obstructed in many ways. Apparently many of these obstructions have been frivolous. It is a matter of judgment whether they were or not. The company applied for a deviation of the line at Lake Brunner. After a careful consideration of the country, it was decided that the line should go on to the north side of the lake, where there was open country. After the surveys were made I asked for permission to make the deviation, which the contract provided could be made, without appealing to the House. But the question was raised whether the deviation could be dealt with without a Bill, and it was decided to submit it to the House. A Bill was passed under great difficulties, and I may say that the company had to pay for it being passed. We had, before the opposition was withdrawn to the Bill, to pay £2,700 towards the widening of the road from Greenstone to Lake Brunner. The difficulty arose not with the present Government, but with the last Government. The last Government brought a Bill into the House, but of course we suffered through the delays owing to the opposition we received. The deviation was finally granted, but the company lost ten months in getting it through. Ten months in debenture-interest alone amounts to £30,000. That was a serious thing, because the deviation was proved to be better for the colony and cheaper to work. The company also suffered delay in receiving consent to the incline for the tunnel line.

[The witness here read clause 4 of the Midland Railway Contract, 1888, as follows:—

4. The company shall not, without the consent of the Governor first had and obtained, deviate from the line of railway as surveyed, or alter any gradients upon the said railway as the same are shown upon the plans of that portion of the said railway from Springfield to Brunnerton, deposited in the office of the Minister for Public Works, marked P.W.D. 11554, 11555, 12007, and 12009, copies whereof have been handed to the company before the execution of these presents: Provided that so much of sheets 45a, 46a, 47a, and 48a of the said plan 11555 as apply to the "incline-line" at Arthur's Pass shall not be deemed to be part of the said plan: Provided also that the company may construct the incline-line instead of the tunnel-line, if the Governor, after having obtained the opinion of two eminent engineers to be nominated by him, is satisfied that the incline-line when made will be suitable for mineral and other heavy traffic, and in his opinion worked at a satisfactory cost; and if the cost of the construction of the entire line from Springfield to Belgrove shall be less than two million five hundred thousand pounds a reduction shall be made in the grant of land to the company proportionate to the amount saved by the substitution of the incline-line for the tunnel-line.]

I differed from the engineer's views, and maintained that the powers did not touch the details of construction. After many arguments, I thought it better to give way, and I made some alterations asked for. We still wait for the consent to the incline, which I hope we shall get. The original contract gives us ten years from the 10th January, 1885, but considerable time has been lost by delay in the works beyond the control of the company. It was a year and six months before the company was floated after the contract was passed, and six months before the works could be started; for, as you all know, you have to organize your forces before beginning. A year and nine months was taken up by alterations in the contract of 1885; it took ten months to deal with the deviation, and it is twelve months since we applied for consent to the present incline; so that, practically, we have lost five years and seven months. The time has been wasted, and, as it were, beyond the control of the company. We have asked for an extension of time, which the contract provides for.

[Clause 42 of the contract read, as follows:—

If the company shall not be able to construct and finish the said railway within the period hereinbefore limited in that behalf, or if it shall not before the said thirty-first day of December, one thousand eight hundred and eighty-eight, have expended one hundred and fifty thousand pounds, as hereinbefore provided, the Governor in Council may, by writing indorsed on these presents, if satisfied that the delay has not been caused by the wilful default or neglect of the company, extend the said periods, or either of them, or the period mentioned in clause 35 hereof, for such time as he shall deem reasonable, and any such extension may be made although the period to be extended has not yet expired, or may be made after such expiration.]

We have only two years and a half to complete the works, and it is impossible to get financiers to advance money when there is any doubt as to the possibility of the company being able to complete its work. We therefore have asked for an extension of time, but I think the Ministry have stated that it is impossible to grant it without bringing the application before the House, and we have therefore done so.

I must refer to the difficulties the company had in dealing with the lands under clause 33. The contract provides that the western lands may be dealt with irrespective of block-selection; that is to say, that persons applying for areas on the western side of the range can have them sold to them by the company, and that if a piece of land is applied for it is to be assessed by the Commissioner of Crown Lands, or by some one representing the Government, and the price fixed. That is to say, supposing a block to be assessed at 10s. an acre, a man may pick out the best piece. which, in the opinion of the Commissioner, is worth 12s. 6d., the balance of the block must be valued to the company at a price not exceeding in the whole acreage 10s. per acre. We found it very difficult to work under such a system, as it took a long time to have the land assessed and passed through the Government, and we desired to have greater facilities for settlement. We got practically a settlement, and then a change of Government occurred, and further delays took place. I think Mr. Seddon, being present, will confirm what I say. When we applied for regulations—probably it was a misnomer, for we ought to have applied more correctly for an agreement—the Minister maintained that he had no power to make regulations. We of course did not mean regulations under the Act, but we meant regulations or an agreement to deal with these lands, which I maintain the contract provides for.

Clause 33 of the contract says: —

The Queen shall, from time to time, on the request of the company, sell any such lands for cash, or on deferred payments in such manner as may be agreed upon between the Queen and the Company, or may let the same on lease, to any person or persons desirous of purchasing or leasing the same, subject to the following provisions:—

It was an unfortunate mistake to ask for regulations, because it was pointed out to mean regulations under statute, which the Minister had no power to make. There were a considerable number of applications sent in for land not assessed, and the Minister stated at one time that the assessments would not be dealt with until after the mining reserves were made. Certain mining reserves were made, also the assessments. It is a long process, and the result has been that many applicants threw up their applications in disgust and left the place. The Minister finally agreed to a method of dealing with the matter which will probably get over some of the difficulties we have hitherto had. Of course I may point out to the Committee that the delays in the settlement, and the impossibility of getting people on the land, have caused material loss to the company, and I may say, also, a material loss to the colony; and I cannot help thinking that if the matter had been gone into in a friendly spirit we might have arrived before now at a satisfactory conclusion.

I had almost forgotten to mention, with regard to mining reserves, that there is evidence of the fact that gold discoveries on the West Coast are not numerous. The prospecting being carried on has not met with very great success, and there is not much prospect of large areas being required. The Grey County Council have had fifty-four men out prospecting and spent £2,000, and I believe the result of that expenditure has been absolutely nil. I think the Chairman of this Committee would be able to confirm what I say or disagree with me on that point These big reserves made along the line are more or less on the flats, and could have been prospected many years ago, and probably have been prospected as the country is accessible; and, therefore, I maintain that these reserves as made are not likely to be used for mining purposes. If there had been a probability of a gold discovery it would have been made before now, as the country was easy of access. Under the same question of these reserves we find that a great many people have now to apply for land under the plea of gold-working residence-areas, and we have also the case of the Black Ball Company floated in London. We have got a lease, but we find that the land we wanted, according to the Warden, is wanted for gold-mining. Many people have applied for residence-areas on the very place where there will be a township at some time, and we naturally hope to get the benefit of this township land. Owing to the report of the Warden we cannot get the land, and have to be content with an aërial tramway to the mines.

Then, I have to turn to the question of taxation, which is one I must ask the Committee to look at from a point of equity. I do not say that, as a legal right, such taxation should not be imposed, but I allude to it as a matter of equity. I speak with regard to the graduated land-tax. Having received an endowment of land as an inducement to make the line, I wish to point out that it has become dangerous for the company to take it up, and impossible for them to work it to advantage. The graduated tax is so large that, if we attempt to hold the land at an assessed value of 10s. an acre, the value would very soon be absorbed by the tax; and I maintain that when Parliament granted us these areas it was intended that we should hold them. The tax prevents us holding them, and takes away the profits anticipated from the grants. I maintain that from the point of equity it is not right. You give with one hand and practically take away with the other.

Another point is in the direction of taxing the bondholders. We have, as a company, raised money in London. We have issued a debenture prospectus which binds us. We have given no notice of the tax, and, if the Government impose this tax, it is the shareholder and not the bondholder who will have to pay it. The present share-capital is a quarter of a million, and the debentures three-quarters of a million; but of course the bondholders will be perfectly free, and the whole of the burden will fall on the shoulders of the shareholders. It seems to me very hard that, with the contract that we have made in the past, these extra provisions should be placed upon it. I may tell you that it is not only an evil affecting the existing shareholders, but it will render it absolutely impossible for us to go to the London market for further capital.

With regard to local taxation, which I have mentioned in the petition, I may say that it falls upon the company very hardly indeed. We have constructed a line up the Grey Valley. The road was very costly to maintain on account of the wear-and-tear. We have taken the heavy traffic off the road, and yet we are taxed more than any others in the country. The method in which these rates are levied is highly improper, because we are rated on cost-values and property-values. To give an example to show how wrong it is to tax a railway company in such a form, we will assume there are

two railways between two centres, distant ten miles. The cost of one is, say, £3,000 a mile. That would be £30,000, and it might yield a revenue of £100,000. On the other hand, you have a line over rough country which cost, say, £30,000 per mile, and which might only yield £10,000. Yet you tax that which yields the lower return ten times as much as the other yielding ten times the income. Money spent on the railway, beyond ballast, rolling-stock, &c., is expended to overcome difficulties of nature, and not for the benefit of the railway company itself. I think, with regard to local taxation, that the company might ask the Committee to consider whether it is not unfair to tax on a basis like that. Moreover, the contract has a clause under which the Government may purchase the line, and it is not right that a local body should levy a rate on such a property, the value of which is ephemeral.

Mr. Hilton and myself discussed the modifications in the contract with the Government, and No. 1 was the first proposal we made with a view of getting over the present difficulties; and, in fact, it amounts to the company handing back the land-grant to the Government, subject to certain guarantees. Possibly you have read these proposals, and, if so, I will pass from the first one, which was not accepted. I will pass to No. 5, which is really a modification of the first one. [Mr. Wilson here read the several clauses of his letter to the Government of the 6th June, 1892.*] The statement shows the working out of the trust-funds. The company has £300,000 in trust. If you run your eye along the line you will find the interest on the first year is £12,000. The traffic-receipts we do not get for three years, because they are pledged to meet interest we have to pay. The fourth year the traffic-receipts come in. When you get to the fifth year it is proposed that the Government should pay half of the debentures out of the land-grant given back. It works out and shows that, at the end of the twelfth year, the line is earning interest on capital, and the trust-fund increases again and leaves a balance. The next statement is B. It is in enclosure 2. It is taking the traffic-receipts at an abnormally low figure. I am only assuming that they are £30,000, which includes £10,000 from the Reefton line. That also shows that practically this fund will work out at the end of seventeen years, and you get a surplus of the fund again available for debentures. This shows, on these assumptions, that the Government will not be liable for any payment of interest guaranteed, and, moreover, would have part of the land-grant, which we give back.

Of course you all know how important it is for a company raising money in the London market to have the benefit of a Government guarantee. The guarantee simply reduces the cost of raising the money from something like 30 per cent. without, and with the Government guarantee the cost would be 12 or 12½ per cent.

The arguments I use are that the reading of the contract with regard to the mining reserves, with regard to taxation, and with regard to other changes, have made it so impossible for the company to proceed that it must wait simply until the money-market improves; to go for an extension of time, and let the work rest until the money-market improves, and the credit of New Zealand is better than it is to-day. I take it that in asking the Government for these concessions we are asking for an arrangement on a business-like basis, an arrangement which will benefit both the colony and the company, and enable the company to complete its work.

After making these proposals, the question was raised of a difficulty that might arise owing to the Government having to redeem the debentures at a given date, and a modification of the proposal was made.] [Enclosure No. 7, letter from Mr. Wilson to the Premier, dated 8th July, read.*] This last proposal practically means this: the company say, We will give you back the whole of the land-grant for a guaranteed 3 per cent. on £1,600,000. I could bring evidence to show that this land-grant is valued at figures 50 and 60 per cent. over the waste-value as given to us. We have the figures to show the very great increase in value. We are offering the whole of the proceeds of the land-grant as well as the land-grant itself in exchange for a guarantee which I think will be found merely nominal, without increasing the liability of the colony beyond the mere name of the guarantee. I am sorry to have detained the Committee, but it is important for the company to have something done at once. There is a very good opportunity to go on the market now that the general elections are over. There is plenty of money uninvested, but the thing is to offer proper inducement to the financiers, such as would insure the subscription we want.

I ask you to consider the proposals not as coming from a company asking for a concession, but purely as a commercial and business-like offer made on behalf of the company to the Government.

3. *The Chairman.*] Are we to assume, Mr. Wilson, that the meaning of the new arrangement you propose in this letter of yours, No. 7, is that the connection between Reefton and Belgrove is not to be completed?—Not to be gone on with at present. Subject to further negotiation, it is to be completed.

4. Do you mean to say that the company is still prepared to bind itself to complete it at some future date to be agreed upon? —It must be under the conditions offered in the first letter, in which you see the company offer to do that: but the guarantee would have to be increased to 3½ per cent., and the amount of the guarantee would have to be increased to £2,900,000.

5. Does that not mean, practically, that it would be better for all parties to abandon that?—I think the colony knows my view with regard to that section of the line. I have always stated that I thought it would not be wise to complete such a line at present, as it was a big undertaking, and the prospects of traffic were not such as would show that there would be a return for some years at any rate of interest on the capital expended. It is a costly line, and the country is, after all, limited. I think if we opened the line into the Motueka Valley, so that Nelson might benefit by being close to its back country, that would show as time went on whether it would be advisable to extend the line to the Buller, and so on; especially as mining reserves are proposed to be made on both sides of the Buller, which has a narrow valley; and I think rightly so, as there are many small patches there. But I do not think it would be wise to construct the line for many years. It would mean an increased cost to the colony, and probably call upon it to meet the guaranteed interest.

* As set out in parliamentary paper D.-4, 1892.

6. What is the length of the line you propose to make in order to extend it from Belgrove to Motueka?—About three miles further. It would cost about £30,000 to complete and open it.

7. *Mr. Saunders.*] What is the length proposed to be left undone?—Between Reefton and Belgrove?

8. Yes?—About seventy odd miles.

9. *The Chairman.*] You have several modifications on the original contract—with regard to the mining reserves. Have you got the original contract of August, 1885?—I have not got it with me, but that could be easily procured.

10. *Hon. Mr. Ward.*] I understand, Mr. Wilson, in the modified proposal you couple the last one dated the 19th May, 1892, in which the principal concession you ask for is that the colony should guarantee £1,600,000 at 3 per cent. in exchange for £618,000 worth of land?—Yes.

11. Would you not regard that practically as the colony entering into partnership with the Midland Railway Company?—I cannot so regard it, any more than any other Government guarantee. I think I can cite Western Australia, where it was found impossible to raise money on a land-grant, and the Government found it necessary to raise it by guarantee.

12. Assuming the failure of the company to carry out the contract, would that not practically throw £1,600,000 on the colony?—I cannot see how it can fail to carry out the work. That money is bound to be spent on a particular object.

13. You fail to answer my question. Would not the failure saddle the colony with £1,600,000?—The interest on it.

14. What did you mean when you said that if you raised the money it would cost you 25 or 30 per cent.?—Because our debentures are quoted at present at about 78.

15. And with the Government guarantee you assume it would be 12½?—Yes.

16. And you regard that as a reasonable amount to pay?—Your New Zealand 3½ per cent. stock is, I think, only 94; therefore it would. You see the 3 per cent. guarantee would make a difference in price.

17. Might I ask you what you meant when you said that when the credit of the colony was better than it is to-day you would experience less difficulty in raising the money? I want to know what difference there is in the credit of the colony to-day and originally?—The difference, of course, is this: we go before the public with the imposition of the graduated land-tax, which the public of England, taking a broad view of it, would look upon as a breach of confidence as between the company and the Government. The Government give us a land-grant with one hand, and with the other hand they tax us. And this question of a tax on our debentures has, as most people are aware, a very serious effect on anything like debenture-loans.

18. What I want to ask about is this: From the remark you made, it was clearly inferred that the credit of the colony was much worse now than when you originally went to the money-market for money?—I do not say that. We had very great difficulty in raising the original capital on account of the credit of the colony being at a low ebb. I do not say that it is now at a lower ebb. We had a difficulty in raising the money because it was stated that the land-grant was not worth anything. It was so stated on the authority of members of the House, and that is what crippled us.

19. With regard to the question of taxation: in the original contract was your company exempted?—Not from colonial or local taxation.

20. Not from the land-tax?—No.

21. Was there anything to warrant you in thinking that you would be specially considered?—No. If we had held the land subject to an ordinary land-tax on everybody, it would be different; but you give us large areas to hold, and then immediately specially tax us on holding these large blocks by putting on graduation.

22. But in the ordinary course, I assume that this was practically a large commercial transaction entered into between the shareholders and the colony, and they would not expect any exceptional treatment over other companies or individuals?—If you make a contract with an individual you expect him to maintain the conditions of the contract. You do not expect him to say, "I will charge you 2½ per cent. more now," after you have made the contract. You made the contract, and you must stick to it.

23. Do you think that, with regard to other large landholders, it would be fair that the taxation should be cast off you and spread over them?—Certainly. You have made conditions for a specific purpose, and now wish to diminish the reward. If I come here and buy land in the colony I must take the risk of a change in the taxation. But if I come here under certain conditions and make a contract with the Government I do not expect the Government to change the conditions of the contract.

24. Could not every large landholder use the same arguments with regard to a contract with other people?—No. We have entered into a contract with the Government.

25. You are asking that the taxation should be spread over other people?—I do not ask anything of the kind. I ask you to take the land-grant from us. You have put us into the position that we cannot work the land-grant. I do not ask you to spread the taxation over anybody.

26. You might amplify your remark with regard to the action of the Government as to the regulations?—I referred to clause 33. The question was sprung on me at the last moment with regard to the Government's power of making regulations. If the Government had told me earlier that the word "regulation" was not a proper word to use, I should have changed the word "regulation" to "agreement under the contract." I think if the word "agreement" had been used earlier we should have come to a settlement immediately. When we did meet the Minister for Public Works he made suggestions for an agreement to deal with the matter. Now, the agreement for dealing to-day is no more than a change of regulations.

27. Has any question arisen between any of your shareholders and the company as to the

original prospects of the undertaking, and the value of the prospects of to-day? Have any doubts been cast upon it?—Certainly. Reports went home about the land-grant, which reached the financers and others, to the effect that the grant was not worth an old song. I believe the reports were quotations from members in the House.

28. *Dr. Newman.*] You talked about selling the line at a future date to the Government. Have you any idea what you would sell it for?—We should have to sell it for the capital value to-day.

29. No discount?—No. I think I may point out that, if driven to the last resource, there is an arbitration clause in the contract.

30. What is the value of the land you possess?—We put it on the Government B1 value—the waste-lands value. One million and a quarter is supposed to be the value.

31. How much does the graduated tax amount to?—It depends upon what we hold at various times.

32. You have prepared a return for the Commissioner of Taxes: what is the amount of the graduated tax?—I cannot tell you without referring to the figures.

33. Will you give them to us?—Yes. We are now prevented from taking land, and holding it in the hope of getting an increased value.

34. That is beside the question. You talk about the taxation and the way the country has treated you. Does the Manawatu Railway Company pay graduated taxation?—I suppose so.

35. There is nothing singular in the treatment accorded to you?—It is singular so far as the contract with us.

36. Are you aware that the Manawatu Railway contract was signed many years before the graduated tax was imposed?—Yes.

37. What is the total mileage of your line?—230 miles.

38. How much has been done?—We have opened nearly 60 miles.

39. Then you have 170 miles to finish in two and a half years to complete the contract?—Yes; we have applied for an extension, because it is impossible to do it in that period.

40. Can you tell the Committee how much it would cost to finish the railway from Canterbury to Westland?—My estimate is £1,100,000.

41. Does that include the Abt line?—Yes.

42. *Sir J. Hall.*] Is that from Jackson's?—Yes.

43. *Dr. Newman.*] That is to complete the Junction?—Yes.

44. How do you arrive at the value of £618,000 on the land-grant?—By the amount fixed on the land-grant from east to west. We have an agreement with the Government that certain sections of the line shall carry a land-grant. These have been fixed, and this balance is available now for the uncompleted piece.

45. I want to know, if the Government have taken 184,000 acres and propose to take up 500,000 acres, how far would they extend?—The map will be produced, and it would be better for you to see that. I think the reserves include three or four miles wide up to Reefton, and forty miles along the line, and a narrow strip right up to Belgrove.

46. *The Chairman.*] About seventy odd miles?—Yes; that is the balance of the distance.

47. *Dr. Newman.*] Is there anything in the contract to prevent the Minister taking up the 500,000 acres?—No; but the inference in the contract is that it shall only be taken in blocks from time to time as required for *bonâ fide* mining purposes.

48. You talk about the obtaining of the consent to the incline as one of the reasons of delay: was there anything about the incline in the original contract?—The Government gave us permission to alter it in the second contract.

49. Was there anything about the deviation at Lake Brunner?—No, except that the contract empowers the Governor to make a deviation. A trial survey can only be an imperfect one, and may be improved as you explore the country.

50. You want a guarantee of 3 per cent. on £1,600,000?—Yes.

51. When the line will only cost £1,100,000 to complete? Why do you require the Government to guarantee the additional amount?—Because we have to complete the work and provide for the trust-fund.

52. Supposing the Committee did not consider the trust fund of any value: would you take off the £300,000 if the guarantee you ask for was given?—Yes.

53. *Hon. Sir J. Hall.*] About the coal-leases: you said the difficulties were practically through the way the company was obtaining the coal-leases?—We have one or two cases at Reefton: we have one or two applications for coal-leases, and people in these places work more or less against each other. I think we have a case where a man applied for one, where another had applied before him. He (the former) then applied for a gold-claim, and I imagine he thought he could work the coal under the gold-lease; but the Warden set him right on that point. The Government cannot give us the coal, because the land is to be made a gold-mining reserve.

54. And the land is hung up?—Yes.

55. You alluded to the amount of local taxation you are liable for. What is the amount you pay: you meant the completed portion?—I suppose on the piece completed we pay about £700 a year.

56. To the County Council?—Yes. I have tried to come to an arrangement with them. They wanted to rate us on the absolute capital value, and I suggested that we should take the mileage-rate to save going into Court. I argued that if the Manawatu Company was paying a small interest on shares, and interest on debentures, we should be rated less, as we are not earning debenture or shareholders' interest.

57. Are you rated on the value of the line as it stands?—They tried to rate us on the cost value, on our expenditure, and I fought it out on its value to sell, and I won it, at Springfield. You cannot

rate us on a value for old iron on Reefton section, because we are a working railway. Of course it is unfair, as we have taken off the heavy traffic on the roads, and yet they are rating us higher than anybody in the district.

58. *Mr. Tanner.*] I think you said that when you were granted these large areas of land you reasonably inferred you might hold them?—Certainly.

59. Are you aware that one of the chief reasons for the construction of the line was to open the land for settlement?—We shall use it for settlement. The bush-land will take years to settle. If we are not forced to sell it we can get a fair price for it.

60. Is that likely to conduce to rapid settlement?—We do not hold it in that sense, except that we must become proprietors of it. If we do not select it we cannot sell it.

61. Have you sold any?—Certainly.

62. In what blocks?—On the western side, in from 500 to 200 acres; on the eastern side in larger blocks.

63. Is the statement in the papers correct that you have sold 58,000 acres in one block on the eastern side?—Very probably we may do so. Some of the land is not suitable for settlement.

64. Do you think that is facilitating settlement?—Yes. The company's policy has been to settle the land wherever it was possible. When the company selected runs up at Springfield—Rutherford's run and Dean's run—I cut up the land in small areas of 200-, 300-, and 700-acre blocks, so that the small farmer at the foot of the hills could buy the back country. It cost £300 or £400 to cut this land up, and I got about two offers from small people, and the whole of it was bought in by runholders at the company's upset prices.

65. You say you hold 1,250,000 acres?—No; I suppose we do not hold more than 30,000. And then we have got two blocks at Brunner offered for sale in small holdings.

66. Is it fair to ask you the total price of the land sold up to date?—I cannot tell you without getting the figures. We have done very well. We must have made an average of from 25 to 30 per cent. on the waste-lands value, and on the West Coast 50 per cent. over the waste-lands value. If we could get selections assessed there we could sell for settlement at satisfactory prices.

67. You were aware at the beginning that the West Coast lands were more or less auriferous?—Yes. Wherever the land is payably auriferous it is an advantage to the company. If the whole of the land was auriferous, so that you could put on 50,000 people, we would give you that land for nothing, owing to the traffic-receipts on the line which would result.

68. You say the land sold has realised a substantial advance over the first value?—Yes; where the land is good and the pick of the block we got about £1 10s. an acre.

69. As a matter of fact, have you not selected nearly all the best land in the area?—Perhaps on the eastern side for settlement purposes. On the West Coast we have practically not touched it. The timber is very valuable, and brings royalties of from £3 to £5 an acre. If you take all the mining reserves we have nothing left but hill-tops. We have selected perhaps the pick of the land on the eastern side. I think our big profits would come from the western side. The land on the eastern side will only bring about 10s. or 12s., on the western £1 or £1 10s. We are making a railway on the western side to give access to timber and minerals, consequently it injures us seriously making mining reserves.

70. You say, with reference to the introduction of taxation after the contract was completed, that you had a right to expect to be free from disadvantages which might follow as a matter of State policy. Will you please put the converse: if the changes had been advantageous to the company, would you have been prepared to surrender the advantages to the State?—I say this: Suppose you represent the Crown and I the company. Whatever you undertake you have a right to do. I am equally bound, and have no right to say to you, "For this land which you valued at 10s. you must take 5s." Yet I have as much right to say that you must take 5s. as you have to make me pay the graduated tax. As between man and man I should expect you to hold to the terms of the contract.

71. You regard this practically as a breach of the contract?—I do. Not perhaps legally, but purely from a point of equity.

72. This applies to the base value of £30,000 of land?—No. We have a prospect of earning the value of a million and three-quarters.

73. You have stated your intention of parting with it on the first opportunity?—Supposing we have the money to finish the work we get a million and three-quarters. Can I possibly part with a million and a quarter acres of land on the West Coast, say in ten years? If not, we are saddled with the graduated land and the local taxation.

74. Are you not taking that as an extreme case?—No.

75. Do you consider it likely?—How do you think I can settle a million and a quarter acres? Who is going to buy a large block and be saddled with the graduated land-tax?

76. As a matter of fact, the largest block you have sold was parted with since the land-tax was passed?—I did not say that. I will get you the evidence one way or the other.

77. *Mr. Saunders.*] With regard to the excessive amount of land you consider has been reserved—when did you first become aware that the Government proposed something excessive in that way?—I became first aware of it when the Minister for Public Works informed me that he would not grant these sales under clause 33 until the reserves were made, and I understood him to say that the reserves were to be 250,000 acres altogether, and now, since seeing the map, and having interviewed the Minister himself, I understand that the reserves are to be very much more. I always objected to the mining reserves because I did not think the evidence was sufficient to show that they were auriferous.

78. Were you only made aware that the reserves were to be made a few weeks ago?—A few months ago.

FRIDAY, 19TH AUGUST, 1892.

Mr. ROBERT WILSON further examined.

79. *Hon. Mr. Seddon.*] The first question I would ask is this: Whether, in reference to the proclamation of the reserves and the non-dealing with applications under clause 33 of the contract, you contend that the Government have unfairly strained the contract as against the company?—If I understand the question it is this: Whether the Government have a right to refuse to deal with the land under clause 33 until they have made the mining reserves. Is that what I understand?

80. No. Is it your contention that by their action in reference to making mining reserves, and as to their dealing with the contract under section 33, the Government have been violating the contract and straining it against the company?—Yes, certainly I do.

81. That is your contention?—Yes.

82. In putting these matters in your petition they are not put in with the view of asking the Government or the Committee to grant you the amended financial arrangement?—Yes. I put them in to strengthen my request, and to show that we have come not simply to beg for a change, but to ask for a change on the ground that we have certain justification for doing so; and to ask the Committee to consider from a broad point of view whether we have not good cause for complaint.

83. If these modifications in the contract or concessions asked for are not granted, do the company contend that they would be entitled to compensation on the ground that there has been a violation of the conditions of the contract by the Government?—I am not empowered to give up any right of legal action on the part of the company: that must rest there. The contract itself carries certain rights under the arbitration clause. On the other hand, if we can arrive at a satisfactory solution of the difficulty, then the present danger disappears.

84. I am to understand, then, that the company holds like two strings to its bow? If the Committee meets what is asked for now in the amended financial proposals, the company will consider whether or not it will be sufficient for the loss sustained under the contract; if, on the other hand, the proposals are not accepted, the company then holds to its right of a definite claim for breach of contract?—Certainly, I do not give up our legal rights in the event of the Government not meeting the company. I presume that, if a satisfactory arrangement were come to, the new contract made with the Government would settle the difficulties under the contract.

85. I understand from that that the proposals submitted now mean a new contract?—Yes, practically a new contract. A new contract would get over the difficulties and evils of the present contract.

86. That being the case, we will come back to the first contract. In your evidence yesterday you laid some stress upon the alternate blocks being given away, and the company getting its right of selection over the larger areas and not along the line?—I think that what I contended was that by doing away with the alternate blocks the company's frontage is increased and it can select land along its line.

87. Has the company selected along its line?—It depends what you call selected along its line.

88. I think you admitted yesterday that you had some quarter of a million acres?—We have selected along the line, and I can give you an instance, in Blocks 26 and 28, where we have taken land right on the line in the hope of settling it.

89. What area have you selected along the line?—I cannot give you that now, but I think I see what you are driving at. The company's financial position has compelled it to select land that it can deal with readily. That has been eastern land so far, excepting small holdings on the West Coast which we tried to deal with under clause 33. But you know the difficulties we have had under that clause.

90. Was contract No. 2 in favour of the company as against the previous contract?—In so far as it gave us greater possible frontage along the line for settlement.

91. Did it not widen the area of selection?—No; the reserve was about the same in both cases.

92. Were you not compelled first of all, under Contract 1, to exhaust the right of selection along the line?—Yes, I think we were compelled with the alternate block system.

93. In that case, instead of selecting land which is most readily saleable, at the present time you would have to be taking hill-tops from the Otira Gorge right to the West Coast?—Yes.

94. Was not the change an advantage to the company?—Decidedly. At the time, the intention of the new contract was to enable the company to select such lands as were readily saleable, so that there might be settlement along the line.

95. The construction of any railway or of this railway would enhance the value of land along the line?—That is the assumption.

96. If the Crown had alternate blocks it had an advantage?—Yes; and I pointed out that the great advantage the Crown had in the alternate blocks rendered it impossible to carry out the contract.

97. What effect had the concession?—It enabled the company to be formed, otherwise it would not have been formed when it was.

98. What did the company give to the Government in exchange for the great concession? You admit that it was owing to abolishing the alternate blocks the contract was gone on with?—The rest of the capital would not have been raised otherwise. It was owing to the reports sent to London that the land-grant was valuable that the money was raised.

99. What time had elapsed at this period from the signing of the first contract?—The company was formed in the middle of 1886. The first contract was dated the 17th January, 1885, and, subject to certain modifications therein, the company was formed in May, 1886, and the modified contract was signed in August, 1888.

100. Then the difference of time is from 17th January, 1885, to August, 1888?—Yes. The original contract was not signed by the company: it was a contract with the Government and certain individuals.

101. This company took over the contract in 1885?—In 1886. There was a company of people who had a contract with the Government in 1885. They had powers to sell the concessions in 1886, and the Midland Railway Company was started in 1886.

102. In August, 1888, the new contract was signed?—Yes.

103. Did that cover the construction of the line within the first period limited with the first promoters?—Of course it did.

104. When that contract was signed the company knew what time was left of the ten years?—And if the company had succeeded in getting the capital they would have been able to complete the works.

105. You laid great stress yesterday on the fact that five years had elapsed before anything was done?—You misunderstood me. I said the loss of the contract time was five years, through causes over which the company had no control.

106. I understood you that it was due, to a great extent, to the Government?—I said it was through, to a great extent, circumstances over which the company had no control.

107. It was not due to the Government?—I say it was partly through the Government and partly owing to the conditions of the contract. There was the question of getting a modification of the contract, which you might say was the fault of the House in not giving it to us at once.

108. When contractors sign a contract to do certain things in a specified period, the question of not getting capital or not bringing in a partner would not be taken, say by you as an engineer, as a ground for an extension of the contract time?—Considering that I have had to extend contracts, I do not think I am asking any concession. I have, as an engineer, to extend contracts when circumstances occur causing delay beyond the control of the contractors.

109. I ask whether the question of raising capital, or the necessity for taking other partners, would be held by you, as an engineer, as sufficient reason for an extension of time?—It all depends upon whether you took proper precautions. If the circumstances were beyond control, then, as a matter of equity, I should have, as engineer, to give way.

110. Do you not think a contractee should anticipate difficulties and have everything ready?——Financial arrangements often fail, and you sometimes accept a contract on the understanding that the contractor has a backing. Contracts in London are often accepted on the assumption that the contractor has a financial backing.

111. Was not an assurance given to the Government that your financial backing was complete and that you could do the work?—So the company thought it could: but it is one of those cases which I cite—where your backing may fail you.

112. What discount had the company to pay for its money?—On the first money we raised I think we had to pay—I can get it from the books—8 or 10 per cent. Our 5-per-cent. debentures we had to issue at £92 10s., and had to pay a discount on that. Practically, 10 per cent.

113. That is your first?—The ordinary share issue. It amounts practically to the same thing when you have to pay the brokerage.

114. Have you made any attempt since then to raise further capital?—Yes, we have made several.

115. When was the second attempt made?—The second attempt has been made within the last six months. When I informed my directors the works were nearly completed and advised them to push on with the financial arrangements, we tried then. It looked hopeful until the sudden change in the incidence of taxation, which simply threw a wet blanket over our finance. The most serious thing has been the proposal to tax debentures. But, of course, I may tell you further that the adverse reports as to the value of our land-grant, notwithstanding that we showed satisfactory sales, had a marked effect upon our prospects of raising money.

116. Would I not be correct if I said that you stated to myself, shortly after my assuming office in January, 1891, that the best time for going to the London market would be the February, March, or April following?—Yes. Generally, one would attempt to get money then. There are two periods in the money-market when you can get money most successfully—the autumn period, after the people have got back from shooting; then in May, June, or July. It is hopeless at other periods.

117. You made the attempt?—No; the directors informed me they could not get it. The discount rendered it simply hopeless. They have tried in March, 1891, and in August.

118. Was that not before the Government financial proposals were submitted at all?—Yes; I was alluding to the second trial. Your financial proposals were known in London in March last.

119. That is 1892. I was referring to March, 1891?—We were then suffering from the reports as to the value of our land-grant and the general value of stock in the market.

120. In March or April, 1891, 20 per cent. discount would be for what you could do it?—Yes, I daresay that would be about it.

121. That was not due to the financial proposals, but to other causes?—Our property was depreciated. Our property was improved after, and we might have done better had not the financial proposals been made.

122. Would the mining reserves make any difference?—I cannot tell you. I do not say they were the primary cause. The primary cause was the discredit thrown upon us in the London market owing to reports as to the value of our land-grant, and the delays.

123. If the date of the first reserve was August, 1891, that could not have affected your position at that time?—Probably not; I do not say it would.

124. With regard to the deviation to Lake Brunner, that only took place about June or July last?—That application was made in April, 1891.

125. Was there any *quid pro quo* offered to the Government in connection with the mining reserves?—The Government had a right to make certain mining reserves as required for *bonâ fide* mining purposes. Clause (*c*) of section 16 of the contract says: "All lands which from time to time in the opinion of the Governor are or may be required for *bonâ fide* mining purposes, and the several purposes connected therewith or incidental or conducive thereto, and which lands shall from time to time be set apart and defined by Proclamations to be issued in that behalf; but no more than 10,000 acres shall be so set apart or proclaimed in one block at any one time; and the lands so set apart and proclaimed from time to time shall not in the aggregate exceed 750,000 acres."

126. Will you compare that clause with clause 8, subsection (9), of "The Midland Railway Act, 1884," as follows: "No lands now used for mining purposes, or which shall be known gold-workings, shall be deemed Crown lands under this Act." Would you not say that there is this distinction: that in the Act reference is only made to land in use for gold-mining purposes, whereas by clause (*c*) of the contract it is lands which are or may be required from time to time. Does not that give a much wider limit than the Act?—It is wider in range, but still it is limited by the words "required for *bonâ fide* mining purposes."

127. Was that not one of the advantages the Government got by giving the company the new contract?—I cannot see the advantage. Of course, if it were an advantage the company would yield it, for this reason: if you have a large development of gold-mining in the district which the railway traverses, and you have population for settlement and other purposes connected with mining, it must be to the advantage of the company; and I may say that the company has never yet raised the question that *bonâ fide* mining would do it any harm, or that any rush or settlement of that kind has done the company any harm. But it is maintained that if the land is locked up without there being a fair prospect of payable gold being worked on it, it is detrimental to the company.

128. Under subsection (*c*), who is to be the judge as to the *bona fides*?—There is an arbitration clause if we are driven to it. I do not quite see who is to be judge.

129. The clause says, in the opinion of the Governor. What does that infer?

Mr. H. D. Bell: I submit that that is a question which cannot be answered by Mr. Wilson. It is a question for a court of justice.

The Chairman: He may throw some light as to the view he puts upon the section Mr. Seddon asks his question about. He may wish to give his opinion as to the position the company takes up under it.

Witness: The Governor, in deciding that it is required for gold-mining, must decide in a *bonâ fide* way and on proof that it is required. He must take it on proof. If it can be proved that it is required, I think the Governor could make the reserve; and I do not think objection would then be made. The objection is to the locking-up of land which is not *bonâ fide* required.

Mr. H. D. Bell: Would it not be more correct, if it is desired to obtain an opinion as to the legal position of the company, if the questions were addressed to myself. The position of the company is hardly in question here.

The Chairman: Mr. Wilson's opinion would be of no legal value.

130. *Hon. Mr. Seddon.*] I will ask you if you had plans sent to you showing the different reserves made for mining?—You have sent plans of the different reserves made, but we have protested against them on the ground that they are not required.

131. Do you say that you have protested against all the reserves made?—No.

132. Would I be correct in stating that in only two cases where reserves have been made the company has protested?—I think the company has protested against more than that. If not, it is an inexcusable omission on their part, because I have given instructions to protest against every one unless it is round a gold-mining centre.

133. If you have not protested, it is an admission that they are *bonâ fide* reserves?—No; we have made a general protest, and we shall protest in detail. One reason why we have not protested in detail is that you have not given us time. We have no opportunity for getting reserves tested or obtaining evidence. A notice is sent us, and within a few days the reserve is gazetted.

134. Have we ever agreed to a remedy by executing a reserve, and after the reservation altering it?—That was done at Lake Brunner, where the County Council applied for a recreation reserve, which, I think, the Government included in a mining reserve, and we objected to it.

135. I allude to one Mr. Butler wanted for saw-milling purposes?—You made a reduction there: it was 2,000 acres originally, and you reduced it to 1,700 because we objected that it was not gold-bearing.

136. Yes?—We have not the opportunities for going into the matter and testing whether the reserves are likely to be required for gold-mining. We reserve the right to get evidence.

137. You admit that up to the present time, though you petition the House on the ground that Government are violating the contract, you have not gone absolutely into the question at all?—I do not admit that at all. The time has not yet come when we shall bring evidence about your dealing with the mining reserves. If we were driven to arbitration, then would be the time to produce evidence as to whether the mining reserves were right or wrong.

138. You are not prepared to do that to this Committee? Then, paragraph 7 and the following paragraphs with regard to mining reserves you withdraw?—I do not withdraw them.

139. Do you intend to tender any evidence on behalf of the company?—Yes; and I hope to get evidence from the Government, because, if mining reserves are made I think we have a right to ask the Government what evidence they have that they are gold-bearing.

140. It is from the defendants you are going to prove what power is exercisable under section (*c*) as to *bona fides*?—I think we shall bring other evidence. It is a question whether the Committee will consider the matter from a broad point of view or go into the question of the reserves.

141. I ask very clearly, whether there was a violation of the contract, or whether you are bringing these allegations forward with a view to assist you in getting the Government to agree to the modifications?—I say this justifies me in asking for the modifications, which the Committee might not think I was justified in asking for unless I had shown some means of getting out of the difficulty. Why I bring the matter into the petition is this, that the proposed modifications may be considered by the Committee. I must give some reason for departing from the existing contract, and show some cause why the modifications should be considered. This is one of the strong reasons.

142. *Hon. Sir J. Hall.*] You want a new contract, and wish to show the grievances you suffer under the present?—That is so.

143. *Mr. Saunders.*] You want to show, in a general way, that there have been some breaches in the contract to justify you in coming to the Government for a new contract?—Yes.

Mr. Bell: The petition has confined itself to the question as to whether the position of the company and the Government, with regard to this contract, is such as to make it desirable that the difficulties on both sides should be put an end to. We do not ask for a new contract to continue the war, but to protect the rights of the company. It would be necessary to support by evidence the allegations we make in the petition. We do not ask the Committee to accept them on our *ipse dixit*. The Committee will be able to measure the gravity of our objections to the course taken on the part of the Crown, and will be able also to measure the Crown's objections to the company; and it will then decide as to whether the question is worthy of settlement. I do not think it is possible for us to fix a quantum of damage. I did not intend to indicate that the company was not going to support the allegations by evidence: that is what we have come here for.

Witness: It is a question as to how deeply they require me to go into the evidence. The Minister intends to go into these reserves up to the total, 750,000 acres; and, on the face of it, as the mining population is only two or three thousand, they can only exhaust, say, 20,000 acres. Is it necessary or fair to take 750,000 acres to meet the requirements of a population which is not increasing but decreasing? Is it necessary, I say, to make these reserves, except one here and there? They cannot be wanted to-day, although they might be required at a distant date. These reserves injure the company by being made to so great an extent.

144. *Mr. Seddon.*] Am I to understand, Mr. Wilson, that you contend that, under the terms of the contract, the Governor or the Government of the day must go and test that ground?—I say he must see the necessity for such reserve being made, either on the ground that it is payably gold-bearing, or that there is an increased population, or that the miners wish to have the land for their purposes.

145. You told the Committtee that in the vicinity of gold-workings you had given instructions that no objections were to be lodged by the company? Will you say Yes or No to that?—I cannot say whether that has been done, Yes or No. I have written to you to the effect that we do not object to reserves being made round known gold-mining centres. [Map referred to.]

146. Can you point out any blocks where reserves have been made that did not come within your instructions?—You may have a few people working at certain points, and I am quite willing that a reserve should be made to meet their requirements. We should be the last people in the world to object to the gold-miners developing the country. But I do argue that it would be better for the colony and the company to have all the land advertised when applied for, and that an expert with the Warden should come forward and reserve what is necessary and leave out the other part of the country on which it is impossible to say that gold-working is payable. Of course we will all admit that you can get gold anywhere you test on the West Coast, but the question is whether it is payable. You have many people on small claims who will admit that they are barely earning food. With such a stretch of country as you reserve, you would have 150,000 miners if the reserves were valuable. I say that by making these reserves you are only providing for a large population which may require them at a very distant time. I also say that these reserves have not been proved, and may not be found to be payable.

147. Do you consider the Mining Inspector, the Warden, the Commissioner of Lands, the Inspector of Mines, and the Mining Association such good judges as to be able to express an opinion whether the land is wanted for mining purposes "and the several purposes connected therewith or incidental or conducive thereto"? Would you consider that they could form a better opinion than yourself?—I may question you there. It is a matter of opinion—purely a matter of opinion. Look how many experts you have who have spent the whole of their lives gold-mining on the West Coast, who will go on to a piece of country which they will tell you has millions in it, who will spend large sums of money in bringing in water, &c., and then it turns out a duffer. How can you expect any man to state definitely whether a block of land is payable or not? The more you know about gold-mining the less you know where payable gold is likely to be found. Then, again, the lead may pinch out at any point, and you have no conception where it can be recovered. The more you know about gold-mining the more uncertain you are as to where the gold is in payable quantities.

148. Most of the ground there is sluicing?—Certainly, there is considerable amount of sluicing-ground.

149. The colony has spent over half a million in the district on races, &c.?—I am not contending that the company wish to prevent mining. I rather contend that the company is prepared to encourage all gold-mining; but, at the same time, I contend that we must encourage settlement; and I maintain that these mining reserves are preventing settlement.

150. With two exceptions they have all been agreed to by the company?—I did not say so.

151. Does not the contract say we have an absolute right to 750,000 acres?—When required. You have only the right if the land is required for *bonâ fide* mining purposes, and the reserves are to be made from time to time in blocks not exceeding 10,000 acres. I want to draw attention to this: that, before the present contract, a late Minister of Mines proposed to select the whole 750,000

acres at once. That was opposed and had to be withdrawn. Now, I ask you what difference there is in reserving the 750,000 acres at one time and taking blocks of 10,000 acres with eight or ten days intervening.

152. It is quite true that Mr. Larnach proclaimed it in one block and wanted the whole 750,000. What the contract says is that the land "shall from time to time be set apart and defined by Proclamations to be issued in that behalf; but no more than 10,000 acres shall be so set apart and proclaimed in one block at any one time; and the lands so set apart and proclaimed from time to time shall not in the aggregate exceed 750,000 acres." The difference is this: that in the case referred to it was a violation of the contract?—The difference is that you should proclaim only 10,000 acres from time to time.

153. From time to time, in the opinion of the Governor?—That is the point.

154. Was not a general principle laid down in this contract that no land which was auriferous or might be required for mining should be within the right of the company to select?—I admit that. We have never yet contended that we had a right to take lands known to be payably auriferous or required for mining. I argue that we have a right to take lands surrounding centres and townships, but no right to payably auriferous ground. But you are taking large blocks around centres, and excluding the company from the benefit of township lands, and that is part of the profit held out to the company—that it would have lands adjacent to centres where the population was concentrated.

155. Are you aware that the whole of the reserves were withdrawn and applications refused, and that they will not be sold by any Land Board to any person? Suppose there was no contract at all, and a private individual applied for the land, the Land Board would have to refuse on the ground that it was a reserve?—There are lots of cases where the land has been sold by the Land Board.

156. Do you admit, also, that under the terms of the contract, notwithstanding the reservation of 750,000 acres, or even land outside what may be proclaimed a mining reserve, the Governor has power to stop the company selecting even if you made the selection?—I think the Governor must show by evidence that it is required for *bonâ fide* mining. You must show a reason for selecting that land for mining. It would not be in equity under our contract if you had power to refuse us land we wanted, without rhyme or reason.

157. Section 29 of the contract says, "Notwithstanding anything contained in these presents as to the right of the company to select any lands to which it may be or become entitled, no selection shall be valid until a period of two months shall have elapsed after such selection has been made and notified to the Minister for Public Works by the company; and within such period the Minister for Public Works may object to any such selection in whole or in part, on the ground that the land or part of the land comprised therein is required for any of the purposes set forth in subsections (*a*), (*b*), (*c*), and (*d*) of clause 16 hereof." Is not that a further power protecting the Crown?—Within the limits. But such lands are not to exceed in the aggregate 750,000 acres.

158. Pending the creation of these reserves under subsection (*c*), here is protection to prevent the company securing auriferous land?—The two months you have there is to give you time to ascertain whether it is payable gold land.

159. If the Governor exercises his discretion, and the land is wanted for *bonâ fide* mining purposes, does it not save the application being objected to and your standing as a see-saw against the mining interest?—I maintain, certainly not. You by making the reserves upset the very settlement we want to get at.

160. The next question is as to the Blackball. Particular stress was laid on the fact that the Government made a reserve at Blackball. You said some residence-areas had been applied for?—Yes; I quite admit with regard to Blackball that the Warden's report was in favour of the land being opened for gold-mining. We had to submit. I say that unless the land is used for gold-mining we ought to be allowed a certain amount of flat land where the township must spring up; and we might have been given a piece of land to work this line. Now we have had to be contented with an aerial railway. You cannot work the gold where you have a residence-area; and I say where these have been applied for the company ought to have the option of taking township land and getting a profit out of it. I do not dispute the Warden's statement that there is gold there.

161. You admit that it is necessary for miners to have residence-areas?—They have a right under the contract to their residence-areas.

162. How many years was it since the signing of the contract that you had the option of taking up that land, and when did you select it?—We cannot afford to select land to remain on our hands when we cannot get population to settle it.

163. When did you select at Blackball?—We completed our selection about a month or six weeks ago.

164. This taking-up of residence-areas is quite recent, is it not?—I believe it is because the Blackball Company got their capital, and the people were sharp enough to see that a good residence-area might become a good property.

165. You do not dispute the Warden's telegram? [Telegram read as follows: "I find great part of land in south-easterly direction from Blackball coal-lease is taken by extended and ordinary claims. Large sluicing-operations carried on by valuable water-races from Blackball Creek; also four residence-areas. Whole of the ground auriferous. Good employment to many; probably will for years.—JACKSON KEDDELL, Warden, Greymouth."]—I do not dispute that there are some gold-workings there.

166. In your evidence you only mention the residence-areas, omitting that it was within your knowledge there were gold-workings there?—I think since the raising of the Blackball Company twenty or thirty applications have been made to try and block up the land which would be township land. I say it is unfair to grant applications if they are not wanted for gold-mining. If they are wanted for gold-mining, these people should be excluded from it.

167. You impugn the Warden's decision in granting these applications?—No. I say if instructions are given to the Wardens to give residence-areas over any country which probably will be township land, it is unfair to the company, which should get it if you can avoid using it for gold-mining.

168. You say that the Minister of Mines or the Government should dictate to the Warden what he should grant and what refuse?—No; but if the Warden has to submit everything to Ministers——

169. No; that is not so?—The Wardens formerly submitted everything to the company, but recently received instructions not to do so. And moreover, the Commissioner of Lands has received instructions not to hold any communication with the company direct. All correspondence must come direct from Wellington, and the company is not to receive the same consideration as other people in the colony.

170. As far as the Wardens are concerned that is quite right. They are told to administer the Mining Act with the company as with other persons. On the question of regulations you admit you have been communicating with the Commissioner of Lands. Have you not communicated with the Commissioners at Nelson and Westland, and asked them to make regulations under section 33?—The company under the contract have a right to arrange with the Queen for regulations dealing with the land. The difficulty of the two months' reference, under section 33, is sending the people out of the country. Unfortunately, I used the word "regulations" in referring to the agreement with the Minister. We were put into communication with the Commissioners of Crown Lands, and instructions were received that we were to send in applications to the Commissioners, who would assess the value under the clause of the contract, and that they would be considered and referred to the Government. This arrangement we attempted to get altered to shorten the period that people had to wait while the applications were being considered. It was maintained that you told them they were being considered, and would not be made until after the mining reserves were made. Then you suddenly said you had no power to make regulations. We informed you that we did not mean regulations under the statute. You then decided that you could make an agreement; but it took you a considerable time to find out that you could, and we came to an amicable arrangement with regard to it.

171. Was it not a fact that you were communicating with the Commissioners of Lands, under the contract, and you admitted that that was the case?—We were communicating with the Commissioner, thinking we were dealing with the officer authorised by Government to deal with us. We took it for granted that he would submit the details to the Minister.

172. You have discovered that you were in error in doing so?—We never admitted so. You say so. I have introduced the question as strengthening a point in favour of arranging the contract with a view of facilitating the completion of the work.

TUESDAY, 23RD AUGUST, 1892.

Mr. ROBERT WILSON further examined.

173. *Hon. Mr. Seddon.*] I think you said the Inangahua County people were strongly inclined to come to an arrangement with regard to the mining reserves that would facilitate both gold-mining and settlement, and were perfectly ready to have the mining reserves made?—I think I told you that when the county people had interviewed you they changed their opinion, owing to some statement which they allege you had made relative to having power of selling the mining reserves for settlement purposes; and they said at once, if you deal with the mining reserves for settlement purposes, then the land will not be locked up, and there will be no objection to the mining reserves being made.

174. It was a question of selling the timber or selling the reserves for settlement?—I think it was selling the land for settlement purposes, apart from the timber.

175. As a fact, there is no power to sell the mining reserves?—I say no, under the contract; but they inferred that there was power; and I think, if you refer to certain correspondence and articles in the *Inangahua Times*, they said that my views and yours were so far apart that the matter ought to be referred to the Law Officers to get an opinion as to the capability of selling the mining reserves.

176. You have not seen anything on the subject in my handwriting?—I accepted your statement at the last sitting that you had not told them so.

177. Has the company made any selection of timber on any mine reserve since the reserves have been proclaimed?—We applied for timber, and one of the sawmillers on the West Coast wanted an area, and I believe he was informed that he could not have it because it was going to be made a mining reserve. And, moreover, we applied for a timber area—it was near Kumara, which I think you will remember. This was referred to the Commissioner of Crown Lands and the Warden, who both reported that the land was not required for mining, and could be dealt with for timber; and then we were informed that it had been made a mining reserve, and could not be given to us, notwithstanding the report.

178. When this was made a mining reserve did you apply for the timber?—We were informed that we could not have the timber or the land, as it was a mining reserve.

179. Did you apply for the timber off that land after it was made a mining reserve?—I cannot say that I did without referring to the papers. I think we have the correspondence here.

180. Are you aware that portion of the land is now held on mining claims?—I am not aware of it. I can say the reports of the Commissioner of Crown Lands and the Warden stated that it was not required for mining, and we ought to have had it for timber purposes.

181. Are you aware that the Mining Association, the Inspector of Mines, and the officers in charge stated that it was auriferous, and was required for mining purposes?—After?

182. Yes?—It may be so. I am not aware. I believe the Mining Association appeared before the Warden, and he decided against them when the application was made.

183. You have formed the opinion that, practically, the Government objected on the ground that the land might be wanted for mining purposes?—Butler Brothers' application, and I think some other applications for timber come under the same head.

184. You got Butlers' land?—It became part of our own land.

185. The Government reduced the area to allow you to take the timber?—I think so.

186. Leaving that phase of the question, you say the company bitterly complains that since they began the work they have been hindered and obstructed in many ways. Is that the summing up of the evidence previously as to the reserves and settlement? Will you state in what way you have been hindered and obstructed?—I think the evidence states pretty clearly where the obstruction came in, such as the deviation and the dealing with the lands and these mining reserves and various timber reserves—all obstructions constantly caused reports to go Home which, of course, became public, and they tend to throw discredit generally upon us in London.

187. Are the obstructions and hindrances referred to covered by the evidence here?—Of course I do not want to go into more detail. I could bring a lot more evidence. This evidence generally covers what I propose to bring forward at present. You can take it at that.

188. The next question we come to is the deviation at Lake Brunner. Were you not informed by the best legal authority obtainable that the contract did not provide for this?—It was merely a question of what was the meaning of this word "deviation," and lawyers equally good say that deviation means a change, and the deviation could be provided for without going to the House.

189. Could it not be arbitrated upon?—Yes.

190. Then why come to the House when you could submit it to arbitration?—Because it is cheaper for the company, and probably cheaper for the country.

191. You do not blame the Government for hindering you in this way, when you chose to come to the House?—I do. We did not come to the House; it was the Government who came to the House. We asked the Government to grant the deviation, and they went to the House, on the ground that they were doubtful whether they could grant it or not.

192. Were they not very positive?—No, they were not very positive.

193. You were told the Government were advised that they could not grant the deviation on the contract?—They took that view, and they went to the House.

194. Was it not the company that presented the Bill to the Government?—Did not the company submit a draft Bill to the Government asking this to be done?—At the request of the Government.

195. Did the company not give £2,700 for the works?—As a bribe?

196. Put it as you like?—I can tell you this: when I found there was a certain member of the House opposing the deviation Bill, I thought the only way was to get his constituents to make him withdraw his opposition. I agreed to pay £2,700 to widen a road in the district, and I succeeded.

197. If the deviation had not been outside the contract you would not have been required to pay £2,700?—The £2,700 was paid to withdraw opposition—the opposition of a certain obstructive member of the House.

198. It gave communication to certain people on the West Coast?—I do think that. I do not say the money has been absolutely wasted.

199. You stated that the deviation was a large saving of cost as compared with the original line?—I said it was a saving.

200. Has there been a saving, and what?—A very slight saving. It was a better line.

201. It is longer, and cost more money?—No, it has not cost more money. I think if you refer to my correspondence you will see it was stated to be longer. It has improved the line, and saves in cost of working.

202. Is it 61 chains longer than the original line?—No.

203. What is the length?—About 21 chains longer than the original line. Referring to correspondence, I find I am wrong. There is a difference of a mile between Springfield and Stillwater.

204. You admit that it would cost much less money?—I did not say much less money. I said that it cost less. The great point I made in the deviation was in the cost of working. It opened better country, and I got a better grade throughout. The new line has a ruling grade of 1 in 60, and the old one 1 in 40.

205. What is the difference in the cost, taking the estimate of the old line and what it cost in the new?—From memory I cannot give it. I think, roughly, about £5,000 or £6,000 cheaper.

206. The deviation was £5,000 or £6,000 cheaper than the old line?—It is a cheaper and much better line.

207. Owing to the nature of the country?—Yes; and there is better land.

208. Does that include the £2,700 paid for the road?—No, it does not.

209. If you took that from the other it makes a difference of £2,700 on your own showing, the line being a mile longer?—Probably.

210. Being a mile longer it took away the merit of it?—I could show that there was a saving of from £3,000 to £4,000 a year in working the line.

211. When you made your calculations they were based on the line being a mile shorter?—My calculations laid before the House were on the surveyed length. The other was simply a calculation on the maps.

212. You were told it would not shorten the distance by the Government at the time?—I cannot recollect.

213. Did they not tell you that it would cost more money?—No; you may have told me, but I should take the opinion of engineers only before I could judge.

214. You say you lost ten months of debenture-interest, which was a loss to the company of £18,000?—We had a delay in the works for ten months, and consequently paid debenture-interest for that time.

215. Work was going on all the time on the other sections?—Yes, but our money was lying idle.

216. What was the cost of this deviation?—From the first point of the deviation to Jackson's, about £90,000 odd.

217. Is it on that basis you put down your loss of £18,000?—I refer to loss of money that might have been earned in working, and on the debentures standing idle.

218. Show us the way in which you calculate interest on the whole of the debentures?—We had ten months longer to wait. If I could have completed my work then the interest on the debentures would have been saved—nearly the year's interest.

219. I asked you what was the cost—the capital required—for this deviation?—I answered it; £90,000.

220. You admit that the work was going on at Springfield?—Yes.

221. And at Reefton and Belgrove?—Yes. But I must point out this: that it would consequently take ten months longer to finish work that could have been going on at the same time.

222. Was it not yesterday or the day before that a settlement was come to on the Abt system?—I believe it was. I am glad to hear of it, because I have not yet had official intimation of it.

223. You sent a letter which was referred by the Government to the engineers, and a satisfactory arrangement was come to?—Yes.

224. Suppose the question of the Abt system had not been settled, you could not have gone on with the work? There was a break between Springfield and Brunnerton?—But how long has that question been before you?

225. Some months?—A year. It was six months before you referred it to the engineers at all. . . .

226. At any rate there was a break between Brunnerton and Springfield in the shape of the roposal for the Abt system?—I cannot see the point you are driving at, because the line to Jackson's would be open and working.

227. How long after you got the deviation was it before you let the contract to Jackson's?—I let the first contract within a fortnight — the section to Lake Brunner, which was on the deviation.

228. When did you let the contract to Jackson's?—After arranging for the money.

229. How long is that ago?—We completed the financial arrangements in April. It was necessary to finance before going on with the construction, and that was kept back by the deviation.

230. You had not sufficient faith before the Bill passed?—It was not a question of faith. We had to construct the line.

231. What time elapsed before you called for tenders?—We called for tenders within three weeks after the Act was passed for the first section of the deviated line.

232. Was that after or before you called for the other one?—It was in April last. I had to arrange for the money first.

233. There was a difficulty in raising the money?—Decidedly there was a difficulty in raising the money.

234. Coming now to the question of the incline, the first letter on the subject was dated the 19th August, 1891?—Yes, I think that was the first official intimation that we had of it.

[Clause 4 of the contract read.] *

235. You will argree that the proper course to take with any proposals asking for the incline-line would be to hand them to the Engineer-in-Chief?—I think the contract says two eminent engineers, to be nominated by the Governor.

236. As an expert, if an application were made you would first of all take the advise of an engineer?—As to the appointment of engineers?

237. As to the information supplied with the application?—I do not know what you would do. The contract states definitely that you have to appoint two engineers.

238. Two have been appointed, have they not?—Yes; appointed, I think, about six months after the application went in.

239. Were you not asked to furnish further information by the Government from the 5th to the 11th September?—Yes; we were asked to submit further information, which you will see by the correspondence I did not think necessary in the terms of the contract to submit.

240. Did you subsequently submit it?—Yes; with a view to the settlement of the question; but I reserved the rights of the company.

241. You submitted the information demanded?—I did; but there was sufficient information already, together with a report, to enable the engineers to give their decision.

242. You interviewed the Engineer-in-Chief and gave him some of the information he wanted?—Yes. Why should I withhold it? I did not give away the rights of the company under the contract.

243. Did the engineers subsequently appointed (Messrs. Higginson and Maxwell) insist upon further information?—Yes; which, I maintained, was beyond their powers to demand. They went into the details of construction, which I maintained, and still maintain, they had no right to do, so long as we kept to the Government standards. I gave them the information later.

244. It was a case of saying you would never consent, and consenting?—It is like a good many other things you have to do when you get obstructive people to deal with and wish to get over your difficulties.

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* See page 2.

245. By that you infer that Messrs. Higginson and Maxwell have been obstructive?—Obstructive so far that I think they had the information before them that would enable them to report upon the matters at issue. They raised the question of the Abt and Fell systems. The Abt line had been worked in Europe, and I say there was already evidence that it could be worked at a satisfactory cost.

246. Would not the whole question be involved in these words: "If the Governor is satisfied that the incline line, when made, will be suitable for mineral and other traffic, and, in his opinion, worked at a satisfactory cost"? If engineers have to report whether a work can be made at a satisfactory cost they must consider the things that must be done. Is it not part and parcel of this question that these must be inquired into before it comes to the Governor?—Certainly not. You have before you evidence of the actual working of the Fell and Abt systems in Europe. You applied to us to give curves and other information. The Abt system is a proved thing, and not a question for local engineers to consider right or wrong.

247. The incline when made was to be suitable for mineral and other heavy traffic. Is it not fair that under the Abt system you should produce evidence as to the capacity of the engines required?—I said I would undertake to use an engine that would take 104 tons, exclusive of its own weight, up a line of 1 in 15.

248. Did you have the proof?—I say it was beyond the scope of their inquiry. They knew as well as I did that the system was capable of doing a certain amount of work, and asked me to bring out plans and drawings of the system here. This is not mentioned in the contract. I said I could not give them the design. I said I would give information, but not on the smaller details.

249. This was the question between the engineers and the company; they could not prove the existence of engine-capacity?—I say you can prove it by the Transactions of the Institute of Civil Engineers in London, and detailed drawings which I could not produce; and I say they had no right to have them.

250. The correspondence has been going on as between the engineers and the company since the end of 1891?—Yes, and the reason I gave way was because you had tried experiments on the Rimutaka, and had satisfied yourselves that it would work. I said if you have got a system as good as the Abt I will adopt it. The system is nothing to me—I will adopt any system you like if it will give equally good results.

251. And on Saturday last you sent the final reply to the engineers, enabling them to report to the Government?—I gave way rather than delay the matter any further.

252. You complain of the loss occasioned by the delay arising out of the request for further information; but was not this a question which, under the terms of the contract and the Act, could be arbitrated upon?—Yes, but probably arbitration would take a great deal longer than discussing it here. I think arbitration is to be avoided rather than resorted to on every question in the contract.

253. You have power under the contract to arbitrate?—Yes, certainly.

254. And you did not wish for arbitration?—I thought you would come to a more reasonable view.

255. Was it not to the advantage of the company—and I may say to meet the company to some extent—that, instead of appointing engineers at Home, engineers in the colony were selected?—I think it was done to facilitate the matter; but I would just as soon have had it referred to engineers of eminence in London, because there would have been no loss of time in getting detailed information, as they would have had full knowledge of the subject.

256. You admit then that, as far as the company were concerned, they were agreeable, and to some extent suggested that it was advisable to appoint engineers in the colony?—Yes.

257. The present Government has not been obstructive?—Not obstructive except in this sense: that the question was submitted in August, and they did not submit it to the engineers until February.

258. If the information first supplied by the company had been sent Home to England, and this further information had been required which has from time to time been demanded——?—Which I deny would have been required in England. That is the point.

259. You simply rely upon the point that Messrs. Higginson and Maxwell, as the engineers appointed, went beyond the powers given by the contract?—I certainly say so.

260. That you say is the cause of the time lost?—No; six months is not accounted for. Why was the question delayed six months before it was submitted at all?

261. You are asking me a question. We will show that your six months is simply a myth. If you will say it was six months before that you sent the proposition, and supplied the information that was demanded, I will allow the evidence?—I sent a letter in August with the information. You did not appoint the engineers until February, and that time was lost.

262. From the time you made the application to the time of the appointment of the engineers, were you not interviewing me and the Engineer-in Chief, and supplying information that would enable us to put you in a position to go on?—I had already supplied plans. I made suggestions and asked you to put things forward, but it took you a long time before you moved in the matter.

263. You supplied the information?—We gave you the original information, which I say was quite sufficient.

264. After the engineers were appointed they required further information?—They asked for it.

265. And which you have had to supply?—Which I maintain is beyond their powers to demand, and outside the terms of the contract.

266. Why not force it to arbitration?—Would you try to force on arbitration on such a thing?

267. You have ultimately given the information they demanded?—I gave way rather than delay further, for it is an important matter to my Directors. That is why I have done it.

268. We shall put letters in at a later stage to show that attempts were made to get information supplied by the company, and we shall call the engineers to show that it was advisable and reasonable under the contract to get this information. We shall then leave the matter to the Committee?—That does not get over the difficulty of the six months wasted.

269. I am not here to answer questions, Mr. Wilson; but I think I said the company was asked to give further information on the 5th November, 1891, and the information they were asked to give by the Government has since been supplied?—The whole question is whether the engineers have a right to it.

270. We now come to the question of selections under section 33 of the contract. We have made it clear that it was one year and six months before the company was floated after the contract was started. You say you have lost five years?—Five years and seven months, I think I made it out. That is not laid at the door of your Government, or of any Government, but is due to circumstances that happened preventing the company from working, such as modified contracts, and so on.

271. A year and a half elapsed before the company was floated?—That is cut out of the time altogether.

272. To meet the facilities of settlement you applied for regulations?—Yes, modifications under this clause.

273. You said further that it was only when the present Government came into office, or you let it be so inferred, that the company was informed that the regulations could not be made?—We first of all negotiated with the late Government, and there were certain difficulties raised as to the method of dealing with them. We suggested forms of regulations—erroneously called "regulations" at that time—and the negotiations were carried on and arguments as to certain rights of the company. We seemed to be bringing the matter to a head at the time the change of Government took place. We then referred it to you, and you said the question of the regulations or agreement would be considered, but you would make the mining reserves first. And of course the correspondence we shall put in will show the exact position we have been in throughout; and I suggest that the correspondence will give you more information than I can give you.

274. I would prefer you to say yes or no. Was there a refusal to give regulations when the present Government came into office?—I think that was the time of the first refusal. I think you said you had no power to make them.

275. Did you not get this letter of the 29th August, 1890, from Mr. Fergus. [Letter put in. (See Appendix, page 2.)] ?—Yes, that is quite correct, but that does not affect the question in any way.

276. Did not the regulations you submitted, and which this letter is a reply to, provide that the Commissioners of Crown Lands should give consent?—No; we referred to them in this way—the Commissioner of Crown Lands being the person who understood the conditions of the lands and the country, he should be able to advise the Government directly in dealing with these questions, and the Minister should take his advice as being authoritative advice. That is the only suggestion we made as to delegating powers to the Commissioners.

277. At any rate, you received this letter of the 29th August?—Yes, we received it and replied to it on the 9th September. (See Appendix, page 2.)

278. I will turn to the regulations. [Clause 2 of the company's draft regulations read. (See Appendix, page 6.)]—Yes, that is perfectly true.

279. Were you not told that no such power as that existed under section 33?—

280. *Mr. Mills.*] Are these regulations prepared by the company for the Governor's approval?—Yes. [Letter of 9th September put in. (See Appendix, page 2.)]

281. *Hon. Mr. Seddon.*] You were told that the regulations were contrary to law?—We did not concur in it.

282. I want to clear up this point about the regulations being refused when the present Government came into office?—I do not think that is the inference.

283. You thought a change of Government might give you a chance of getting new regulations?—We were simply negotiating when the new Government came into office, and we were making satisfactory progress at the time.

284. On the 27th January, 1891, you sent a telegram to the Minister for Public Works to the effect that you hoped you could count on his assistance to get the regulations settled in Westland? (See Appendix, page 7.)—Yes, I did.

285. That is the first communication on this subject with the Minister for Public Works of the present Government?—Yes.

286. That is five months after the regulations were refused by the late Government?—They were not refused by the late Government.

287. Were you not told by letter of the same date that considerable mining reserves were about to be made?—Yes. That referred to an application made in a letter of the 29th August. You say the land is partly auriferous, therefore objection was taken. [Letter put in. (See Appendix, page 2.)]

288. The company were told by the late Government that these mining reserves were to be made—that is, before we came into office?—That referred to particular blocks—a particular piece of country.

289. On the 10th February, 1891, did you forward another new draft regulation?—Yes; we have it here? (See Appendix, page 8.)

290. On the 24th you were informed that these regulations were drawn up on the assumption that the Government did not intend to make reserves for mining purposes? (See Appendix, page 9.)—Yes; that is so.

291. The objection the Government took was that the regulations were sent in and drawn up on the assumption that there were to be no large mining reserves?—Yes.

292. You only arranged the terms of agreement within a month or six weeks?—Yes; we have

not had it up to now I may point out that there is not a word in the contract to show that the mining reserves have to be made before we can deal with the land under clause 33. [Letter of 22nd July put in, from the Government to the company. (See Appendix, page 10.)]

293. The Government informed you then that the question of dealing with applications was retarded owing to the selections made by the company, and the difficulty, of course, of the auriferous nature of the ground, which was always the obstacle in dealing with the draft regulations?—The company did not object to advertising applications for land. You try to show in this letter that we have no land to select. My answer of the 28th July shows you distinctly that we have land to select. [Letter of 28th July put in. (See Appendix, page 11.)]

294. Does that end the correspondence on the subject?—Yes, I suppose it may be taken so. I must point out that you admit there that you can make regulations. If you can make modifications the land can be dealt with.

295. We are going back to the point when you ultimately withdrew this question of the regulations?—I did not withdraw the regulations, or the proposed regulations, because you first of all admit that you can, or will, consider modifications, and then you find in a later letter that you have no power to make regulations. Then, I say, we will take an agreement if you say the word regulation is wrong, and you then make an arrangement that was tantamount to regulations. [Letter of 23rd December, 1891, put in. (See Appendix, page 12.)]

296. You said just now in your evidence that we told you there could not be any regulations? —You said you had no power to make regulations.

297. Not as proposed by the company?—I think that was a mere quibble as to the meaning of the word regulations. We have been trying to make an agreement, and could not get it.

298. Do you call that a quibble?—Do you not think it could have been explained in perfectly clear language. You say you have no power to make regulations such as proposed by the company, the inference being, as proposed by the company, under section 33. [Letter of 24th December, 1891, put in. (See Appendix, page 12.)]

299. From this letter it will be seen that the question the company and the Government had been fighting over for a year was whether there were to be regulations or no regulations?—We were only told that they could not be made on the 23rd December, 1891. We had hitherto been trying to make agreements, but could not.

300. You were told on the 29th August, 1890?—I think not—not in that sense.

301. You were told positively. I want to show that for that year the question between the Government and the company was as to the regulations or no regulations. They were ultimately told that they could not get the regulations?—I do not say there was power to delegate the functions to the Commissioner of Lands, but suggested that he should be given certain instructions by which this settlement could be facilitated, so that he could act for the Minister.

302. But you have been told very clearly that the Government had not power to do that?—I have been certainly told that now.

WEDNESDAY, 24TH AUGUST, 1892.

Mr. ROBERT WILSON, examination continued.

Mr. Wilson: Before proceeding I would like to say a word or two about a letter read yesterday in reference to the Minister saying that he could not make regulations under the contract. I have carefully read the letter through, and I see that it is quite possible to read it in the light Mr. Seddon put it before the Committee yesterday, that is, that he had not power to make regulations such as the company asked. I termed it a quibble, and I think, out of courtesy to Mr. Seddon, I should withdraw the word. But I wish to point out that if the Government have power to make regulations they ought to have been made two years before they finally were made.

303. *Hon. Mr. Seddon.*] But you have been told that there was no power to make regulations, that the term used under the section is "agreement"?—I used the word regulations as meaning an agreement.

304. The question following is, Has not such an agreement been made in the terms of the contract and admitted by the company?—It is substantially completed, but has only been in existence about a month, and I think it was only arrived at after I gave notice to the Government that I intended to deal with the land under clause 33 of the contract, and would not wait for any further adjustment or arrangement.

305. Was not the agreement the result of an interview between yourself and myself as to the best way of meeting the difficulty, seeing that the Government could not make regulations? That is so, but I maintain that that interview ought to have taken place two years before, when, probably, we should have arrived at the same settlement. I say that you ought to have made these regulations or agreement before these mining reserves were made.

306. Is there anything in the contract to indicate that?—There is nothing to indicate that the mining reserves were to be made before the regulations or agreement.

307. The contract has been in existence seven years?—Yes.

308. And 180,000 acres have been taken out of a total of 750,000 acres Do you think that an unreasonable amount during that time?—Why wait until this year before you made them?

309. Would you ask the Government to make the regulations without an inquiry as to whether the ground was auriferous? This had to be done, and the longer the time taken for the purpose the better it is for the Government?—I am not prepared to admit that the ground is auriferous. If gold-mining existed it might justify certain reserves being made.

310. Taking 180,000 acres up to date out of the total amount, that is not an unfair proportion? —Utterly unfair in proportion to the amount of gold payable for mining.

311. It is not unfair for the amount to be reserved?—Certainly it is. Only such reserves are to be made as are required from time to time. You have made them before they were required, judging from the past requirements.

312. That is a matter of opinion?—It is a matter of opinion and fact.

313. Touching the deviation—as you put it—the company had to pay for getting the concession. I wish this to be put clearly to the Committee. The original line gave a direct communication to Kumara and South Westland through the Greenstone. That is the line along the Pounamu track, on the west of the lake?—I suppose you know what you call the track, between Kumara and the lake, is over rough country.

314. Does it give a connection?—It gives a connection, but not a direct connection with the railway. It is better by the Teremakau Road.

315. It gives a fairly-good road to the lake?—Yes, a fair road.

316. That is, if you had made a connection it would have given a road?—It would have given a road.

317. The distance to Kumara is eleven miles in one direction and twenty miles by the other?—I think it would be fifteen or eighteen miles, not eleven.

318. Do you not know the distance between Kumara and the Greenstone?—You know. You might save time by telling the Committee.

319. It is four miles, and to the lake it is seven. I want to show what the colony was giving away in this transposition at the lake. They were giving away all connection unless there was a connection by the lake?—I deny that, because you had a good road by way of Jackson's.

320. I come now to the question of taxation. Have you been able to ascertain, since the question was put by Dr. Newman, the number of acres of land the company have now in hand unsold?—That we hold unsold now?

321. Yes?—We have at present on the West Coast about 20,000 acres around Lake Brunner, and about 9,000 on the East Coast absolutely undealt with; but we hold other land, for which we have forwarded agreements to deal with, and about £17,000 worth in the Brunner valley. It is not sold, but some of it is let.

322. That includes land-grants earned but not exercised. What is the amount on which they are taxable?—We have £69,000 worth of land earned and selected, which we shall probably pay tax on, and £33,000 earned and not selected. About £101,000.

323. You have the assessment-notice. You cannot be taxed unless you are assessed?—I have not got it hear. I will give you the exact figures to-morrow.

324. Have you been able to dispose of your lands on the East Coast at a satisfactory figure?—Yes, we have.

325. Have you disposed of any on the East Coast at a satisfactory figure since the alteration in the law?—We have had one transaction, but we entered into negotiations before the change came about.

326. At any rate, you have had no difficulty in disposing of your land on the East Coast?—I cannot tell you yet what will be the effect of the taxation, because it has not yet come into operation. I shall be better able to tell you the effect later on.

327. You cannot tell?—I cannot tell the effect where a man wants a small piece of land. Where it effects the company is in the large blocks. It is when we hold large blocks before sale that we shall suffer from the new tax.

328. You are not prepared to say that the difficulty of disposing of land under the present taxation is greater than before?—There has not been time for it to take effect.

329. You said in your evidence in chief that it was understood from the commencement that the company would be, and continue to be, the owners of large blocks of land?—Under certain circumstances we should be bound to hold large blocks, for the advantage we are supposed to get from the B1 value may not be available for ten years. The result is that we shall have to pay graduated tax for that time. If forced to sell the land under this compulsion, we should have to sell it for a mere song owing to the graduated tax. We should lose by holding the land, and also be losers by its compulsory sale. We should have to sell and get rid of it at any price.

330. We cannot tax the land until you finish the railway?—Of course not till we get it.

331. How long will it take to finish the railway?—Three years if the Committee give us fair consideration. If not, I cannot tell.

332. The contingency cannot arise of holding large blocks until you have earned them?—Is the graduated tax going to be repealed? If not repealed, we must suffer ultimately.

333. What proportion of land have you sold on the finished sections. The total amount you will tell us by-and-by. You have been able to dispose of the land as you made the line?—So far, we have had very fair sales indeed. We have only selected the land most saleable. We shall now have to take bush and mineral land, which will take years to open and settle.

334. You said the land on the East Coast was the worst part?—I think the West Coast land is the most valuable on account of the timber and minerals, but it will take time to develop it.

335. A great deal will depend upon yourself in taking the timber off. It was never intended that the company should be large holders of land?—Yes, it was intended that we should be large holders under the contract.

336. And continue to be so?—And continue to be so. The company did not intend to retain it as a matter of policy after it became a marketable commodity.

337. Now, as to local taxation: what is the cost per mile of the construction from Brunnerton to Reefton?—The actual works cost, I think, a little over £8,000 per mile. The actual capital cost, including expenses and everything, I think, is nearly £10,000 per mile.

338. I think you told the Committee that you were rated at less than £3,000 per mile?—Between £3,000 and £3,500.

339. Do you consider it profitable property between Brunnerton and Reefton?—Not at present, until we have settled the country and developed the timber and coal trade.

340. I think you have told the Committee that you accepted this valuation as far as concerns the Brunnerton and Reefton line?—I did not accept it; I fought it before the Courts of Review.

341. Are the Manawatu Company paying at the same rate?—About the same rate per mile as we are paying; but I must point out that they are earning debenture-interest and interest on their share-capital, while we are doing neither.

342. What is the selling-value, supposing the Government wanted to take the line to-morrow?—Under the terms of the contract it is cost-price, plus 10 per cent—*i.e.*, about £440,000 to Reefton.

343. You are paying local taxation on £120,000, and the capital-value is £440,000, yet you say that is unfair taxation?—I say it is unfair because we have taken all the heavy traffic off the road and save large sums on maintenance, and notwithstanding we do this, to the great advantage of the district, we are taxed more than any one else in the district.

344. A large landowner would be in the same position?—But he would not take the traffic off the road.

345. Would that argument not apply to the Government railways?—They do not pay local taxation.

346. Take the Government line to Springfield. Has not the construction of that line taken the traffic off the roads of local bodies?—The district pays a reduced rate in consequence.

347. Has there been any alteration in the Rating Act since you took up the contract?—I do not know. You are a politician, and should know.

348. You knew there was a Rating Act when you came into the colony?—I knew there was such an Act in existence.

349. If there has been no alteration in it, how can you claim to have been unfairly treated?—I say the company were induced to take up this work for the purpose of carrying traffic which reduced the cost to the local bodies, and because we did that, which is a distinct benefit to the district, we are taxed heavily notwithstanding.

350. That is your grievance—you have eased the traffic on the roads?—I have stated that is my grievance. I must point out one more point. In the contract the Government have a purchasing-clause, but the rating-power disappears if the Government take over the railway; therefore I say it is an immoral thing to raise money on the security of our rated property, which the local bodies could not tax if the Government took it over.

351. Seeing that that cannot be raised as a valid grievance, have the Inangahua County Council raised any special rates?—We are paying special rates now.

352. Special rates since the contract was signed?—I am not prepared to say if they have been only recently charged.

353. The share-value of the company is £250,000, and the debentures £745,000?—Yes.

354. For the purposes of my question, the total amount to be received in land-grants by the company is £1,207,500?—Something like that—£1,250,000 in all.

355. Will you tell the Committee what has been expended on works?—£673,838; but I must get the company's books, for this does not include expenses.

356. Do you include the staff in the cost of the works?—Yes; the staff on the works only, not the general staff, directors, or the general expenses.

357. The officers in Greymouth and a proportion of the staff in Christchurch would be included in the works account?—The works are under a totally distinct heading. I am responsible for the payment of my own staff on certain terms I have with the company. Moreover, I have a dual appointment with the company—that of the general manager and engineer.

358. Can you tell the Committee what the working-staff consists of which is charged against the works account?—All my assistant engineers, all my inspectors, and all my engineering office-expenses.

359. *Dr. Newman.*] Can you not tell roughly how the half million has gone, and correct the figures to-morrow morning?—I must consult the balance-sheet, and then I can tell how every penny has been expended. I will put in the last balance-sheet. We have interest on debentures to meet, and interest on shares, and a balance of money in hand.

360. You have interest on shares?—Yes; 5 per cent until the railway is completed—or, rather, until the line to Reefton is completed. Our powers under the memorandum of association enable us to pay interest out of capital, and the contract also empowered us to to charge £400,000 interest during construction as part of cost. If you look into the matter you will find nothing extraordinary in it.

361. But if the Government purchased it?—We can charge them with £400,000 interest during construction.

362. *Hon. Mr. Seddon.*] Irrespective of that, the company is paying interest on the shares?—It is bound to do it. That is how it got its money. We pay interest of 5 per cent. on the ordinary shares. The land-grant was given because it was shown that the line itself would not pay sufficient interest to induce financiers to advance the money. The land-grant was given, therefore, evidently with the intention of paying interest during construction, and that has been done.

363. What is the actual mileage constructed from Brunnerton to Reefton?—Thirty-eight miles and a half.

364. Could you give the Committee the exact amount that it has cost you?—It averages, as I told you, about £10,000 a mile—£400,000, more or less, to Reefton.

365. What amount have you paid the contractors who did the work?—About £8,000 per mile.

366. But you have had several contracts on the works?—I did not know you were going into details. I will get the information for you.

367. There was an agreed estimate prepared between the late Engineer-in-Chief (Mr. Blackett) and Mr. Bell acting for you on behalf of the company for land-grant purposes, and also an estimated cost of the work?—For land-grant purposes. The estimates for land-grants were based on the whole line costing two millions and a half—actual estimated cost is nearly three millions—and it was put down at two and a half millions for land-grant purposes only.

368. Here is a statement showing the estimated cost. [Statement dated 5th November, 1888, read. (See Appendix, page 33.)] The total estimated cost is £2,830,000. I want to know if this was submitted to the company's engineer and the Engineer-in-Chief and agreed to?—Certainly, for land-grant purposes

369. They agreed on the estimated cost?—Only for land-grant purposes.

370. Proportionately with that estimate, what is the cost of the line when opened?—In some parts similar, in some parts more. The estimate you refer to was made for fixing the land-grants on each section of line.

371. They had all the details, had they not, with the exception of the sections mentioned here—1 to 10?—No, it was adjusted merely for dividing up the land-grants for each section, and not for the estimated actual cost of every section on the line.

372. Do you know what the amount was for the line from Reefton to Brunnerton?—If you have the document, it will show you. £275,000 is what it shows here. It comes to considerably more than £275,000. That is the approximate estimate for land-grant purposes only, as I have before stated, and you will notice that the land-grant there is less than half estimated cost.

373. Take the first item, Stillwater to Nelson Creek, £63,000; well, the land-grant was only £47,400?—The reason was that it was supposed the Reefton line would pay better than the other pieces and required less land-grant.

374. Does this cost of construction include purchases or payment of compensation as you went on with the line?—Partly.

375. That is included in the cost of construction?—It would include compensation for land.

376. What is the amount paid to the contractors?—That I will give you to-morrow. In round figures, we have paid about £8,000 per mile, that is, for the work done here. We got the rails and fastenings and rolling-stock from England.

377. You have paid the contractors, in round numbers, about £8,000 per mile?—Yes, approximately.

378. We come now to the Stillwater; I think that is the junction?—Yes.

379. Where is the line completed to?—From Stillwater to Lake Brunner.

380. What was the cost?—About the same.

381. £10,000 per mile?—Yes.

382. How many miles?—Fifteen and a half.

383. I mean where it branches from the Stillwater?—About a mile and a quarter less.

384. That is, fourteen miles and a quarter?—Yes.

385. And the cost of that is about £10,000 a mile?—That is about the average cost.

386. You will give the amount of the tenders?—I will give you the lump sum paid to the contractor.

387. *The Chairman.*] That includes compensation and supervision?—Yes; £10,000 per mile.

388. *Hon. Mr. Seddon.*] I understood that you give the amounts paid to the contractors?—I will give the cost of the works. If the Committee desire it I will give what we paid to the contractors, but it is rather going into the private affairs of the company. I think it probable that if you go into the details you will find that our line costs less than the Government lines.

389. What is the smallest section you let?—One mile and a quarter. If I give you the amount paid to the contractor you do not arrive at the cost of the line. We have had our rails and fastenings, &c., from England.

390. We know all about that and can allow for it. Were the contracts let by private arrangements, or upon tender in the open market?—The Government have nothing to do with that. I will satisfy you, as a matter of courtesy, that in every instance I have asked for tenders, but you have no business to ask. You are going outside your powers in touching this question.

391. If the colony is asked to guarantee the company a loan it ought to know what you are going to do with the money, how you are going to let the contracts, and what is their cost?—I do not suppose we shall go in for co-operation, if that is what you mean. We have let our contracts to the best advantage to the company.

392. To the lowest tenderers?—Yes, generally. In one case a contractor could not produce his deposit-cheque, and he was disqualified; that was the only instance where a contract was not given to the lowest tenderer.

393. You still adhere to your opinion that the colony has no right to know what the line cost to construct?—You can be quite sure that the company, being a commercial one, will let the contracts to the greatest advantage to itself.

394. That is what I want to get at; if we get at the cost we shall be able to judge. You have estimated that the railway from Canterbury to Westland will cost £1,070,000?—Yes.

395. That is the unfinished portion of the line?—Yes.

396. Is that estimate based on the Abt incline-system or on the tunnel?—On the incline-system.

397. What is your estimated saving?—About £470,000.

398. What is the original estimated cost by the Government engineer and the company's engineer, including the tunnel?—You have to modify that estimate. Your original estimate was based on merely a trial-survey, and omitted a large item for retaining-walls found necessary, and also for lining the tunnels. If you produce your estimate you will find I am right in saying £470,000 is the saving.

399. How do you account for the difference, in round numbers, of £110,000?—It includes interest during the time of construction.

400. What was the estimated cost from Teremakau to the point where the line is completed, to Springfield?—I think £1,500,000 odd.

401. That was the total amount?—Down to Jackson's from Springfield. You must add on to that very nearly £200,000 to bring it to the same basis as my estimate.

402. I see it was agreed to by estimate at £2,500,000 for total length?—That was the land-grant estimate. If you examine the Government estimate you will find it exceeds that.

403. It was signed by Mr. Bell and Mr. Blair as the estimated cost. The statutory cost is entirely different. By your own engineer it is set down at £1,692,000?—I deny distinctly that the land-grant estimate was the estimated cost of the line. It was merely assumed for land-grant purposes.

[Statement dated the 5th November, 1888, referred to. Appendix, page 33.]

404. Do I understand you to say there was no survey made from Springfield?—Only a flying-survey. The working-survey of the line was not commenced until I came out to the colony.

405. You fixed the land-grant at £618,000?—That is fixed on this assumed estimate of cost for land-grant purposes.

406. Including £400,000 extra?—Yes.

407. With regard to the new proposals you have asked for a guarantee of 3 per cent. on £1,600,000?—Yes.

408. How long is that for?—In perpetuity, that is to say, unless the Government buy the line.

409. Are we to understand that the Government also guarantee the repayment of the principal?—No; no part of the principal. They become liable only for the interest.

410. Is there to be a proportionate reduction after the company has received the £618,000 land-grant?—That arrangement in the contract will cease to exist on the Government guaranteeing the 3 per cent. interest, which will require a new deed. The Government guarantee practically amounts to this: Supposing that the company when it finishes the line is earning sufficient to pay 3 per cent. interest, the Government will not be called upon to pay anything at all, because the company would be earning and paying the 3 per cent. interest. But, supposing the traffic-receipts paid only 2½ per cent., the Government would have to make good the half per cent. The Government pay nothing whatever so long as the company is able by its earnings to pay interest. It is only in the event of the railway failing to earn this that the Government would be called upon to meet any deficiency there might be. The proposals secure the Government against being likely to be called upon to pay interest. The system of a trust fund is proposed. That is to say, the company raise £300,000 more than is required for works, and the interest on this trust fund and part of the principal will be used to meet any deficiency of interest on the line during the time of construction, when otherwise the Government might be called upon to meet the interest-charge. It is a safeguard during the intermediate period until such time as the line is open for traffic. When once open for traffic we anticipate the line will earn quite sufficient to meet the interest. With regard to the £618,000, we propose that the Government should pay over this money resulting from the sales of land-grant given up by the company for the purpose of redeeming the £745,000 debentures. This would annually reduce the interest-liability on debentures, and this repayment would thus reduce the Government's liability of a possible payment of interest under the guarantee.

411. You mean that the working-cost would pay interest on the £745,000 debentures?—Yes.

412. And it would include interest on shares?—Yes. It is proposed to use the whole of the £618,000 to redeem the debentures, so that they would ultimately disappear as a working-cost.

413. But, supposing it did not pay working-expenses, we should have to pay interest plus interest on the shares and debentures?—The Government would have to pay 3 per cent. on £1,600,000, new capital, that is, £48,000 a year. Supposing there was no revenue at all, then the Government would have to pay interest on £1,600,000 and would have to satisfy the debenture-holders, else they would forcelose as the mortgagees.

414. That includes the £250,000 share-interest as well, and would commit the colony to the whole £2,600,000?—You could stop working the line on sections that would not pay—a very improbable contingency.

415. What is the good of that if the mortgagees were going to foreclose?—They might in an extremely unlikely instance forcelose. But this could not be if the debentures were redeemed by the sales of land, and the interest on the £1,600,000 would be reduced by the trust fund set apart for the purpose.

416. This arrangement boiled down means a guarantee on £1,600,000, unless the £618,000 was received from the sale of lands. What about the £745,000 debenture-capital?—The debenture-holders existing to-day would have no claim or right whatever to any new part of the line we construct. The only claim they would have would be on the Stillwater, Reefton, and Lake Brunner sections. All the new expenditure would be free from any claim whatever. They could only seize the lines at Stillwater, Reefton, and Lake Brunner.

417. If they did seize that, what would be the use of the rest?—Supposing that the very worst were to happen, and the debenture-holders had those sections of the line, they would require to work them in conjunction with the Government line, or they would, of course, get no interest. Consequently, the country would get just the same benefit with the existing railway as it would with the Government railways.

418. You say the land-grant is to go in reduction of the £745,000. What is to become of the balance—are the debenture-holders to lose it?—The trust fund does not exhaust until the end of about fifteen years. You will find that before this the trust fund increases, and there will be a surplus of earnings which can be used for redeeming the balance of these debentures.

419. In the proposals the company insist upon receiving this £618,000 of land-grant?—Only in the manner I say. It is a means to an end. By using that money during fifteen years it enables you to pay for part of the line. It is not a payment given to the company, but a payment on

account of the purchase of the line itself. Consequently, it amounts to this: the company say, "You give us the guarantee, and we will practically give you back the whole of the land-grant, with all the increased values and profits accruing from the construction of the railway through this country, &c., and take this in part payment for the line."

420. You thus reduce the guaranteed capital from the £2,600,000 to the £2,000,000?—Yes, approximately.

421. Now, with regard to the extension of time. You say you think if you had the whole of the money you could construct the whole of the line from Springfield to Lake Brunner?—In about three years, if we had good luck.

422. What would it take to construct it to the terminal point—from Springfield to the Cass?—About three years.

423. And the estimated cost?—In round numbers, close upon £400,000. It is practically the most costly part of the line.

424. What would it cost from Jackson's to the Otira, to the foot of the incline?—Close upon £100,000.

425. How many miles would that leave unfinished between those two points—between the foot of the Otira and the Cass?—Twenty-five miles.

426. With the railway completed to these two points it would make a nice easy journey to the West Coast in a day?—No doubt it would. But it would take as long to finish the line from Springfield to the Cass, as to finish the line over the incline. If we had the money we could let the whole construction-contracts at once, and the work would be completed at the same time and opened for traffic.

427. At an expenditure of half a million—£100,000 from Jackson's to the Otira, and £400,000 to the Cass?—It would be a wasted expenditure, inasmuch as you would only get passenger-traffic. The whole crux of the question is that you must get your mineral and other through traffic.

428. There is a coal-mine at Castle Hill. What is the mileage from where you finish?—Thirteen miles from Springfield.

429. Five miles extension would bring it to the coalfield?—The coal-seam is a long way off the railway, and it would be a very costly thing to connect with the mine.

430. The coal is there?—There may be coal there, but whether it is good enough to supply Canterbury is an open question. I should not like to take shares in the company.

431. There is a company?—I assume so.

432. Now, as to the Belgrove end. What would it cost to finish the line to Motueka?—About £30,000 to make it available for traffic.

433. The company ask to be relieved of the Nelson end?—We are willing to be relieved, or, under certain conditions, to finish it.

434. And the conditions?—I have stated the conditions in the proposals.

435. You see no chance of modifying your proposals?—Not in regard to the Nelson end.

436. *The Chairman.*] When was the survey of the line from the East to the West Coast completed by the company so as to enable it to give an accurate estimate of its cost?—The completed estimate has only just been completed. The figures were taken out and checked within the last fortnight.

437. Was it possible in November, 1888, to give anything like an accurate estimate of the cost?—Not at that time, because there was only a flying survey completed. It was from this survey the estimates were made which were handed over by the Government to the company, and from which we afterwards worked to complete the survey.

438. *Mr. J. Mills.*] With regard to the guarantee, in the event of the line not paying working-expenses, is the limit of the colony's liability 3 per cent.?—Yes, 3 per cent.

439. It has not to make up the sum to 3 per cent.?—The limit is 3 per cent. up to £1,600,000 new capital. This share-capital would be issued with the Government guarantee of 3 per cent. interest.

440. Does it include debentures?—We should not convert present shares into debentures, but let them stand as ordinary shares.

441. With a guarantee of 3 per cent?—Yes.

442. And suppose there was a loss on the working-expenses for a few years, how would it be met?—Out of the trust fund of £300,000, so long as it lasted.

443. But that is merely a method of capitalising interest while the line is under construction?—Yes; and providing for time to develop traffic.

444. Would that bear any reasonable or probable loss on the working?—No; probably we should have a gain on the trust fund. We should borrow at 3 per cent., and invest in the colony, probably, at 5 per cent.

445. Then, you do not propose to incur any loss on the working during the first few years?—That is what the trust fund is for. It is to cover interest and working-expenses until the line pays its own expenses. I calculate the trust fund will give the Government ample security against guarantee requirements.

446. In your evidence you only speculated upon the line paying 2½ per cent.?—From the estimates we have made, and on a reduced estimate to show possible traffic-profits in its worst light, we believe the trust fund will meet the conditions under ordinary circumstances; and therefore the colony will be relieved of risk until the railway is earning money. Moreover, we have a fund for meeting interest on debentures for two years and a half without calling upon the fund at all. We have moneys at present in hand, apart from the proposed £300,000 trust fund.

447. Do I gather that you have funds which will pay interest on capital during the course of construction without this trust fund?—That will pay interest on the present debenture-capital—£745,000.

448. *The Chairman:* I want you to tell the Committee what guarantee you propose to give the Government that the amount you borrow will be expended on the railway?—We should give it in such a form, by agreement of trust, that the money should only be expended on the specific construction of a certain section of railway, so that the money would be earmarked, and not used for other purposes.

449. Would the company be prepared to give the Government control over the payment of that money, in order to carry out that trust?—There would be no objection to control so far, that our contracts would be let, and certificates would be given showing how the payments were made on the works. I suggested, in regard to that, in my letter of the 6th June, that the Government may nominate an officer, say the Commissioner of Railways, to report on the works from time to time, and that any suggestions by him, not accepted by the company, might be submitted to arbitration. [Clause G of letter of 6th June, company's proposals, read. (See Appendix H. of R. Journals, D.-4, 1892.)] I propose, therefore, that the Government should have power to appoint an officer to inspect as to company's cost of maintenance and administration: the Government would thus see that the company were not extravagantly expending revenue for this purpose.

450. I notice in your proposal that you refer entirely to maintenance?—Could that not be arranged?

451. Would the company be willing to give some guarantee, or supervision or control over this fund? If we guarantee the interest, we should see that the money is expended for the purpose for which it is borrowed?—I think it could be arranged with the Government. I do not think there is any difficulty in the matter of control. I may point out that under the existing contract Government have power to inspect all our books and all our land accounts; so that there is no question of keeping anything concealed. All that is required to be done is to send an auditor, and he could see the accounts. With regard to the estimates in reference to the line paying, these estimates were based upon reports and evidence laid before the Royal Commission. These estimates of traffic were sent Home, and we have always based our calculations upon them. I have made an estimate which is probably more correct, and also one lower; so that, with an abnormally low basis of traffic, we should still be safe, with the trust fund formed.

452. Is that Royal Commission the one which consisted of Mr. Napier Bell, Captain Russell, M.H.R., and Mr. Wilson, M.H.R.?—Yes.

453. *Hon. Mr. Seddon.*] There was a stipulation that you should spend £60,000 at the Belgrove and £60,000 at the other end?—Yes; we met those conditions.

454. There were conditions that trustees should be appointed, were there not?—Yes; that the land was to be placed in trust. As we made expenditure these trustees handed over to us the lands earned by it.

455. Would the company object to a proposal that moneys payable should only be drawn on warrants or certificates of construction?—It is rather a big point to commit my directors to; but any suggestion made I should endeavour to meet, and try to arrive at a satisfactory arrangement with the Government.

456. Supposing the guarantee is not given, if the line does not pay working-expenses how will the shareholders get anything?—They would have to be content with a bad bargain. There would be efforts made to get their money back, as the company can resort to arbitration, under the contract, as to the true meaning of the several clauses.

THURSDAY, 25TH AUGUST, 1892.

Mr. EDWARD IVEAGH LORD, Engineer and Surveyor, examined.

1. *Mr. Wilson.*] How long have you resided in Greymouth?—For twenty-five years.

2. Did you hold any official position during that period with the Government?—I was in the Government service for sixteen years.

3. In what capacity?—I was in the Provincial Government for six years, and the General Government for ten years, as District and Mining Surveyor.

4. Since you left the Government service, have you carried on your profession?—Yes.

5. You have had considerable experience in the district; and in going over the land did you ascertain the various qualities and nature of the country?—I have.

6. In your practice have you come across a good deal of gold-mining on the West Coast?—Yes; I have had to do considerably with gold-mining on the Coast one time and another. I have been all over the area under discussion.

7. You have seen maps showing the mining reserves, and the proposed mining reserves as shown on that map. The map is hanging on the wall, and is a copy of one produced by the Government?—It is filled-in from the maps which we have had; the yellow are the reserves actually made, and the red-bordered blocks are those proposed to be reserved.

8. Will you tell the Committee what is the character of the land in the valley. Is it likely to be settled?—Between what point?

9. Between Stillwater and Reefton?—The ground generally from Stillwater to Reefton, immediately adjoining the railway, is more suitable for settlement than any other part, because it is flatter land. The farther you get from the railway the more inaccessible it becomes. You begin to rise the mountain spurs, and much of this is almost worthless.

10. Is there any valuable timber on that land?—Yes; in patches.

11. Would you, looking at that map, and from your experience on the West Coast and in gold-mining, say that it is likely that gold-leads would run in such a direction and in such a manner as would necessitate making reserves in uniform and even-sided blocks such as are shown there. Is that the general character of the country?—I know of no instance in which gold-leads take

a square or oblong form. There is one kind of lead that generally runs north and south, and which is the course of some ancient river-bed. There is another which follows the banks of a stream, and which is merely formed by the water washing away dirt and leaving the gold in the creek. These are the only two forms of lead that I know of; and, of course, in the creek form the gold is only found for a few chains on either side. In the old river-beds the greatest width is at Kumara, which is half a mile wide. In taking square blocks of that kind, I should say that fully three-quarters of the ground would not be required for gold-working, and only a quarter of it will probably be used for that purpose in the future.

12. So that it is very unlikely that any of these uniformly figured blocks would be entirely required for mining, even supposing there were gold-leads located in such blocks?—I should say that only a quarter of such block would be worked out, even if it were gold-bearing.

13. Would you, from your judgment and experience, think that it requires a large amount of ground to be set aside for the residence of miners around such lead or reserve, or on such reserve?—I do not think it would take any great area to do that. The requirement of the miners for the purpose of habitation is met by what we call "residence areas" on the Coast. A residence area is an acre in extent. There probably would be required some timber reserves, in places where the ground is deep, in order to have timber for the mines.

14. Assuming that each one of these blocks has a gold-lead on it, are we to infer that not more than one-third of these blocks would be required for mining?—I have already said about one-quarter.

15. Would it require a large area of land to make provision for water-races and the like, necessary for mining?—Well, that depends on the extent of the race that is constructed. I think myself that this was fully provided for in the method previously adopted for dealing with alienated lands on the Coast, where it was the practice to cut out half a chain or quarter of a chain, and reserve it for race purposes wherever it was necessary to make a race; so with the creek reserves, they could be cut out in the same way, and reserved for gold-mining purposes.

16. From your knowledge of the country, would you consider it difficult or easy country to prospect; such a country as you see on the side of the railway?—That marked yellow on the plan is easy. It is adjacent to the road and railway, and it is nearly all flat ground; but in places where water interferes and machinery is required for pumping it would be more difficult.

17. Has the road between Brunnerton and Reefton been long opened?—For many years; about twenty years.

18. That is to say, there has been access?—Yes.

19. Would that open facilities for men to prospect?—Yes, certainly. It has been prospected and abandoned in some places.

20. Is there a dense population on that road?—No; merely a scattered population.

21. There are some farms at Totara Flat?—Yes.

22. Is the mining population a scattered one?—Yes, certainly.

23. Can you approximately give us the population of the Coast within the Company's reserved area; you might give Nelson and Westland; or can you give me the mining population, or the number of those directly employed in mining?—Well, of that I can form no idea; but it could be easily obtained from the Wardens or the Inspecting Engineer for Mines.

24. Will you give the Committee some idea as to what the average earnings of the miners on the Coast amount to per week?—I know instances at Kumara where men are making very large wages; but that is obtained over a very small area, and the ground will be worked out in a few years; but I should think, taking it all over the Coast, that the average earnings do not very much exceed £2 a week. I think, however, that this could be more accurately got at in returns.

25. I merely want it generally. What do you call "large wages"?—From £6 to £10 a week.

26. Assuming a new field or a new lead is discovered, is the general result a rush?—Yes; a rush takes place after every new find.

27. Have there been many new rushes between Stillwater and Reefton?—No; not of any extent for the last twelve or fourteen years.

28. Then we may assume that, if there had been reported payable leads on this land which has been reserved, there would have been rushes?—Yes.

29. Then we may assume that a man working for £2 a week, if he could earn £6 or £8 a week, would naturally change his ground?—Yes.

30. There is no indication that payable patches are selected in these reserves?—As a matter of fact, we cannot find them. I must have expended £2,000, I am sorry to say, without a result.

31. Do you know anything about the rush to Arnold Flat?—I believe there was a rush. A prospecting-shaft was put down on the Arnold Flat, on the north side of the Arnold River, which was bottomed, but turned out not payable; they got the colour of gold.

32. What indication is that?—You can get colour anywhere; but when I am speaking of a gold-bearing country I mean a country that would pay for working.

33. Can you inform the Committee if there has been any amount of private prospecting, apart from subsidized prospecting?—Yes, a great deal; some years ago nearly every one aided in some way or other to open up fresh ground, by sending out prospecting parties, or assisting them with food while they were prospecting.

34. Do you know of any instances in which these prospecting parties were successful?—Not of late years. Since the Kumara rush the finds have been comparatively small.

35. How long is that since?—I think that Kumara opened about fourteen years ago, speaking from memory.

36. Would it be possible, do you think, for anybody to localise the existing leads—that is, to say definitely where the likely paying leads exist in the lands that we have marked on the map?—No; I think it is utterly impossible for any man to say until a shaft is put down.

37. Have the Government officials ever been able to point out and locate where these payable leads are?—Not to my knowledge.

38. Then, in your opinion, it is decidedly speculative whether these blocks reserved for mining purposes will actually prove to be remunerative? Yes; excepting those portions already proved to be remunerative.

The Chairman: That is a suggestion: Yes or No.

39. *Mr. Wilson.*] What is your opinion about these blocks paying in the end?—I think the prospect of their proving auriferous *in toto* is very remote indeed. I have already expressed my opinion when I said that probably a quarter of them would be auriferous. I could cut out ground on the sides of creeks that would pay to some extent; but then the great difficulty is to define the course of ancient river-beds where the larger leads are always found, for the surface bears no indication as to their existence. From a geologist's point of view you may form a theory, but unfortunately our geological theories, as far as I know, have not been successful, and we have had all the expense for nothing.

40. Then you think that it is possible to point out likely leads, but the question will exist as to whether they will pay or not. Is it speculative?—Until they are opened up they cannot certainly pay. To answer your question in another way: If we consider the matter from the very beginning of the rushes on the West Coast, when there was a vast male mining population of from twenty to thirty thousand able-bodied miners, who overran the whole country and worked out all the easily-gotten gold, the country was then better prospected than it has been since, and without result. We find that after all these years of working only about 1,000 acres per annum have been worked out by the miners, so 100,000 acres of gold-bearing ground at that rate of working would take us a hundred years to work out.

41. Then, I suppose, we are to infer from this that you consider the amount of land reserved, or proposed to be reserved, in excess of what is required?—It would have been better to cut out actually auriferous creeks, and advertise the other blocks. If there was a *bonâ fide* objection, and the miners could prove that they were auriferous, then withdraw that portion. That is the only system that will work without retarding settlement.

42. Do you mean a system like that would facilitate the gold-mining and open up the country?—Certainly; it would open up the land not required for mining for agricultural and other purposes.

43. Can you give the Committee any idea as to the value of the timber—the average ground covered with timber: what royalty would it yield at about 6d. the 100ft.?—It varies greatly. I knew of one area close to Greymouth that turned out £5 an acre for royalty; it was a very good belt of first-class timber, with good, thick, straight barrels.

44. Is there a considerable area of the ground so reserved that will show timber like that?—It occurs in belts of unequal extent; it is not all of the quality before mentioned.

45. What royalty was that?—I am not sure; I know the owner got £5 per acre for it.

46. Can you tell the Committee what is your opinion in regard to the amount of timber likely to be used for *bonâ fide* mining purposes?—Well, I could not give you that exactly.

47. Do you think that anything like the whole timber would be required for mining?—Nothing like it. In shallow ground no timber is required.

48. Does sluicing-ground require timber?—No. The only timber required would be for sluice-boxes.

49. Should you require to sluice the ground, would the timber be better off it?—Yes; the logs are in the way. I should think myself, as for sluice-boxes and the like, now that transit is so easy, the miner would never saw his timber by hand as in the old days; he would obtain it from the mills along the regular line of rail or road.

50. Can you give the Committee any information as to whether the price of timber has decreased since the construction of railways on the West Coast?—The price of timber has considerably decreased. At one time we had to pay £1 10s. per 100ft. for red-pine, and now it is 6s. 6d.

51. The railway has reduced the price?—Yes.

52. Can you tell the Committee, in your opinion, if this land, now reserved for mining, and consequently excluded from settlement purposes, would at any time be likely to be sought after for settlement and for grazing purposes if these reserves had not been made?—Yes; I consider that all land immediately adjoining the railway will ultimately become settled. Of course, heavily-timbered ground is naturally expensive to get in grass, but it produces splendid grass when once it is cleared. I have no doubt that the whole of the land adjacent to the railway will be taken up in time.

53. You see the boundary of the proposed reserves? Now, these measure, in some cases, nine to twelve miles from the line. Take it on the east side first. Do you think that, in the event of these reserves being made and population excluded from the front of the railway, that the back part will be likely to be settled in any reasonable time?—No; the back will not; it is mountain-top. I do not think it will ever be valuable. Some parts of it may come in for sheep-runs.

54. You would not say that it would be suitable for settlement or likely to be settled owing to the railway being within nine or ten miles of it?—No, certainly not.

55. *The Chairman.*] Mr. Lord, having considerable experience in nearly the whole of the West Coast, gained through your knowledge in acting as mining surveyor, do you think you would be able to mark off those blocks of ground which you think ought to be reserved for mining purposes?—I think I could do so approximately. Of course, there may be deep leads and river-bed formations that are so covered up as to give no surface indications, and these I could not define. The general workings I could—that is, the creek and terrace-ground, and so forth.

56. Suppose you had been employed by the Government, would you have marked off reserves to the extent in the blocks marked yellow?—No.

56A. *The Committee.*] Are those which are actually marked yellow reserved?—*Mr. Wilson:*

Yes. There are two—seventy-nine and eighty—in the left-hand corner that have been marked yellow in error.

Hon. Mr. Seddon: Blocks seventy-nine and eighty are not reserved.

57. *The Chairman.*] Mr. Lord, these are the actual reserved areas: first of all, do you say that all or any portion of the land in any of these reserved areas should have been reserved?—Yes; I think decidedly that about a quarter of them it is absolutely necessary to reserve.

58. You think about a quarter of the whole area?—Yes; that is to say, that they ought to be reserved at some time. You see the contract says that they are to be reserved from time to time.

59. I am going into that presently. Do you base your opinion by the actual knowledge of the existence of gold-mines there at the present time, or from the probability of gold-mines being found there?—I base it upon the probable extension of the gold-mines that actually exist.

60. Do you consider that the reserves for mining should be made in anything like the shape or form that these reserves are made?—I think not. I merely mention that to make them in that way prohibits settlement, which must afterwards take the place of gold-mining. All we can do is to cut out the ground which we know to be auriferous—that is, the creeks and the terraces; but the old river-bed deep leads, which no one can point out, we should leave time to settle. It will retard settlement for very many years if you take up the land alongside the railway.

61. *Mr. J. Mills.*] What extent of this land will at some future time be fit for settlement? I presume it is not alluvial land?—Some of it is, and the remainder is terrace-ground.

62. The rough hill-sides are, I presume, unfit for settlement?—They grow very good grass.

63. Is it entirely a timber country? What is its present value for timber and future value for settlement, and is there any extent of it rough rocky country?—There is a percentage of it unfit for settlement.

64. Is that percentage a half or a quarter?—I should say about a quarter of it is very poor indeed.

65. I understand the bulk of it is of value now for timber; what is the future value for settlement do you think?—All the flat ground adjacent to the river and the slopes of the terraces will be of value for future settlement.

66. You think the bulk of it is land of that character?—Yes, it takes all the frontages to the railway.

67. We are speaking in a general way—that is to say, the bulk of the land in the back blocks is of no value, having barren rocks within a few inches of the surface?—I might mention that there are two-thirds of the blocks well down in this corner that might come in for grass.

No doubt there are portions of it; I speak generally.

68. *Hon. Sir J. Hall.*] What amount of land for settlement would there be in the back blocks?—Very little indeed. The proposed extension of reserved land marked red contains very little land fit for settlement; it is in part barren mountain-top.

69. It follows from that that the reserves already made contain all the land fit for settlement?—Yes, they do, with the exception of one or two blocks.

70. The only other point: you said that you thought that about a quarter of these reserves or square blocks would probably be required for mining and purposes incidental to mining; but what about water-races? would it not be necessary to make reserves for water-races through other portions of the block?—My opinion is that narrow strips of land should be reserved for existing races, as has been done for years through alienated ground on the West Coast.

71. How should you tell where to make such reserves? For future water-races, of course, you could not do that at all; you could not even say that races would be wanted in any particular block for certain?—No, I could not.

72. *Dr. Newman.*] In those blocks that have been made is there anything to show that they are not auriferous?—It would take some time: there are numbers of old shafts all along, and you could get out a bucket of stuff and try it; there is some ground there in which you might not get the colour, but that is rare on the Coast.

73. Have every one of those blocks proposed to be set aside been worked for gold?—Yes, I believe every one of them. Speaking generally, in nearly every creek there has been gold-workings.

74. Those proposed to be set apart—over what extent of country have those been worked and mined on?—I refer to Blocks 75, 76, and 78?—I do not know.

75. Blocks 64, 61, and 60: are there no miners up that way now?—That is very high up on the range. I do not know.

76. Do you know if any miners have been at work?—It is mountain-country, and you cannot get about on it.

77. Is the bulk of it unfit for settlement?—It is nearly all mountain-top at the north end.

78. Then its selling-value is not very great?—I should think its selling-value is next to nothing.

79. You say that gold runs through all the creeks. Do I understand that in all these creeks gold can be found?—A great many of them have been worked out.

80. Then, as a matter of fact, gold will be found in all these reserves through which creeks run?—There is probably on each side of these creeks a narrow strip that, with water, would pay. The gold never runs far into the terrace; it just hugs the creeks, and it gradually gets poorer and poorer the farther you go out from the creek.

81. Then, about those old river-beds: are they found in all sorts of places?—A lead has been found up this valley; further south, at Kumara, and down that way, several of these regularly defined leads are found.

82. Do you remember anything about an old river-bed at Riverview?—Yes; there is one there that runs through to Callaghan's. It is a good patch of ground.

83. Is that in one of these reserves?—Yes.

84. Looking at the map of the proposed reserves, Mr. Lord, can you say with confidence that no gold will be found in these reserves?—It is out of the question for any one to say so: you cannot see under the surface of the earth, and, as I have said before, extensive prospecting has been done.

85. Over this area gold might be found?—Certainly; narrow leads may have been missed. It is quite possible to sink shafts 100 yards apart, and still gold might run between them.

86. Is all this country intersected by creeks?—Yes, in all directions. They flow to the Grey River, which runs right through the valley.

87. *The Committee.*] Is there any quartz-mining in that district?—Yes.

88. Is there a general impression that the whole district is auriferous?—Yes, it is called an auriferous district on account of the gold-mining that actually goes on there in certain places.

89. Do you think that it has been fairly prospected?—Yes, it has been better prospected than it will ever be again. When the great rush of diggers took place on the Coast there were 25,000 men. I have seen in the most unexpected places the shafts of the ancient miner.

90. When you speak of valuable timber land, what description of timber do you allude to chiefly?—Red-pine, chiefly; there are large patches of black-birch, also white- and silver-pine in places, or yellow-pine as it is sometimes called.

91. Is the silver-pine the most valuable of the timbers?—It is the best wood, in my opinion, in New Zealand; it makes excellent railway-sleepers, &c.

92. More valuable than totara?—Well, I have not had any great experience in totara, except in building. I think it is even more durable than totara.

93. Is the general quantity of timber on these reserves so large as to require no great care, or is it not so? Is it necessary that reserves should be made everywhere for timber in connection with gold?—Speaking generally, the whole country is a forest, with the exception of that part fronting the old diggings, where it has been cut down.

95. Is there any danger of it being destroyed by fire in that moist climate?—It is very rare to see a bush-fire: in fact, you can hardly set the bush on fire.

96. *Mr. Tanner.*] You say that prospecting has been carried on during the last twenty-five years over the whole land that has been reserved?—Yes.

97. Is it not mostly forest-land?—Yes.

98. Does that not make prospecting very difficult?—Certainly it does.

99. Has the prospecting, therefore, been of a superficial character?—I think not. We have pretty well prospected the whole of it. The County Council, private individuals, and others have sent out parties; I have assisted on a great many occasions, and, as I have before said, you could hardly go anywhere without finding shafts.

100. Has the work of these former prospectors been of an exhaustive nature?—Yes. After all their working the area does not amount to very much. I run it out at about 1,000 acres per annum; so that you see it would take a hundred years to work out the reserve, even at the former rate of working, when we had more miners than we are ever likely to have again.

101. Has any of the land which was formerly prospected ever been found payable afterwards?—I know of one or two instances.

102. That proves the prospect to have been superficial?—It is ground that was abandoned in the early days which was found not to be payable; since then men have gone into it at very low wages.

103. Then I understand as wages diminish with the times, the old workings will be found payable?—Yes. That is the reason why I say it is necessary to reserve the banks of the creeks.

104. You own that mining has been carried on over the blocks which are not reserved?—Yes, in patches, in or adjacent to the creeks.

105. You would not deny the description "auriferous" as being improperly applied to this country?—Well, no; not if you distinguish it from payable gold. Auriferous means gold-bearing. If you can discover gold, even with a microscope, you say the country is auriferous.

106. Is it not a fact that, where gold exists in minute grains, that land is actually good payable ground?—That is so, especially in quartz-reefing; and even quartz requires a certain amount of gold to make it pay—not a mere microscopic speck. The sea, as you are aware, contains gold in chloride form also, and it will not pay.

107. You think the days of nuggets are over?—Yes.

108. *Hon. Mr. Seddon.*] You say that this back country, Mr. Lord, is of no value for settlement?—I take it to be of very little value indeed.

109. You state, in making our reserves, we took the frontage of the river?—I did not, intentionally; I said river and railway.

110. Now we will take it from Block 81 to 62—there is no frontage to the river at all by reserves?—Yes; that is so.

111. Look at the line of railway: does that not run through freehold land?—Yes; that is so.

112. So that in this case the reserves neither front the railway nor the river?—Yes; there is freehold land on both sides.

113. This flat land which has been already sold and alienated by the Crown to private individuals the company could have no right to touch?—Unless they purchased it.

114. *Mr. Wilson.*] May I ask you, Mr. Seddon, to define the word "frontage"?—*Hon. Mr. Seddon:* I would like to conduct the examination in my own way.

115. *Hon. Mr. Seddon.*] Looking at the map upon which the railway is shown, Mr. Lord, were you in error in saying that the reserves 61 to 81 had a frontage either to the river or the railway?—Well, I was slightly in error in that; it may have been misleading. What I meant was that the reserve shut out all the useful lands along the line of railway, except in one place, as far as 62 is concerned.

116. From 62 to 54—there seems to be alienated lands there also?—The plan is on a small scale and does not show the alienated land clearly.

117. Referring to the flat land and land that has been really useful for settlement, how long has that been taken up, generally speaking?—Well, some portions have been taken up from fifteen to twenty years.

118. Has the land that has been reserved been open for selection for settlement?—I believe that part of it has been open for selection.

119. How do you account that it has not been taken up, during all these years?—I hold the time has not yet come when the coast will be taken up for settlement. A great deal of it will become valuable in time for grass-ground, especially on the slopes.

120. How many years do you reckon that will be?—Of course a considerable time may elapse.

121. Had that land been applied for, would sale have been refused on account of its auriferous nature?—A great deal would have been refused sale under the regulations, which may account for it not having been sold.

122. At all events, this is mostly mountainous land, the flat being taken up as freehold lands?—I do not think it takes up all the flat lands.

123. Well, now, we will take a case in point. You know Kumara goldfields?—Yes.

124. That was flat country?—Yes.

125. I understand from you that all the gullies have been worked, and that there might be a little gold on each side of the creek?—I hold that Kumara is one of the old river-beds that I referred to, and I also said that it is impossible to tell where they are.

126. Has the Kumara goldfield been one of the best on the Coast?—Yes, it has been the best on the Coast.

127. Did any one apply to purchase that?—I am not quite clear. I fancy that under the Waste Lands Act at that time that offers could have been made for it. It would have been advertised, and withdrawn from sale if any miner objected.

128. Do you know that such an application was made to purchase it?—No.

129. Are you aware that the township was subject to special legislation?—Yes, I am aware of that.

130. You state a quarter of that reserved would be sufficient?—Yes.

131. You say a quarter is mountainous and would be of no service for settlement?—Well, one way and another, it is very poor indeed.

132. On that head your evidence shows that half the amount reserved is not required for mining purposes?—Yes.

133. You said the way it should be reserved is by taking a narrow strip along the creeks?—Yes.

134. Take Block 53: you would take a narrow strip along this lead, would you not?—Yes.

135. Then your answer in that case would be, you would take the country along the line of the lead and not along the line of the creeks?—Certainly; I do not say it is taken wrongfully, but I say that too much is taken.

136. Here is a water-race, constructed at a cost of about £100,000. Would that race command the ground at Callaghan's and the whole strip of country down here?—Yes, the race will command that country; I made a survey of it years ago.

137. That race commands the whole country to No Town. Would it be wise to go and sell this ground here which this race would command?—No, not in that particular locality. I would be in favour of reserving the land in that locality. Of course it would be useless to reserve it unless the race were made. From this downwards it would be all commanded by that water.

138. If you sold the land here, would you not hamper mining on account of the tailings?—Yes; we have a case in point at Nelson Creek.

139. What would be the cost to survey off these creeks?—That depends on how it was done. It could be done cheaply concurrent with section-survey; by employing a posse of surveyors to survey the creeks alone it would be costly.

140. How much per acre?—I should say about 2s.

141. Then, in all probability, immediately they had completed this survey, it would be found they had left a second Kumara outside it?—Yes, probably.

142. I think you have said original miners are working for lower wages than usual?—Yes, I know a case where they work for £1 10s. a week.

143. In reference to those old shafts?—Yes; how about those which we have put down ourselves?

144. There are very few. How many acres would they cover, and what is the number of these shafts?—They cover a considerable stretch of country; they extend from Okarito up to the big Grey.

145. How many shafts?—I suppose twenty or thirty shafts that I have assisted in sinking.

146. How many miles of country would these twenty or thirty shafts cover?—They would cover about 120 miles, I suppose.

147. Do you think twenty or thirty shafts are sufficient to cover that area?—That is only the number assisted by myself; there are many others.

148. I mean all the shafts?—I could count them myself by the hundred.

149. I want the result—those you put down yourself?—Well, I think at Hokitika alone, at a survey I made there, I noticed a great many. I could find out the exact number from my field-book. Of my own personal knowledge I assisted in sinking about twenty, although I know from the inference of abandonment hundreds of shafts have been duffers. I have seen fully a thousand that have been sunk and left.

150. Would you consider a thousand shafts a fair prospect?—They give a very good indication.

151. In your evidence just now you said that between shafts 100ft. apart there might be gold?—There is always the contingency of a lead being struck—you can never tell.

152. In your opinion, is it best to have auriferous lands in the hands of private people or under the Crown for mining purposes?—Certainly under the Crown.

153. Could you prospect with private owners?—No, unless it was provided for by Act of Parliament.

154. The company might sell at any time after you made that arrangement?—Yes.

155. Now, as regards the timber, what proportion do you consider the land bears to the timber in value—that is, on all those lands that have been reserved?—I gave an instance in my evidence of a case that came under my supervision in which £5 an acre was paid for the timber.

156. Can you name the block?—It was not in the selected blocks.

157. I want the relative value of the timber and the land. Point out any blocks that contain good timber?—Of course I can only speak generally.

158. Well, generally?—I should say, where there is timber, it is worth £1 an acre—that is, with facilities for transit.

159. With the railway there, and the river there, up the Grey Valley, the timber is worth £1?—Where there are good beds of timber.

160. What proportion would that be?—I could not say that.

161. If the land was assessed at £1 an acre, and the company had the right to take off the timber, notwithstanding the mining reserve, they would be really getting the value of the land?—Yes, from that portion on which the timber was good.

162. I wish to call your attention particularly to this section in the contract—that is, section 18. The company having the right to sell—to take the timber off this land—with the exception of this proviso, if they exercised this privilege, would they get the full value of the land—Yes or No?—Yes, I suppose it is so.

163. Where there is an extra good belt of timber, what would be the value of the timber on that land per acre?—I have known a block worth £5 an acre.

164. Take an average?—I think £1 is a fair average.

165. Well, now, if the statutory price of that land is £1 per acre, the company having the right to take the timber off it, there is no injury in that respect?—I think not, not under those circumstances.

166. We come next to the saw-milling industry going on in that locality?—Yes; I believe there are several mills up there.

167. They have been there for some time?—Yes; for some time. I do not know whether they are at work now. I have not been up there for the last month.

168. Your experience is confined more to the Grey Valley than south of the Hokitika River?—I have been along the north, and I have also had considerable experience down there. I was in the Hokitika Survey Office for some time.

169. As yet there is not much grass growing on the hills?—No, there is not, unfortunately.

170. Do you know what extent is under grass?—It is to be obtained from the agricultural returns.

171. Can you say within a few thousand acres?—I know of several lots on the Coast of 50 or 60 acres that grow grass very well. I know of one on the railway-line that grows excellent grass.

172. Is it on the hills?—No; it is on the flat lands.

173. I want to hear about the hill land. Your answer for the hills would apply to the country in Blocks 81 to 53?—That ground would grow grass.

174. What would it cost per acre to put it under grass?—It would be an expensive thing to do.

175. Would you undertake to settle the land on the conditions you have named?—It would not be payable unless you go the right way to work. You would have to take off the timber, and grow the grass between the stumps—not grub it.

176. Do you know of any land on the West Coast where timber has been taken off it and not put it grass—just left there?—Yes; in spots where the timber has been taken out by millowners.

177. It has lain there for years, and no one has selected it?—Yes.

178. *Mr. Wilson.*] You state that there has been no gold found in the limestone country?—Such has been my experience.

179. Are you aware that the company applied for a block of land near Greymouth?—No.

180. Is there any gold in the limestone country north of Greymouth?—Yes, there is one patch there; it is a sea-formation; it is on Point Elizabeth.

181. There may be gold in limestone country?—It is not usual, but that is an exceptional instance.

182. You laid stress upon water-races being required through these reserves. Is there any Act existing by which reserves can be made for water-races on the West Coast?—Yes, under the Mines Act. A miner can apply to construct races on Crown lands, but not through private lands unless by paying compensation.

183. The fact of it being private lands would not block the race?—You must pay compensation.

184. You referred to an ancient river-bed. Is that river-bed supposed to extend over the whole block, or to what extent?—No; it does not extend over the whole block.

185. Could you give any idea by estimate how it extends? Is it known in any way?—I do not think it is yet known; they are still working at it from one end.

186. Is there any land suitable for settlement round the east side of Lake Brunner?—Yes, that is the side on which the line goes.

187. Is that supposed to be the very best land for settlement on the West Coast?—Yes, there is some of it I consider to be the best land on the West Coast for settlement, particularly the spurs coming down from Mount Tekinga.

188. Is that land more suitable than the land on the other side?—Yes, decidedly so.

189. Is it less likely to be taken for prospective gold-mining?—Yes.

190. Would it be advisable to develop that land by means of a railway on the east side?—I consider that the east side for the course of the railway is the better of the two.

191. You said the gold was over the whole blocks: does this mean over all, or only just here and there on the blocks?—It means here and there on the blocks.

192. Am I wrong in understanding the gold covers all of these blocks?—I mean the gold is centred in isolated spots.

193. If the company got timber-value of £1 per acre, assuming that mining reserves had been made, and supposing that the mining reserve had not been made, would they not have got £1 for timber and £1 for land?—Certainly.

194. Then the company would only get half the value if they got the timber only?—Yes.

195. Are you aware that the company made an offer to the County Councils to allow prospecting on Crown lands within area and on blocks selected by them privately?—No; I was not aware of that offer.

196. *Hon. Mr. Seddon.*] Is there valuable land on the south side of Lake Brunner—take from Greenstone to the lake, is that valuable forest timber?—I have never examined it as timber-country; but to the best of my recollection there are valuable patches of timber.

197. If the company said that that was the best land in the colony—that it was the finest forest-land in the colony, full of untold wealth—would they have been misleading the general public or would they have been stating fact?—I do not know that there is untold wealth there.

198. Have you been there?—Yes; many times.

199. What about the timber on the other side?—From the mouth of the Arnold River round to Mitchell's it is very poor indeed; the trees are small, and the ground cold and swampy. That portion is worthless for milling purposes; but down about the Hohonu River there is some large timber.

200. If, within 100 yards of Mitchell's, I could put you to the trees that are 6ft. through—red-pine—and carrying thirty or forty to the acre, would you say that is of no value?—I know of those trees, but it is only a small belt.

201. I see. But that does not agree with your first reference?—I referred to the land between the Arnold River and Mitchell's section.

202. Does that timber run right through to Greenstone now that is cut off by the railway?—Yes.

203. You said that the average block of land was worth £1 an acre for timber. I asked you the value of the land irrespective of the timber, supposing the timber was taken off it?—It is evident that it must have some value.

204. What is that? Do you mean to say that it is worth £2 an acre?—What I intended to show is this: the timber is worth £1 an acre; after it is taken off the land is of more value than when it was standing on it, because it is then partially cleared; and consequently, I think, the land is also, after the timber has been removed, still worth £1 an acre.

FRIDAY, 26TH AUGUST, 1892.

HENRY WILLIAM YOUNG, A.M.I.C.E., examined.

1. *The Chairman.*] You are a civil engineer and surveyor?—Yes.

2. You are engaged as Chief Assistant Engineer to the Midland Railway Company?—Yes.

3. *Mr. Wilson.*] You have a good general knowledge of the West Coast, and the nature and distribution of the gold-deposits upon it?—Yes.

4. Are the deposits of a limited extent or otherwise?—The whole of the West Coast is auriferous, in the strictly scientific sense of the term, or almost the whole of it; but the payable gold-deposits are of course scattered, and small in extent in relation to the whole area of the West Coast.

5. Do you think it possible to reserve large blocks, such as those coloured yellow, for gold-mining purposes, without including a large quantity not required for gold-mining, and which may be required for settlement and other industries?—I do not think so.

5a. Conversely, would it be possible to set aside large blocks for settlement or other purposes without including possibly payable auriferous land?—Not large blocks, such as from 6,000 to 10,000 acres.

6. Could the parts likely to be required for gold-mining be defined?—They could only be defined by some such method as that suggested by Mr. Lord in his evidence yesterday; that is, by cutting out the creeks and known gold-deposits, or places where it is considered probable that there may be gold-deposits, and to cut them out in detail.

7. Do the reserves in the Grey Valley affect any lands beyond, and which might be opened for settlement?—They affect any land outside of them, because, of course, they throw the other land a considerable distance from the line of the road, and of the railway.

8. If these reserves were made, would the land available for settlement be near enough to the railway to receive full benefit from it?—No; they take up a great portion of the land available for settlement, and which would be accessible from the railway.

9. *Mr. Saunders.*] Does that apply to the reserves as they are, or to the proposed further reserves?—To these reserves made, and indicated in yellow on the map.

10. *Mr. Wilson.*] Do you know the country around Lake Brunner?—Yes.

11. Have you formed any opinion as to the most suitable side of the lake for settlement and general development? Which is the most valuable for timber and general purposes?—The eastern side, that on which the line is now made.

12. Is it possible, should timber in large quantities be found on the western side of the lake, to send the timber by water to the railway as now laid out?—Yes; the lake gives means of transit, so that on whichever side the timber is it could be punted across.

13. So that practically it does not affect the value of the timber on the other side?—Not greatly.

14. Can you tell the Committee whether, in making the designs, it was specially arranged to have a harbour at the Arnold?—Yes; a branch line and wharves are provided for—that is, where the Arnold runs out of the lake, and it affords a very safe harbour. It is the only absolutely safe place, with the exception of Cashmere Bay, where a branch line with wharfage is also designed.

15. You have been over the country on the site of the original line as laid out?—Yes.

16. Did the old line pass over a considerable summit, about 192ft.?—Yes.

17. This being an objection from a railway point of view, you heard it suggested that it should be taken round this hill instead of over?—It was; and when the railway operations were begun the first thing done was to endeavour to find a way round, or to find a lower summit.

18. Do you confirm me in stating that it would have necessitated a longer line to have obviated going over this summit?—It would be necessary to double round the spur.

19. Do you know whether, since the survey of the Government trial-line on the west side, any changes have occurred by which a deviation was necessitated?—At Glen's Creek the water had undermined and cut away the ground close to the old pegged line, rendering deviation necessary.

20. Since my examination I have asked you to examine our plans completed to get the exact distance from Springfield to Brunnerton. You have done this, I think?—The exact distance from Springfield to Brunnerton is, subject to small corrections, 95 miles $9\frac{3}{4}$ chains.

21. That is a close approximation?—Yes.

22. Attached to the contract is a map marked B1, which gives the mileage as 95 miles 50 chains; consequently our line, notwithstanding the deviation, is a little shorter?—Yes; although the Bl mileage is subject to a correction of 15 chains for a piece of line at the Brunner end of the Government railway between Brunnerton and our initial point, which reduces it from 95 miles 50 chains to 95 miles 35 chains. Thus our line is 25 chains shorter than the total original.

23. So that practically we have got the same length of line, and the deviation has not increased it?—Practically, yes.

24. *Dr. Newman.*] With regard to the reserves marked yellow on the map, are there gold-workings all over them?—In patches all over them.

25. As regards the proposed reserves Nos. 75, 64, and 60, has gold been discovered on all these?—There is gold on some of them. I have not been through the whole of them. I know parts, and I think it may be taken for granted that there would be gold, in small or large quantities, in every one of them, but not enough to warrant the reservation of the whole area by any means.

26. You are aware that the Crown has the right to take 750,000 acres?—Yes; for *bonâ fide* mining.

27. Could the Crown get 750,000 acres of gold-bearing country anywhere else within the area of the Midland Railway reservation?—It could take an equal area on other parts of the Coast, which would not monopolise this land close to the railway. There is no reason why the railway-area should be specially selected.

28. The Crown has the right sooner or later to take up the 750,000 acres?—Yes.

29. Could the Crown along your line, or anywhere else, take the 750,000 acres?—The right is not specially along the line, but over the whole of the West Coast.

30. It is suggested that the Crown is going to take 500,000 acres of gold-bearing country: could the Crown get it anywhere else?—The right of selection of the locality would, of course, rest with the Crown; and the area of selection extends from a line drawn due west from Belgrove, and near Mokihinui; down to the Waiho River, so that all this area could be selected from.

31. Within this area, in the authorised district, could the Crown get 500,000 acres of auriferous country outside where it has been taken?—It depends upon the interpretation of the word "auriferous;" because it may be taken for granted that the whole of the country is auriferous, strictly speaking. There is no part of it where you could not get the colour of gold.

32. Could you get 500,000 acres anywhere in the authorised area where miners have been at work?—You could get areas all over the coast, down South and up North, and inland. The Grey Valley is a small portion in proportion to the auriferous area. The Government is not, by any means, confined to the Grey Valley. They might have made the area up without taking land actually adjacent to the railway.

33. Supposing they had taken land further away, could they have justified it on the ground, not that it was auriferous, but because it was payably auriferous—that is to say, sufficiently auriferous to justify them in taking it?—It is so much a matter of opinion as to what will be payably auriferous. Places actually worked can be defined, but there remain places which may be defined as not being required for mining purposes, but for purposes conducive to them.

34. In the area the Government propose to take is there a reasonable supposition that gold can be found all over it?—In patches and leads, but not by any means all over the area reserved.

35. Could you mark out on the map the sections where there is a reasonable probability of gold being found?—I could not do that, except in a very large-scale map. That map is a very small-scale map.

36. Then, do you consider that all over these sections the land could be occupied for mining purposes?—Not the whole area of them. There is no gold-mining carried on, or likely to be carried on, in some portions of them. They are not all required for gold-mining.

37. Would it be possible to map out and say that gold could not be found on any of these sections?—It would be possible to arrive at a strong presumption that gold would not be found in some places, and the presumption would be stronger than that gold would be found in any particular places.

38. Would it be possible for any one to point to one of the sections and say that gold would not be found there, and that the land, if held, would not be used for mining purposes?—No. I have stated that some parts of these reserves are actually occupied for gold-mining purposes, and more is likely to be required; but that this would not take up the whole area reserved. Portions are required, and portions will not be required.

39. *Sir John Hall.*] You said some portions are now required and are worked for gold-mining, and others are likely to be required?—Yes.

40. Could you form any rough idea of what proportion is being worked and what is not?—Speaking roughly, perhaps one-eighth would be required for gold-mining, and the rest not. It would be very difficult to arrive at any exact estimate.

41. *Mr. Saunders.*] From the agreement which has been made with the Government, you would consider, I suppose, that the Government were entitled to select land that was probably payably auriferous?—Yes.

42. They would not be justified in taking land because you could not prove that it never would be payably auriferous, but you would expect them to take land which there was good ground to suppose would be payably auriferous. That would be a fair interpretation?—That, I think, would be a fair meaning.

43. And you think it would be possible to obtain all the land that was probably payably auriferous without taking so much land as they have done, as there is no proof of its being payable?—I think it possible, but not by pursuing a system of reserving large blocks of 6,000 or 10,000 acres in regular forms, because these happen to include some land fit for mining purposes. It would have to be made in small blocks and surveyed in detail.

44. *Mr. Tanner.*] I think you have admitted that the Government have the right of selecting the mining reserves in any locality within the prescribed area under the contract?—Yes.

45. Are you aware that Sir Julius von Haast, the late Government Geologist, stated that gold never would be found on the Eastern slope?—Yes.

46. And, as a matter of fact, all the gold-mining has been carried on on the Western slope?—Yes.

47. Is not the land reserved admittedly auriferous in the scientific meaning of the term?—Yes, in the scientific meaning of the term only.

48. That is proved by the land being worked more or less?—There are gold workings all over the West Coast.

49. All over the country is auriferous?—Yes.

50. Does it strike you that under the contract the Government would select land known to be auriferous?—It is their business as a Government to select land known to be payably auriferous.

51. Can you point out any land known to be of a higher gold-bearing character within the gold reserves?—Where the ground is known to be payable it is worked. So that you may take it for granted that known payable ground is actually in the hands of miners, and is being worked.

52. And would be the first most likely to be reserved?—Certainly.

53. *The Chairman.*] Will you state what percentage of the blocks of land reserved, in your opinion, could be held to be used or occupied for *bonâ fide* gold-mining purposes?—It is a thing you could only arrive at after a very close investigation. One-eighth of the area of the whole ground perhaps might be taken, but it is a very rough guess.

54. You have known the workings on the West Coast for very many years?—Yes.

55. And I think you are aware that the goldfield has existed now some twenty-seven or twenty-eight years?—Yes.

56. Well, knowing the extent of country that has been worked in that time, what further proportion of ground do you think is likely to be worked in the near future?—The proportion worked on the West Coast in the old days was effected by a large population. At the present rate, I should say, it would take perhaps a hundred years or so to work as much of the West Coast.

57. Can you give the Committee any idea of the area of ground worked during the time, and since gold was discovered?—I could not tell the exact amount; it is very difficult to arrive at. A great many leads were not half-a-chain wide, and if you merely confine it to the width of the leads, this would give a very small acreage indeed. Yet the occupation of land required for working that might be ten times as much.

58. Suppose you were to calculate the whole of the Coast occupied by miners for working and residence purposes, and other occupations connected with mining, what would that area amount to? Can you form a rough estimate as to the number of acres?—I should say, perhaps from 30,000 to 60,000 acres. It might be less. It would depend upon how you took it.

59. *Mr. Mills.*] You are acquainted with the whole area reserved?—Yes.

60. Have you a general knowledge of the country proposed to be reserved within the red lines?—I have not been through much of it. I have a general knowledge of it.

61. Take the country that has been reserved, that marked yellow. Could you give us an idea what extent approximately of that is country with good payable timber, what is likely to be fit for settlement when the timber is removed, and what country is rough and never will be fit for settlement?—The timber occurs in patches. Speaking roughly, I dare say a third might be valuable for timber purposes. It depends very much upon access being given to it.

62. Is there any extent of it outside the timber-land suitable for settlement, or industries other than timber?—Portions are available for settlement; and there are patches of settlement at present, and all up the Grey Valley.

63. I am speaking not of the alienated country, but of the area for reservation?—The general character is terrace-land, broken up by gullies and creeks. Some might be available for stock-farming.

64. Is there any extent of it not bush—without timber on it?—It is generally bush country.

65. You say there is about a third of it well bushed, suitable for timber purposes. Would you reasonably expect that to be fit for settlement, say, in ten years' time, after the timber is removed? Is it that character of country that would support a population?—Yes; some of these bush-lands which have been alienated have been cleared during the last year and laid down in grass.

66. Is it thought to be sufficiently encouraging to lead one to suppose that, say, within ten years, when the bush is cleared, this country will support a population?—From what I can learn, when the land in the other parts of New Zealand is taken up, people will take up more of the West Coast. It is being made accessible by the railway, which will enable supplies and products to be brought to market.

67. I was speaking as to how far it would be available for raising grass or crops. It would only be suitable for grass or crops; no other industry would find a home there?—There is coal-mining, and there may be other industries.

68. You do not make it quite clear what proportion of timber-land, when cleared, might reasonably be expected to support a population in time, as distinct from the rough country which will never support a population?—It is very difficult to say, because the features of the country vary greatly. If we said a quarter would be available for settlement it might be near the extent, but it would be a guess quantity.

69. With the bush-land it would be about half of the whole?—I speak of bush as covering the amount suitable for settlement as well as the gold-mining land.

70. You said a quarter of the bush-land would be fit for settlement?—Some of it would be included in that.

71. There would not be half of the area fit for settlement?—No; I do not think so.

72. I am speaking of the reserves—the yellow country?—Yes.

73. With regard to the land behind, what is its general character as to its suitability for timber purposes or settlement?—The further back you go the nearer the range you get. There is flat country from Bell Hill to Lake Brunner. I do not know how the reservations affect that.

74. What is the general impression with regard to the outside area? We were told by a previous witness that it is practically rocky country?—It is; as you go further up the watercourses you get into higher and poorer country and inferior bush.

75. Is there a large percentage of that quarter or a third likely to have value for timber purposes, or to have a prospective value for settlement?—There is, nearer the line, but the reservations block it off.

76. I am trying to get at the surface value of it?—I have not been much in that country; but I think the surface value will not be great.

77. You know the general terms of the contract, and you know the special clause giving the Government power to make reservations for *bonâ fide* mining purposes. Suppose yourself to be the Government for the moment, under the necessity of protecting for a reasonable time the future interests of the mining community, and it fell upon you to make these reserves; do you think, in selecting these reserves over that area, you would be able to cut the country out so as to reserve much less than is proposed to be reserved here?—It would be difficult to do it. But of course the Government, being impartial, in making such reserves to protect the mining interests present and future should look to the rights the company has under the contract, and not indiscriminately select such lands as are made accessible by the railway.

78. You have given evidence to the effect that only about a third of the yellow country, and a very small portion of the other country, is likely to be of value to the company for timber or settlement purposes?—Of course it must be understood that these proportions made are only guess proportions, merely to give some idea.

79. The area which is valuable for timber or settlement is mainly the yellow country already reserved. Could you cut the reserves down very much? We have the evidence of an expert already that there are creek-beds and auriferous ground all over it?—I quite agree with that statement. You could only cut the reserves down by making a detailed survey, not by taking a map like this.

80. If they reserved what he suggested—that is, all the creek-beds and the land around creek-beds supposed to be auriferous—would that leave any large area for settlement, because I presume what would be left would be higher ground?—The proportion of that would be what I was previously asked about. I had that in view when I said that it would be difficult to say what would be payable.

81. I did not ask you that. I meant the whole surface of the land?—You asked me what proportion might be payable for gold-bearing purposes.

82. I did not ask you that. My questions have had reference to the surface of the land. I asked you what proportion would be valuable for timber or settlement, and you said about a third or a little more. Is that right?—Yes. It does not much affect it. The idea in my mind was that we supposed one-eighth of it was actually being worked, or that we might presume that it would be required for future use.

83. Putting aside the gold-bearing area, what proportion of the country marked yellow has a surface value for timber or settlement?—The timber we spoke of as covering a third might be taken as covering the mining part too. We might increase a little.

84. Practically, the answer is that it is the same as is valuable for settlement?—Yes, practically the same.

85. Supposing we reserved all the creek-beds and the country round them, would there be much country left?—The creek-beds and shingle-beds would form a considerable portion of what would be in the digging portion.

86. I suppose if we reserved the margin round the creek-beds it would absorb a good deal of the level land?—Yes.

87. Supposing you had the responsibility, as representing the Government, of proclaiming reserves in order to preserve the interests of the mining community, as intended under the contract, do you think you would be able to reserve very much less of the county than they have done?—Not perhaps in large blocks. The actual area of probable payable goldfields is not large, but you could only reduce reserves by cutting it much more in detail.

88. I am speaking of the yellow country?—Yes.

89. You would be able to leave a good deal of country out available for settlement?—Available for settlement, and which would not be required probably for gold-mining.

90. And land that would be fit for settlement within a reasonable time?—Yes.

91. Could you give a rough idea of the cost of surveying the country on the lines suggested by Mr. Lord—that is, cutting out the presumably auriferous country round the creek-beds, &c.?—It would increase the cost of survey about 2s. an acre.

92. That is the additional cost of survey to select the lands more carefully than has been done?—Yes.

93. That is, 2s. an acre for 184,000 acres—£18,400?—Yes, if such acreage were cut out; but I would assume it to be done in course of settlement surveys.

94. *Dr. Newman.*] If you survey 100,000 acres, you say 2s. an acre is the cost of the survey?—In this case, supposing you took 30,000 acres, covering actually known or probable gold-workings, then you would see it would take 2s. an acre, which would be £3,000.

95. You do not mean to say that 30,000 acres would cover the area that should have been reserved out of this 184,000 acres?—No; that is only a quantity assumed for calculation. It would be a difficult thing to arrive at the actual amount. It is much a matter of opinion.

96. My idea is to arrive at, roughly, the cost of the survey, and the relative proportion of the saleable land valuable to the company?—Yes.

97. Would it be worth while to keep back such a proportion as could be kept back, when you say it is only a third of the area?—Yes; that is only fair.

98. *Mr. H. A. Gordon, Inspecting Engineer, Mines Department (by permission of the Committee), in the absence of Hon. Mr. Seddon.*] You know that the country is taken up on the reserves from 81 to 62?—Yes.

99. You have said that the creek-beds and gullies are the only places where the gold is likely to be worked?—And the previously-mentioned deposits on the old river-beds—the ground as described by Mr. Lord.

100. Do you know in what direction the leads run—do they run at right-angles to the present creeks?—Most of those creeks running into the Grey have been worked. There are also the remains of the old leads, which may have been the bed of the Grey or other river before the present surface was formed.

101. What is the run of the leads of gold; are they running in the direction of the present creeks, or at right-angles to them?—Some of the leads are at right-angles.

102. Is there not almost a continuous line that breaks here and there from Antonio's, or Slab-hut Creek, through Duffer's, Nelson Creek, No Town, and down to Maori Gully; is it not almost a continuous run?—There are evidences of a lead here and there.

103. Is not the gold in the creek-beds very likely merely a concentration of the gold from the original leads running at right-angles to the creek?—Yes, and also the concentrated gold which has been brought down by the natural sluicing of millions of tons of stuff from the mountains.

104. Does that lead run within the first reserve made here back from the railway [Map referred to]?—It is difficult to locate on the small map. From Duffer's that lead does run within these blocks.

105. And likewise about Nelson Creek and No Town?—Yes, that is about Try Again. I think so.

106. You know the workings about Try Again?—Yes.

107. Is not gold being traced further down over the area near the Grey River?—There are probably a number of workings since I was up there. As far as I know it is in the bed of the creek there.

108. You do not know about any workings right on the top of the range between Nelson Creek and Callaghan's?—I cannot follow it on this map. There is gold at Callaghan's.

109. You say it would be possible to cut out the auriferous ground by survey. If you had the survey to do on the part of the Government, could you say which was auriferous and which was not?—It would be difficult to do, but I say it could not be done in large blocks.

110. Could you really go and survey the auriferous part of the ground? If you exclude the beds of the creeks and gullies, would it be possible to exclude any other portions not auriferous?—This was done in the system used for settlement areas on goldfields. Of course it could not absolutely exclude every possible chance.

111. It would not be possible then to select land for settlement that is not auriferous?—It would be possible to select land on which there was no strong probability of ground being payably auriferous. The probability is always against gold being found.

112. I think, in answer to a question, you said there was far more ground worked in the early days than lately; is that so?—I should think there would be, as the miners stretched over the whole country, and large patches of shallow ground and creek-beds were worked.

113. Would not one man, with the process of sluicing adopted by companies, work far more than thirty men at the earlier period?—He works more cubic yards, perhaps; but the man in the early days could go over a larger surface than a company sluicing.

114. There is a great deal of shallow ground on that area, taking the terraces?—It is all worked out principally. The fact that it is accessible has caused it to be worked.

115. Is there not a great deal of shallow ground on that area which, although too poor to work a few years ago, it pays to work now with large quantities of water under the present system?—Some make it pay now with the water, if they have it.

116. You say that you would exclude all the creek-beds and gullies if you were to lay off the ground for settlement purposes. That, I take it, would cut off the water. Would that land, without the right to the water, be of any value for settlement?

Mr. Wilson: I think provision is made that all rights to the streams are retained by the Crown.

Mr. Gordon: The point is this: The freeholder has no right to the water going through his ground.

Witness: I do not mean that. I would not exclude from freehold every little watercourse; I would exclude only those creeks which were probably gold-bearing. The creeks with a small run of water would not be excised.

117. If all the creeks and streams were excluded, would the land remaining be valuable for settlement?—If all the creeks likely to contain gold were excluded, there would still be sufficient water, from the tributaries to such creeks, for timber and stock purposes.

118. You say that about an eighth of the land would be auriferous?—I give that with considerable qualification, because it is very difficult to determine the quantity.

119. Do you think it would be possible, if you had to lay off the auriferous ground within that area, that you would exclude all by only taking one-eighth of the area?—I think you could exclude all that anybody could make out a good case for as being payable auriferous ground.

120. How would you know it was not payable—by reason of its not being worked?—I presume that, taking you as representing the miners' interest as against that of the general settlement of the country, the onus of proof would rest with you.

121. Is not new ground being taken up every day within the area, and the workings being extended?—A great many of the extensions are applied for in connection with existing claims.

122. Is it not a fact that portions of the ground, although auriferous, are not worked at the present time simply because there is not sufficient water?—Some of the ground would be worked if there was more water, and the ground at present worked would also be worked out sooner.

123. Take the country between Ahaura and No Town. There is little of that which is not auriferous?—There is a great deal of it auriferous in patches.

124. Would you like to go and survey off a large block of land there if you were not to include auriferous ground?—I say it would be difficult or impossible to do it in large blocks. It could only be done by making a survey in close detail.

125. It is probable that in a close detail survey you would include auriferous ground in that you surveyed?—There would be a possibility of it.

126. You say you know this country; what is the general character and depth of it from Ahaura to Nelson Creek, and from Granville and Duffer's?—It is from a few feet in depth, on the reef, up to a couple of hundred feet.

127. A couple of hundred feet would be an extreme case?—Yes.

128. There is a great deal of it shallow ground?—I think most of the shallow ground is worked out.

129. Therefore, if you had a good stream of water, you would go over a large surface of it?—Of course, the shallower the ground the larger the surface you have to go over.

130. It would not be judicious for the Government to confine the auriferous blocks to the actual present workings?—That opens up rather a wide question, because, taking an extreme case, it might be more judicious for the Government to sacrifice even known goldfields for the purpose of obtaining settled population than to conserve them.

131. Then you say it would be judicious for the Government to sacrifice the auriferous country?—I say it might be so. Your question opens up a great many considerations.

132. The Government having the right to select 750,000 acres from time to time, could they select ground more likely to be auriferous, or more auriferous ground, than what is included in these reserves?—I suppose, with the exception of Kumara, that stretch of country through the Grey Valley and Inangahua is amongst the best mining country on the West Coast.

133. What is the value of that mining land so far as the timber is concerned?—The value of the timber depends entirely upon its access. For instance, I have heard of eighteenpence a hundred feet royalty being paid, and, assuming that there were 20,000ft. to the acre, that would be £15 an acre the owner of the land would get, and he would still have his land and have it cleared. That perhaps is an extreme case.

134. You know that the company has the right to cut the timber off the land within the mining reserves?—I understand so.

135. If the timber was worth £15 an acre the company could not have much of a loss?—I am speaking of an extreme case. It is quite possible that land near the railway might yield £5 an acre, but out of that the company might have to spend large amounts to reach the land further on.

136. I am taking the first reservation made. What is the value of that land as timber land?—The value of that is fixed by the contract.

137. What is the value of the timber on that land?—It would depend upon access. The timber might be worth from £2 to £10 an acre. The further from the railway or means of access to a market the less value the timber is.

138. Is there much flat land available for settlement within this area?—There is not much. There is some unsold land along the Grey River, and I am not sure whether it is included in the reservation or not. There are some old surveyed sections unsold. Flat land is the exception.

139. If the flat lands about the beds of creeks were to be sold, would that not stop the mining?—The flat land would be required very likely in some cases for mining purposes.

140. The land would be covered with tailings?—A good deal of the flat land would be required for gold-mining purposes out of the settlement blocks.

141. You have stated that these reserves could be made when the section surveys are made?—Yes; but they could not be made in such large blocks.

142. But the reserves could be cut out when the section surveys are made?—Yes.

143. When would the section surveys be made?—When settlement is taking place.

144. The Government in that case could do nothing with the auriferous land until such time as the section reserves were made?—The land at present is in the hands of the Wardens. The proclamation of these blocks gives no more privileges to miners than they have at present. The land is simply taken out of the company's reach for settlement purposes.

145. Did not the company send in applications for small sections?—Yes; as they have a right to do under the contract.

146. Do you know if they have done so?—Yes; in areas of various amounts.

147. That is, in different patches?—All over the West Coast.

148. If the auriferous lands were to be left to them, it would take a long time to deal with them?—Not necessarily. If dealt with at the time of the settler's application, many might have been dealt with now. The system would be this: Instead of trying to define the payable auriferous land, you would define the unpayable land suitable for settlement.

149. You said it would be a very difficult thing to cut out any ground that was not auriferous?—The smaller the sections are the more possible it becomes.

150. Could you say whether it is possible to cut out selections that would exclude auriferous areas and not include any auriferous ground?—It would be difficult in some cases, but there are cases where it could be done.

151. In this area it would be possible to cut out the selections?—Yes. It would be some one's business to show cause that any land was payably auriferous, or likely to become so.

152. Could you find any one in the colony who could go over the ground and say that it was not auriferous?—Conversely, no one could go over the land and say any particular part was auriferous.

153. You said the total length of the line from Springfield to Brunnerton was 95 miles 9¾ chains by the company's survey, and 95 miles 35 chains by the Government's survey. Therefore, the company's line is shorter than the Government's survey, and I think Mr. Wilson drew the deduction that therefore the deviation had not increased the length of line. I will ask whether the deviation has increased the length of line?—Taking the deviation itself, it increases the length of the line.

154. Can you tell us by how much?—It increases the length by something over a mile. The exact distance I could not say; at one time it amounted to a mile and three-quarters. We have made some alterations reducing this. It may have increased it by about a mile and a half longer than the original line, round Lake Brunner. I may mention that there was a considerable revision necessary for the Government trial line on the West side of the lake, and we do not know what the revised length of this Western line would be; but we know for a certainty that it would have been longer than the Government line as shown on plans.

155. Could you form any idea of what length the line would have been?—We tried to eliminate the heavy grades of the Western line, but could not do so, or only by greatly increasing length. A revised Western line would certainly have exceeded the length of the present line on the East side.

156. *Mr. Wilson.*] How was settlement dealt with on this auriferous land on the West Coast before the company's contract was made at all?—It was dealt with by the Land Board advertising the land intended to be thrown open for settlement, or by the applicants advertising.

157. So that objections could be made to applications being granted for lands known to be payably auriferous?—Yes.

158. It has been said that land on the West Coast has no value at all, practically speaking, being worth only £1 an acre, or less. Do you remember what values have been put on lands where we had to pay for compensation on the West Coast? Did they not range from £20 to £70 an acre?—They ranged from £5 to £100; £5 to £100 was claimed for improved lands along the course of the line.

159. And that is land said to be of no value on the West Coast for settlement purposes?—Yes.

160. Is it a fair inference that other lands now covered with bush in the same character of country will, when cleared, have a substantial value as settlement lands?—Land accessible from the railway has an enhanced value, and the railway will make land available for settlement where it was not possible before.

161. *The Chairman.*] Do you think the lands between the Grey River and the reserves for mining purposes—that is, between the river and Blocks 81 to 51—are payably auriferous?—I believe they are not payably auriferous, and I never heard of their being considered so. Most of this land is laid off in rural sections, the greater part having been alienated and settled for many years.

MONDAY, 29TH AUGUST, 1892.

HENRY A. GORDON, A.M.I.C.E., Inspecting Engineer, Mines Department, examined.

1. *Mr. Wilson.*] Do you know the district shown on that map, including the reserves made and proposed to be made?—Yes, tolerably well.

2. Can you approximately state, from your knowledge, what area has been worked out in the district, say, from the time that gold was first discovered on the coast?—I could not, not even approximately; it would take considerable time even to do that.

3. What do you consider an average amount of land that each miner will exhaust in twelve months by sluicing and other processes?—That depends on the depth.

4. Will you tell, on the average, how many cubic yards in the year he will take out?—That depends on the quantity and head of water.

5. Cannot you give me from your general knowledge an approximate idea?—It depends on the system of working, according to the character of the wash-dirt, and the depth and quantity of the water available.

6. Do you think that a miner will wash out an acre in the year?—Yes, and more.

7. How much more?—That depends on the depth.

8. Is an acre per man a fair approximation?—I would not like to say; yes, it would be a fair approximation.

9. I want an average?—It would be about an acre.

10. Then in deep workings, that is to say, lead-workings, it is nothing like that?—Oh, no.

11. Is it half that?—No, I should not think so.

12. Would a quarter of an acre be fair?—I think it would be too much.

13. Can you state the number of miners at work on the coast?—I cannot carry the number in my head—about 5,883.

14. What yield per week, in your opinion, would bring gold under the category as payable?—If it could be brought in something like the wages that agricultural labourers get, it would be payable.

15. Do you think that miners would suffer all the hardships of mining at a return of 8s. a day?—Many of them will work for less than that, with the chance of getting something better.

16. I think statistics for last year show that the average working-miner gets about £50 a year each man?—There was a reason for that: it was the lowest average that has ever been, and the reason of that was that the Gold Duty Abolition Act came into force in the end of March, 1891, and a great deal of gold was held back by the banks. It made the gold returns for that quarter considerably less than they otherwise would have been.

17. The year before that, was it nearly £69?—I do not recollect.

18. Would you call that payable land?—Yes, I do.

19. Do all the lands marked yellow in the proposed reserves come fairly under that head?—Yes, they do; the whole of it, and all of that proposed as well.

20. We have heard a great deal about shafts: are there many abandoned shafts on the area reserved?—A great many.

21. As a practical miner, when you say "abandoned shafts," do you arrive at the conclusion that the claim is payable, or otherwise?—There are many hundreds of abandoned shafts, which were left as non-payable a few years ago, which would now pay to take up and drive out. It would in many instances pay remarkably well to work if they could get the water to that ground. A grain and a half of gold to the cubic yard would pay all expenses to work it with modern appliances—that is considered payable mining-ground in Otago.

22. It is a sort of starvation-wages?—I know one claim, that only yields two grains to the cubic yard, which paid all expenses and 10 per cent. on about £10,000.

23. In fact, you are giving more than that to the unemployed?—I cannot say.

24. Is there not a general opinion amongst miners that the best and most profitable fields in the district have been worked, and that likely leads can be fairly well defined now?—The opinion of the miners is that the whole Coast is auriferous.

25. Yes, from a scientific point of view. Would it not be possible to obtain evidence to locate payable land?—I do not think so.

27. Do gold-leads and deposits such as are caused by ancient rivers exist in regular forms, square blocks, and narrow strips?—One of these deep leads may run in all manner of directions; they run here and there. A break will take place in them for a short distance, and then you will pick it up again.

28. Can you define them on the surface?—No.

29. Then, do you consider that rectangular blocks, and blocks bounded by straight lines, are likely to indicate the true position of leads and various auriferous beds?—There seems to have been leads of alluvial gold running right through from Slab Hut Creek to Block 7, Snowy River; but these leads take in a larger area than that reserved; that being the case, straight lines are sufficient for the purpose.

30. What I want to know is this: are these rectangular blocks likely to represent the true defined area of these leads and patches?—Yes.

31. Do gold-leads and deposits exist in irregular forms?—It would be impossible for any man to stand on the top of the ground and say exactly where the different leads are. I say irregular.

32. Then these regular forms cannot possibly cover the true area—a regular figure cannot cover an irregular figure. Is is possible to define these leads?—I do not think so—not on the surface.

33. As it is impossible to exactly define the paying ground, could not the Government, with equal likelihood of success, have reserved other lands away from the line?—The very best auriferous ground is alongside the line.

34. That is an opinion?—No, it is a proved fact.

35. You say the Government know from evidence where the paying centres are?—The land taken is part of the country that should have been taken, at any rate.

36. Has this country been known to be likely to be required for a lengthy period?—Yes.

37. When was it first known?—In 1885, certainly.

38. *The Chairman.*] Am I correct in assuming that the method adopted by the Government in taking this reserved land, which you say was known to be required for mining, has been to decide upon an area, and cut this up into blocks by straight lines, as shown on the map, so that they could just get within the limit of 10,000 acres?—Well, I do not know that they could do it any other way.

39. *Mr. Wilson.*] Were you consulted?—I had something to do with it.

40. Do you not think it a strange coincidence that these lines of boundary between block and block should exactly coincide?—No; these leads twist about considerably, and no one could tell where they are by merely going over the surface of the ground.

41. Then you must have included ground that does not include leads?—No; it is all auriferous.

42. Is it one patch of paying gold?—I cannot say that, and very likely there is some very low-lying land in the creek-beds in which you might not find gold; but if you let that go in settlement, even if there were no gold to be found in some of the low-lying lands, it would stop all mining being carried on, owing to the tailings coming down and covering it.

43. Has the development of gold-mining been so rapid in the district as to necessitate these reserves being made?—Well, I think they ought to be made; I think there is a development in mining, and I do not think it would be right to give away any of this land for settlement.

44. Has there been a great influx of population since these reserves were made?—No.

45. So that it has not in any way affected the prosperity of the Coast?—In that respect I may say that the Midland Railway Company has stopped people from cutting timber off Crown lands.

46. How do you account for the few mining people in the district, which is one mass of paying-land?—I cannot tell why there are not more.

47. Now, would not you imagine, if all this country was so thoroughly paying, that there would be an influx of population to work it?—I am sure there would be if all the water was conserved. It would then be worked profitably—that is, the greater portion of it.

48. What would be the cost of bringing in the water?—That would depend on the district it came from.

49. Is it a fact, Mr. Gordon, that the introduction of water-races by the Government has proved a loss to the colony?—No; some of them have paid 15 per cent.—for instance, that at Kumara.

50. We all believe that the Kumara is a good one. Are you aware that the rising generation on the Coast does not care for the hardships of a mining life?—I think that is a mistake.

52. Is it not a fact that the old and original digger is the only man that cares for prospecting at present?—I do not think so, and, as a reason, I would state that the original diggers found gold very easily in the beds of creeks, and prospecting requires more money to test the ground than it did in the shallow workings in the early days.

53. Are the people on the West Coast likely to know something about these diggers, and the prospects of mining?—Yes; but I would not give much for the opinions expressed in some of the newspapers with reference to this.

54. Are you aware that certain sums of money have been spent for subsidising prospecting?—Yes.

55. Are you aware that this has met with success?—Some of them have met with success.

56. Do you attribute that want of success to the absence of gold or the want of skill?—I cannot remember many places where prospecting-operations were carried on to any extent in this district.

57. You say between Slab Hut and Red Jack's Creeks?—That is the track of the gold-bearing belt—through the blocks reserved.

58. Can you give us any idea about the width of that?—It extends over a great area.

59. What is the widest and narrowest, and we can average it ourselves?—From two miles and a half to three miles and a half; three miles might be an average.

60. What do you consider the width of a true lead?—A lead is not remarkably wide; it is not one river-bed, but a continuation of river-beds that have shifted about from time to time.

61. Are there a number of abandoned water-races that command that?—No; there are plenty of old water-races abandoned where there was only a small quantity of water available, that the miner used to work with in the early days by using a common sluice-box.

62. Then the inference is that you cannot get water there?—The races are not large enough; they are what you call catch-water races.

63. So it is a questionable thing whether you could work that ground if you had water?—No, there are large areas of ground that could be worked.

64. Does one of these reserves for the Arnold district extend over the Arnold Flat?—In No. 81 there is some flat land.

65. I believe there is good timber on it?—Yes.

66. Is there a supposition among mining men that there is coal there similar to Brunnerton?—There may be in some parts of it. I would not say it is not coal-bearing.

67. Well, now, have they not recently tried it for coal?—I am not aware. They are driving tunnels in it for gold, and they have been working in them for years and years.

68. Would it not be a fair inference, judging from your knowledge of the country, that the Blackball coal-seam continues for some distance under B1, Block 220? The Blackball seems to run, at any rate, about a mile in an unbroken line, but that is pretty well included in the area. Is it likely to extend under Ford's Creek?—Possibly it might be found there.

69. Has it come under your notice that there are coal-bearing lands which are included, or are to be included, in the mining reserves, which contain good house-coal, and in some instances mining claims have been asked for coal?—Yes. Gold-mining claims and coal have been worked alongside one another. The coal is only here and there in small patches.

70. Do you know of instances in which people applied for coal-leases and subsequently found that gold-claims had been granted to other people?—It is possible, but I cannot remember any such thing.

71. In your opinion, as an expert miner, would it have been possible, considering that the Coast is entirely auriferous, that the Government could have selected reserves to meet the require-

ments of settlement, so as not to interfere with the land close to the railway as constructed?—They could not reserve areas for settlement on the land marked as mining reserves.

72. You are aware of the system of advertising applications before the Midland Railway contract was made?—Yes.

73. In your opinion, would this method not give equal satisfaction to the requirements of gold-mining and at the same time encourage and develop settlement?—No, for the simple reason that it would not do to give any of this land for settlement.

74. But, notwithstanding that fact, Mr. Gordon, that land was intentionally included in the land set aside for selection by the company?—That I cannot go into.

75. Is it a fact that many people have applied for residence-areas on the West Coast, under the Mines Act, who were not engaged in mining?—I do not know of any, with the exception of those who are living on the goldfields, and they are men who are getting their living from the miners. Some of them might not be termed miners, but they get their living from the mining population.

76. If the company had been able to deal with this land, it would have got the benefit of such areas by selling them to these people?—There are plenty of these residence-areas on auriferous blocks for which compensation has to be given if they are required for mining. Any miner can go and apply for one of them.

77. Do you not think that settlement on the West Coast would be the greatest aid to mining, and if settlement does not take place mining will diminish?—Mining is the thing that the West Coast is really most dependent upon. There are over thirty thousand people on the West Coast depending on mining.

78. Is it not admittedly a good policy that land-settlement should go hand-in-hand with railway- and road-construction?—I say that it would never do to give this land away for settlement, because it would stop mining altogether, especially in the Grey Valley.

79. Does the development of a coal-mine increase the prosperity of a district more than the development of a poorly-paying country for gold?—Gold is our great factor.

80. If you have a good coal property, and on it a poorly-paying gold-deposit, would it be to the interests of the colony to develop the coal in preference to the gold?—I should say, if the coal was good, I would take the best.

81. Would that apply to the district round Reefton, where this coal has been applied for?—Certainly not. Gold is most predominant there. Coal is only found in small patches.

82. Then, in your opinion, gold-mining is more valuable than coal-mining round Reefton?—Yes, certainly.

83. Then, in the face of it, you admit that the obstruction to the settlement must of necessity be detrimental to the company, who would otherwise have the advantage of settlement along the line?—I do not think the company would get many people to settle on this description of land, if it were all open to-morrow for settlement.

84. *Mr. Saunders.*] I think I understand you, Mr. Gordon, that all the land that has been reserved for gold purposes is properly reserved and required to be reserved?—Yes, that is so.

85. You do not think that it could be separated in smaller quantities, so as to include all that is necessary for gold-mining afterwards?—I would not like to be the surveyor that was sent out to pick what is auriferous of it and what is not. Altogether it is one of the most auriferous blocks on the West Coast.

86. Speaking generally of the reserves that have been made, you think that all the purposes might not have been secured with much smaller reserves?—I do not think they are secured now with the present reserves.

87. *The Chairman.*] What is the average width of those blocks?—About two miles and a half to three miles and a half.

88. What is the general width of the known leads that have been worked on the Coast?—It varies in different places. At Nelson Creek the lead may be said to be four miles wide; the gold runs across the country there from Owen's Lookout to Try Again.

89. I do not care which way it runs. What is the widest lead?—It is not a lead: it is a succession of leads. It is very hard to define a lead, because in a portion of this district they are not leads.

90. What is the widest lead you know of?—I should think about ten chains—that is, the widest lead that is one lead only.

91. You know of some parts of the Coast where there are a number of leads running parallel to each other. What is the average distance between these leads?—They are pretty well together, as at Kumara. The whole ground between these leads is payable, and can be wrought from lead to lead. In Kumara there are seven leads in three-quarters of a mile, and all the ground worked between each lead.

92. Where there are several leads running parallel to each other, what do you think is the widest belt of country enclosed?—Owen's Lookout to Try Again is over four miles; it has not been clean wrought. It is in close patches and very short distances.

93. In quartz-reefing country, is it pretty easy to define the area of the gold-bearing quartz?—It would be a very hard thing to define them, especially on the West Coast, as there is such an immense forest and dense undergrowth.

94. Can you give the Committee any idea as to the numbers of miners that are working this area of reserved blocks—that is, 51 to 81 inclusive?—I cannot tell from memory.

95. Well, say approximately: is it one or two thousand?—I have looked at the statistics, and find there have been about 1,433 last year.

96. *Hon. Mr. Seddon.*] You were many years yourself, Mr. Gordon, on the West Coast as mine-manager and in other capacities?—Yes, from about 1865 to 1883.

97. You are acquainted with the district from Jackson's Bay to Hokitika and from Hokitika to Westport?—Yes.

98. Mr. Wilson's examination has simply confined you to the Grey Valley. I wish to ask you about each block. We will start from Hokitika first. Near Block 12 there is a reserve marked in green in this plan. Are you aware of that block?—Yes.

99. Is the land in that block in your opinion required for *bonâ fide* mining purposes and the several purposes connected therewith, &c.?—That block at Rangitoto is all in a hill-country, and could not be used for settlement.

100. Before this reserve was made did the Government take every precaution to obtain every reliable evidence?—They did.

101. Can you personally speak of that country?—Yes.

102. Suppose your opinion had been asked as an expert whether it was advisable to sell that land, what would you have said?—I would have advised the Government not to sell it.

103. Why not?—Because the sale would interfere with the interests of mining.

104. Now we come to Block 14—Donoghue's and Ross's. There is a reserve made there. Do you know that country?—Yes, well.

105. Is there any of that land that would have been advisable to sell?—Not a bit of it.

106. Is that land in your opinion required for mining or any of the purposes incidental thereto?—Yes, it is required.

107. Is the land auriferous and payable?—Yes, great portions of it have been wrought as payable and auriferous, and rich gold obtained.

108. *Mr. Wilson.*] Worked out?—No, they have not got to the bottom of it. They may get gold in any layer beyond what they have got.

109. *Hon. Mr. Seddon.*] Does the same answer apply to this block as regards inquiries made by the Government?—Yes.

110. Block 4 (Remu): would you advise the sale?—No, certainly not. I think the block taken there is too little.

111. Is it required for *bonâ fide* mining purposes, &c.?—Yes.

112. Referring to Blocks 1, 2, 3, 4, 10, 12, 5, and 6, are these blocks which have been reserved required for *bonâ fide* mining purposes, &c.?—Yes, they are all required; every acre of it. It is all wanted for mining and conducive to mining.

113. There has been a question raised about some land near Kumara: is that required for mining?—It is certainly wanted for mining purposes. If that block was taken away you would take away, not only auriferous land, but deprive the miners of the opportunity of getting timber for mining purposes.

114. Is the timber there conducive for mining?—Yes.

115. Could they work at Kumara without boxes, &c.?—No.

116. Now, there was some application received from the company to purchase land applied for by a person named Morris?—Yes, it was objected to by all miners there.

117. That stretch of country between Callaghan's and Kumara: are there some shafts on this ground which prove it to be auriferous?—Yes.

118. Did the Government subsidise prospecting on that land?—Yes.

119. Take from Kumara to Fox's: has this land gone right between the two auriferous drifts?—Yes.

120. A few years ago the land between Kumara and Callaghan's was considered valueless: has that not since been proved to contain payable gold?—Yes.

121. In your opinion, do you think it a reasonable contention to refuse the sale of this land to the company on the ground of its being auriferous?—Yes.

122. Now we will cross the river. I will call your attention to Block 11, at Jackson's: are there any quartz reefs there?—Yes; and a large sum of money was spent there by some Christchurch people.

123. There are a good number of mining claims taken up?—Yes.

124. I come now to the Grey River, and I will take Block 7: is the whole of that land required for mining purposes, &c.?—Yes.

125. Now look at this map: there has been a block left there for settlement—Block 9?—There is some freehold land there, and the miners are working right up into it.

126. Block 8: has that land been taken in such a way as to take the land for mining purposes?—Yes.

127. In reference to this particular block, on representations made by the company, there was a portion excluded, was there not?—Yes; that is so.

128. In reference to the blocks from Greymouth to the Waitaha River, have the company had notice, and how long—first, before the blocks were made, and secondly, as soon as the blocks were made?—The company got notice of the intentions in the first instance.

129. Was there the slightest protest from them?—I do not remember it.

130. *Mr. Wilson.*] Tell us, would it apply in this case, and is there a mining centre, and are these reserves made round mining centres?—Yes, they are.

131. *Hon. Mr. Seddon.*] We will now refer to the Grey River, Blocks 51 to 81. Is the whole of that land required for mining?—If you were to give away this land you would shut up mining altogether in this locality.

132. If for years past application was made by private individuals, would it have been granted or refused?—I should advise to refuse; and, in fact, I have done so in several cases years ago, before the company was ever thought of.

133. Would that account for the land not having been selected?—Yes.

134. Why would they not be allowed to purchase it?—It would have stopped mining, and

mining was looked upon as the predominant industry on the West Coast. It would never do to give freeholds on this account.

135. Would it be sufficient to serve mining interests to cut narrow strips of land alongside and through the several creeks that run through these blocks?—No, it would not. On the top of several hills between Callaghan's and Nelson Creek there is very good gold-bearing drift; in fact, it pays them to wash it in the ordinary manner in some places.

136. Mr. Lord told us the proper way was to keep to the creeks?—It would never do. The creeks run across the line of gold, and every creek and every watercourse washes away a certain amount of fine sediment. The heavier particles are left behind, and the gold has been obtained richer in the beds of the creeks than elsewhere; but the whole country is auriferous.

137. Has it not been proved that where you get gold in the creeks the terraces are also gold-bearing?—Yes, in general.

138. As to this working, "one man one acre," if a man is driving or tunnelling he may run through 50 or 60 acres in a year—that is, if it is narrow?—No.

139. How many acres would he drive through?—Not one in the year if he was tunnelling.

140. Would you get a tunnel driven for about 3s. a foot?—Yes; in some instances, less than that.

141. If he was driving a narrow drive, how many chains would he drive in a year?—When you once get in 1,000ft. you cannot go far.

142. Has it not been proved, at Kumara, for instance, and other places, that for years ground which was deemed non-payable has since proved to be payable?—Some of it I have been told about, but it is a thing I cannot give from my own knowledge.

143. What amount were mine-men making in the early days per week?—If you refer to wages, in the early days I have paid as high as £5 a week; and men are very glad to work for £3 a week now.

144. Now do you know any men that are glad to work for £1 10s. a week?—Plenty of them, and less than that.

145. Then it would not be at all outside the question to say that nearly the whole of this ground, with water on it, would give over £1 a week?—If you had plenty of water it would be very poor land that would not give that. The patches would be remarkably small that would not yield that amount.

146. You said we could not get evidence to enable us to curtail the reserves. What do you mean by that?—What I mean by that is that I should not like to be the surveyor that was sent out to cut up that land and to say which was auriferous and which was not auriferous. I believe that the whole of it is auriferous to a certain extent, and if there was a good supply of water on it there is hardly any of it that would not be made to pay.

147. Then it would be a good thing for the surveyor, but no service to the country?—No service to the colony whatever.

148. I should say that in a great many instances land that has been taken up has interfered so much with mining that compensation has had to be paid?—That is the question of selling the lowlands. In Otago the sum of £10,000 has been paid.

149. In your opinion, would the sale of the lowlands—that is, the flat lands at Arnold Flat—mean ultimately our paying compensation?—Yes.

150. It would not be conducive to sell that land?—It would not be conducive to mining to alienate this land for settlement.

151. What was the correct area that the company were to select from?—5,913,200 odd acres.

152. What was the total value?—£3,127,999 odd.

153. Well, then, there was nearly two-thirds of the land within the area that the company could not select from. Whilst they had this large area of six millions they only appear to select in value one-third of it?—About that—perhaps a little over.

154. Take, then, 750,000 acres that was to be made mining reserves, there is still a large area left to the company?—Yes.

155. The same answer would apply when, in 1885, the whole of this 6,000,000 acres was set aside for the company to select from, although they could not select the whole of it?—I take it that was so, or that they could select 2,500,000 acres.

156. We come to this question of the Black Ball. Turn to section 16 of the contract. Now, there is a special provision made for the company only to have a right to select the leases?—Yes.

157. The company applies to select the block land. B1, Block 220, was that objected to?—Yes, by every one down there—by the miners, by the Warden, and by the Inspector of Mines.

158. That objection was made under section 29. Was there a large body of miners working on that land?—Yes; judging from the reports of the departmental officers there are persons working there at the present time.

159. Is it proved to be payable-auriferous?—Yes; water-races have been constructed there, and a large sum of money spent.

160. Did the Government have any protest from the company as to the refusal being unfair?—I have not heard anything said.

161. There was a portion of a flat between Grey River and the coal-leases the company asked for after the reserve had been made, but we excluded that?—Yes.

162. Was inquiry made into that?—Yes, and it was found that there were a number of tunnels and other things there.

163. Did the Warden report on it?—Yes, and the Inspector of Mines. They reported that it was wanted for mining, resident-areas, and that there were mining-works on it.

164. Nelson Creek, Block 74 and part 77: Is it a fact that during the last three months the owners of this freehold land have threatened to stop all mining?—Yes.

165. They have been sluicing there for years in that district?—Yes.

166. It follows, then, that, having sold this low-lying land, the owners will have to be compensated or the miners must leave their claims?—That is so.

167. Have claims been made?—Yes.

168. In determining their claims do they claim for all improvements as well as the value of the land?—Yes.

169. Well, then, it is not conducive for mining to sell the low-lying lands in this district, between Blocks 51 to 81?—It would be tantamount to stopping mining. You must get an outlet for tailings.

170. *Re* poor ground in reefing district: Is it not a fact that with improved methods of treating low ores, many of these districts are and would become payable?—Yes.

171. Take the width of the ground at Reefton: what is the distance of the ground across? take right angle from any stream or from the railway, what is the distance of the reserves already proclaimed?—The widest portion is about five miles and three-quarters.

172. Has the ground been worked there?—Well, they have been working all over this.

173. Then the whole of that land is required for mining?—Yes, the whole of it.

174. The flat land at Arnold, where Livingstone was prospecting: What would be a sufficient test?—On a big flat like that a hundred shafts would not be sufficient. It is a belt of auriferous country, where there ought to be gold.

175. Let us now turn to section 18 of the contract. What would be in your opinion a fair value for this land with the timber standing on it?—That would depend upon the quantity and quality of timber that is standing on it.

176. Mr. Lord has fixed it as being worth £1 an acre with the timber standing on it?—I do not think I should like to give that for it, that is, taking it altogether; I dare say that some of it might be worth that.

177. *Mr. Wilson.*] The land and timber?—Yes.

178. *Hon. Mr. Seddon.*] What is the value of the land with the timber taken off it?—Very little indeed. There is a great deal of that country that will not grow anything when the timber is taken off it. Some of this land might be of value after it is cultivated for years and years.

179. You say the timber is really the value of the land?—Yes, the timber is the value.

180. The company have a right to take the timber?—Yes, that is so, with the consent of the Queen.

181. Have they made any application to take the timber?—Not that I am aware of; they have made no application.

182. I will now draw your attention to section 33. You were here when the contract was made?—Yes.

183. Now, after reading that clause, I want to hear your opinion, if that will meet the case in reference to small areas in Westland?—Yes, I think that will meet the case, and any lands that are not actually required for gold-mining purposes, there can be no objection to granting them.

TUESDAY, 30TH AUGUST, 1892.

H. A. GORDON further examined.

184. *Hon. Mr. Seddon.*] What was the nature of the expert evidence taken by the Government before the reserves were made, and as to the reserves about to be made for mining purposes or for purposes incidental or conducive thereto?—We have taken the opinion of the Commissioners of Crown Lands, the Wardens of the different districts, the County Councils, the Miners' Associations, and the District Surveyors.

185. With reference to the reserves from Greymouth to the Nelson District, or the South-west Goldfields, have the Government made the reserves recommended by the experts, or are they much less?—The reserves are much less than were recommended.

186. What acreage was recommended by the experts to be reserved for mining purposes?—It was over 900,000 acres.

187. Where did the proposed plans come from showing the 900,000 acres?—The Nelson and South-west Goldfields reserves were laid off by the Chief Surveyor; the Crown Lands Commissioner of Nelson; Mr. Montgomery, District Surveyor; and Mr. Snodgrass, of the Buller.

188. After taking further evidence, reductions were made to how much—from those that are made and proposed to be made?—They were cut down by 200,000 acres to bring them to the 750,000 acres.

189. What would be the reserves south of the Grey?—It brought up the total reserves from Westland down to Nelson to over 900,000 acres—that is, the whole of the West Coast.

190. You say it was brought down from 900,000, as recommended by them in Nelson, to 750,000 acres?—It was brought down in area to the Government reserves.

191. It was brought down to what is shown on the map?—Yes; I cannot tell the areas, but they are all marked off. [List handed to witness.] It was brought down to 605,790 acres.

192. So that, if the Government were to proclaim every block recommended, that would bring it to 605,790 acres?—Yes.

193. The amount proclaimed at the time objection was lodged is how much?—174,503 acres.

194. That is the acreage out of the 750,000?—That is the acreage. There are 77,303 acres in Westland, and 97,200 acres in the Nelson District proclaimed.

195. Were you correct in saying the other day that there are 5,913,200 acres of land within the area over which the company has the right of selection—that is, including the mining reserves?—Yes.

196. The total value that they have to select must not exceed how much? If I said £2,250,000, would I be right?—Yes. The aggregate area is 5,913,000 acres, and the aggregate value is £3,127,999.

197. When the full requirements of the company are provided for under this contract, only a third of the area is open to select from?—That is about it.

198. Where is the principal land in this area which is suitable, and will be settled upon?—There is really very little land upon this block that any one could settle upon. The land which is most suitable is really the south portion of Westland, between Waitaha and Okarito, down below Okarito to Cook's River.

199. The great bulk of the land fit for settlement is there?—Yes.

200. Have any reserves been made to interfere with that particular land?—No.

201. Coming further north, is there a very large tract of country that can be taken up there?—No; a great deal of this land consists of mountain-tops.

202. The company have already selected most of the lands suitable for settlement at Lake Brunner?—Yes; there is more flat land there than anywhere else in that district that I know of.

203. Do the reserves interfere with them?—No. There was a small portion reserved above Kaimata, before you get to Lake Brunner.

204. Are the flat lands of the Grey Valley already principally alienated?—It is mostly freehold. There is some small portion in the valleys of streams, but very little.

205. From Reefton to Nelson reserves have not been made?—No.

206. And if the land there is fit for settlement it is there still?—Yes; there is some flat land.

207. *Mr. Wilson.*] You say you obtained evidence as to the nature and character of each of the blocks reserved?—Yes.

208. How did you obtain the evidence,—from the Commissioners of Crown Lands, the Wardens, the County Councils, Miners' Associations, and District Surveyors?—Yes.

209. Was it formal and detailed, or was it an expression of opinion?—No. Plans were sent down of the whole district, and the County Councils, Miners' Associations, Wardens, and Commissioners of Crown Lands were asked to say where the auriferous lands were.

210. Did you send down to know if they were payably auriferous? Were the plans sent down in skeleton form to show what lands they would like reserved in the district?—They were skeleton-plans for them to mark where the reserves ought to be made.

211. Were they distinctly informed that where the reserves were made the lands would be shut up from settlement?—That was clearly shown to them.

212. How do you account for the doubts of the Inangahua County Council, when they informed me that the good lands would be sold for settlement after the reserves were made?—I cannot tell that.

213. Is this a correct copy of the notice given to the various County Councils as to the method of filling up the maps: "Circular No. 9.—Mines Department, Wellington, 24th October, 1890. Reservation of auriferous areas under Midland Railway Contract.—I am directed by the Hon. Minister of Mines to forward you two maps of the County, and to request that you will be good enough to mark on them the auriferous land which in your opinion should be reserved from selection by the Midland Railway Company. As the large map does not show the topographical features of the country the small one is sent, in order that you may better be enabled to deal with the question. Please return the maps as soon as convenient.—I have, &c., H. J. H. Elliott, Under-Secretary"?—Yes, that is one of the notices that have been sent.

214. When the maps were filled up by the various Councils do you consider that they were filled up with any true regard to the amount of land required for *bonâ fide* mining, or more with a desire of taking out all the land from the Midland contract they could get?—Some of the County Councils filled up the areas. I do not think the Buller Council did, but I am sure the Inangahua Council showed the areas they wanted and returned the map.

215. Is it true that one of the Councils filled in the skeleton-map to practically as much of the whole reserves as could be made by the Government?—I am not sure. One Council took a large area; and I know that, taking the total areas marked, the whole of the Councils would have taken far more.

216. So that we can infer that the County Councils went on the principle of taking as much as they possibly could in the proposed area?—No; they were asked to do certain things, to mark off where the reserves for mining were to be made.

217. You have been able to produce evidence as to the land being required for *bonâ fide* mining, and, in the face of the evidence that the whole coast is equally auriferous, would it not have been possible to show other areas where the land was equally valuable with the reserves made?—No; the reserves as made show where the best of the auriferous lands are.

218. Could you not have stated that other reserves could be taken than along the railway-line?—No, simply because these areas running along the railway-line run along the Grey Valley.

219. You have used the words "conducive to mining." How do you apply them?—You might take up land with no outlet to take away the tailings. You want river-beds and flats for tailings sites, also water and timber-ground, which are all things conducive to mining.

220. Then, there is no limit to the meaning of the words "conducive to mining," according to your definition?—I do not say that.

221. You said Morris's application was objected to as the land was wanted for mining purposes—for the making of sluice-boxes. Are you aware that these objections were heard before the Warden, who decided that the land was not required for mining purposes?—I could not tell whether they were or not, from my own knowledge.

222. Are you also aware that Morris also intended to supply Kumara with sluice-block boxes, and that his application was objected to because another sawmiller was doing so?—I could not tell.

223. You referred to the reserve made at Jackson's, and stated that there was a flourishing company working there which had put up a large plant at great expense?—I did not say that it was a flourishing company.

224. I will withdraw the word "flourishing," and say that the company had spent a large sum of money upon an important plant?—Yes.

225. Are you aware that the company is in liquidation, and that the plant is offered for sale?—Yes.

226. How far are the reefs from the railway?—Between a mile and half a mile from the route.

227. If the reefs are a mile away from the line you could not say the mining reserve was made right down to the railway itself?—You could not take the actual workings of the mine, for if the ground turned out well other claims would be taken up along it.

228. Are there other reefs there?—There are a great many quartz-reefs upon that range.

229. Was it not proved to be an absolute duffer?—Some very nice specimens of gold have been found in that part. It is no criterion as to the reef being payable when it is opened at the top. Sometimes people spend money on machinery and do not spend money on the ground to properly prospect it.

230. Do you not think the company had thoroughly prospected the reef before putting up the machinery?—No; they did not prospect the reef.

231. Is there any proved ground between that point and the railway?—There is some ground close to the river, but I do not think it would interfere with mining.

232. Is there not a piece of ground made in this mining reserve which is very likely to prove valuable for a township?—That is possible. There is some land near Jackson's, if a station was constructed alongside of it.

233. Why was the block at Kaimata reduced in size after the plan was sent to the company?—I think the first time the plan was reduced in size was to bring it in the natural boundary. I do not think the mining went so far.

234. Did you get direct evidence from the miners as to the likeliness of the block being required?—Yes.

235. You visited the miners on the line and asked them various questions, and that was the principal evidence?—No; I also saw people in Greymouth.

236. Did the reserve at Kaimata also include a block taking part of the frontage of the lake—a block of about 2,000 acres?—I do not recollect if the block did go right to the lake.

237. Yes, and included frontage on the lake?—I cannot carry my memory back.

238. It was ultimately applied for as a recreation-ground for Greymouth, and opposed by the company and withdrawn?—I do not know anything about that.

239. Are you aware of any suggestion, at the time the company objected to this being made a recreation-ground, to the effect that it might possibly be included in a mining reserve and then made a recreation-reserve?—I know nothing about the recreation reserve at all.

240. In cross-examination I think you said the company never protested in any way against the mining reserves being made. You are not aware that the company has made a formal objection against all mining reserves, on the ground that they are against the spirit of the contract?—I do not know as to that. I think they may have done so. I have never seen any protest against the reserves block for block as proclaimed.

241. You have possibly confused that fact with the statement that the company did not object to reserves being made near mining centres when made in reasonable amount?—What I mean to say is that you did not protest against the reserves when you got notice that they were going to be made.

242. You stated that all mining, in your opinion, would have ceased if the reserves from 51 to 81 had not been made?—I did not state that. What I implied was that all mining, not on the coast, but in the Grey Valley, would have been stopped.

243. You stated that no person would have been allowed to take any land in the blocks for settlement, even before the company had included it as available for settlement?—Well, some people have got land, and it has been a great trouble to the miners, on account of the compensation that has to be paid.

244. Can you offer any explanation to the Committee as to why the company was allowed the right of selecting under the contract any of this land?—I do not know whether the company has any right of selection of this very land.

245. Then, how do you account for the alternate-block system along that very line being passed?—The alternate-block system has been done away with.

246. You said before the company had any right to it at all—you said distinctly that before 1885 the land was considered so valuable for mining that it would not have been sold?—Well, take it that way. I do not think the land ought to have been given away.

247. That is a matter of your personal opinion?—Yes.

248. If the Government had consulted you, you would not have recommended the company to take the land?—No, I would not.

249. I think the Minister asked the question, and you stated that the terraces near the creeks generally prove payably auriferous. Is it not a fact that the ground gets poorer as you recede from the creek-beds?—In some places it does, and there is a reason for that. What I said before was that the creek-beds being at nearly right angles to the leads, the material got concentrated, the fine light stuff was washed away, and the gold left behind. Although the land itself is poor, it contains sufficient to pay if worked in the modern systematic way with plenty of water.

250. You said that the miners in the early days who earned £5 a week were content to work for £1 10s. now. Does this account for the falling-away of population on the coast?—It accounts for the decrease in mining so far as the actual number of people engaged.

251. Consequently, there is not the same necessity for mining reserves as in the earlier time?—Far more ground could be worked now than could have been by the men in the early days.

252. Do you think the former conditions will obtain as when the men were earning £5?—No; but I think the people will be satisfied if they can get a claim which which will pay small wages, and with plenty of water they will manage to make a livelihood.

253. You say that with plenty of water they will be able to earn £1 a week?—Men will work for that in anticipation of getting something better.

254. How many acres are worked for gold to-day in B1, Block 220?—I could not tell how many.

255. Are you aware that that block is 32,000 acres in extent?—I do not remember how many acres there are.

256. Are the claims granted in such a peculiar way that there is no record kept?—There is no record except under distinct titles. The miners take up their claims under their miners' rights.

257. Do you think that within a reasonable time the block will be worked for gold-mining?—I could not tell. I know it is one of the reserves that are auriferous, that is, on the evidence of the Warden and the Inspector of Mines, who visited the place lately.

258. That is merely opinion?—No.

259. Has the ground been proved?—That has been what we have got from the Warden. He knows, and states that there are actual workings there.

260. On certain parts only?—He does not refer to certain portions, but as to the whole.

261. It is a block that has hardly ever been explored?—Certainly not. I know that there are people working in different places on it.

262. Have you any telegram or report from the Warden as to this block?—I know that the telegram we have got refers to the piece between Blackball and the river. [Telegram from Warden Keddell already in evidence. See page 13 of Evidence.]

263. When the company applied for Block 220, was their application referred to you to report upon?—It is very likely.

264. Was it referred to you?—It is very likely I have seen it, but I do not recollect the particular block.

265. How long ago is that?—It is a good while ago.

266. Are most of these questions referred to you before they are refused?—Well, I think I have had to go through the most of them.

267. Have you to produce evidence to satisfy the Minister as to whether they have been rightly or wrongfully refused?—Yes.

268. Can you produce the report on this particular block?—I cannot recollect the report. I may have seen it.

269. Could you look it up?—I could look it up, of course.

270. Is it a fact that, as soon as ever the news came out from Home that the Black Ball Company was floated, and it had got the money, many applications were made for business-licenses between the coal-leases and the river, on land which would have been the most suitable place for a township?—I do not know anything about that.

271. Well, for residence-areas?—I cannot speak from my own knowledge of anything of the sort. I know there are some residence-areas there.

272. Is it a fact that a great many people applied for residence-areas, and got them, who are not actually engaged in mining?—They are not actually engaged in mining perhaps, but they get their livelihood from the mines in some shape or form.

273. From gold-mining or coal-mining?—Partly from both.

274. But principally from the coal-mines?—I would not say that. They have hitherto got their livelihood from gold-mining.

275. Under the contract, was not the company supposed to have all the benefit from the increased value of township land?—I do not know whether that is so or not.

276. At Arnold Flat a shaft was sunk by a man called Livingstone. You said a hundred shafts would have to be sunk to prove that ground. Do you think that the shaft sunk by Livingstone would prove it?—It would be no proof whatever the sinking of one shaft; he might have got on payable ground—within ten yards of it.

277. Why did you think he would not sink a second shaft, or half a dozen shafts, to prove it?—I do not know.

278. You said that the timber could be put down at £1 per acre, and that was the whole value of the land. Is that so?—The land must have some value; but it is very little.

279. Then, if the timber is taken off, the land has no value at all?—It must have some value.

280. No appreciable value?—The timber is the more valuable portion of it.

281. Do you know that the evidence sent to London by the Railway League stated that the land valued to us at 10s. an acre in that area would bring at least £1 an acre if it was cleared, and irrespective of the timber, which was put down at from £3 to £5 an acre?—There are small patches that may be referred to; but, if you take the whole of the blocks, I do not think you would get £1 an acre.

282. You said there was a certain amount of flat lands up there suitable for settlement?—If you gave that away you would stop the mining. You want a place for tailings.

283. You want to destroy good agricultural land with mining operations?—There is very little agricultural land there.

284. Good grazing land would be destroyed with mining operations, and grazing land that would otherwise go to the company?—I do not know that. It certainly ought to be included, because mining could not be carried on without it.

285. If you say it is valued at nothing, are we to infer that the evidence sent to London was

absolutely false?—It is a matter of opinion. I think the timber is the greatest value of it, with the exception of some portions. It would grow grass, but large portions are not even fit to grow grass. It grows grass for a year or so and then gets covered over with rushes.

286. Then, the evidence published in London was wrong?—If the evidence was that the whole of that land would grow grass it was certainly wrong.

287. I did not say the whole of it?—I admit there are some good patches.

288. What proportion of it?—Very small.

289. Then, the evidence sent to London was extreme?—I think it was extreme.

290. You say we have close on 6,000,000 acres to select, what proportion of that reserve could the company select now and get, with any reasonable hope and reasonable time of realising it for sale?—Within the reserve there is a large quantity of flat land below Ross.

291. Is not one-third of the most valuable and suitable land we could have got—that is, the reserve of 750,000 acres—going to be made?—I say that out of the 6,000,000 acres that land ought not to have been given away for settlement.

292. If you take 750,000 acres, how about the balance?—You have got a large area then to select from.

293. Mountain-tops?—I suppose the company knew all about that.

294. You stated that the land to the north-east of Lake Brunner, where the railway is, is the most suitable land for settlement and timber?—I was asked previously about some of the land about Lake Brunner, and I say that there is a large tract of land there that is fit for settlement.

295. I think you said the best in that district?—The best in that district.

296. Then, how can you say, when the company's deviation was opposed, that we wanted to go through it?—I do not know anything about that.

297. How many years do you estimate it will require to work out the 184,000 acres now made in these reserves?—I really could not give the time. It would take a long time.

298. As an expert I should have thought you could form some idea; how many acres a year would you put it down at roughly?—An acre per man per year.

299. How many men are working on it?—I think about 1,433 on that particular block.

300. That is only 1,400 acres a year?—There is no reason why the population should not increase.

301. It is not increasing, but decreasing?—The population is not increasing so far, but the gold-mining is increasing considerably.

302. May we infer that there are ample reserves?—I am afraid there are not ample reserves.

303. *The Chairman.*] In addition to the land actually being worked by miners in that block which you estimate is about an acre per man per year, what additional acreage do you think is necessary to be reserved for every purpose connected with or incidental to mining or conducive thereto?—I should think between timber and tailings, and one thing and another, you might reserve one or two acres per man.

304. Would that other two acres per man have to be an additional reserve each year, or would it always be sufficient?—No; I think you would want an acre a year for timber, and a fresh acreage every year.

305. Can you produce to the Committee copies of the circulars or memoranda sent by the Government to the different County Councils, surveyors, and Land Commissioners, asking them to give their opinion as to what portions of the lands on the West Coast should be reserved for mining purposes?—I can supply them. (See Appendix, pages 24, 25.)

306. Can you tell the Committee whether intimation was given to the Westland, Grey, or Inangahua County Councils that in each county Government were prepared to reserve a certain number of acres?—Not that the Government were prepared to reserve, but I think information was given to the counties. I am not sure whether I told the counties distinctly, but something was said about it when the skeleton-maps were sent down—that there were only 750,000 acres which could be reserved, and that they could not reserve more than so many acres as auriferous in each county.

307. In each county? You cannot give us the figures?—No; I cannot give the figures.

308. Did the counties, in making the recommendations, recommend a greater or a less area?—Some of the counties recommended a much larger area, because the reserve was far too small.

309. Within five chains of the Christchurch road, near Jackson's, you are aware that there is a gold-mining reef?—I could not tell exactly how far that reef goes.

310. You know there is a reef?—Yes.

311. When did the company first make their application to select B1, Block 220? Was that after the coal company had been floated in London?—After the company had heard the coal company had been floated in London.

312. You said the lands for settlement were south, principally, of Ross. Looking at the map you will see there is a large area in Canterbury from which the company has the right of selection?—I know there are large areas in Canterbury, but I was only alluding to the western side of the range.

313. Bruce's station would be served by whichever line the railway was made?—You would get to it by the original line; but I believe the deviation goes actually through more good land than the other—that is, for agricultural land. On the other hand, I think there is better timber on the other line.

314. Whichever way the line goes, deviation or otherwise, would it serve both?—It would serve the land in any case.

315. Have you formed any opinion as to the advisableness of not making reserves for mining purposes until the miners have had an opportunity of objecting to any application for land if applied for for settlement purposes?—I believe it is better to make the reserves. The miners were

tormented by being charged royalties on land and in getting residence-sites, and these are the reasons why the reserves ought to be made.

316. Do you not think it would have been a better plan to reserve the land where the miners are actually at work and the land in the immediate vicinity, and sell the rest for settlement, with the condition that the applicant should advertise for, say, one or two months his intention to select; and if miners or others objected on the ground of the land being wanted or likely to be wanted, then the question to be settled by the Warden or Mines Commissioner; and if decided against the objectors, then the land to be proclaimed; otherwise, the land to be sold and dealt with by the company as portion of their area, and disposed of for settlement purposes?—I do not hold with that, for if you made an application it would be some person's business to inquire into it, and, unless some objection was made, the land might be selected and given up. Twelve months after gold might be found on it, and compensation would have to be paid. Time after time the Government would have to take the land and pay compensation for improvements. I do not think it is advisable to alienate it.

317. Your opinion is that payable gold may be found on it, although at the time of the application there might be nothing to indicate that there was any chance of gold being there?—Yes; the land might be taken up and the Government called upon to resume it.

318. *Hon. Mr. Seddon.*] Would that not cause constant friction on account of the miners having to object?—Every one would be in hot water.

319. Would not the cost of advertising be a great expense to the people wanting the land?—Yes.

320. Would it not tend to "spotting" by speculators?—I do not think the value of the land for settlement is so great that there is much chance of "spotting." If a man got a few acres he would not want much more.

321. But would not mining speculators "spot" the land for mining purposes?—It is possible that it would be taken up and held for mining.

322. *Mr. Shera.*] Have you any idea of the extent of the agricultural or pastoral land open for selection in Canterbury?—I could not exactly tell the area. It is on the map. It is a very large area, but I could not tell without adding up the figures.

323. Are there 2,000,000 acres?—There are 1,169,700 acres, valued at £568,649.

324. Do you recollect the extent that the company has already selected in Canterbury?—It is 247,650 acres, valued at £141,250.

325. At what rate has that been selected—10s., or at a valuation?—It is all at different prices. It goes from 10s. to £1.

326. Can you prodnce answers from the County Councils to the circulars sent to them with regard to the mining reserves?—I can. (See Appendix, pages 24–8.)

327. *The Chairman.*] Is it your opinion that the company should not be allowed to take these lands, notwithstanding that they may not be proved to be auriferous or otherwise, it being inferred that the company must suffer if not allowed to take them?—I say that such a large portion is known to be auriferous that there is very little that, with modern appliances and a good way of working, would not pay to work, and therefore I say they ought not to be given away.

328. Is it your opinion that the company should not have these lands as part of its grant, because it is necessary to wait in order to ascertain whether auriferous leads will be found upon them?—I do not think there is any doubt about it. I think it is beyond question that, unless you want to stop mining entirely, or to confine it to the places where miners are actually working now, you are bound to keep that land as fresh land to be available when the other is done.

329. Would it not be profitable for the colony to allow settlement to proceed on doubtful land rather than keep it open for mining on the chance of it containing payable gold?—As far as the reserves down the Grey Valley are concerned I think it would be better. The mining people can live, but if they took the land up for settlement it would very soon ruin them.

330. You think it would be better to keep it open for mining?—Yes.

331. Have any of these mining reserves been surveyed? If not, how have the boundaries been fixed?—No actual survey has been made. They were all fixed by the surveyors on the plan, and likewise by men who know the trigs. and almost every acre of the country.

WEDNESDAY, 31st AUGUST.—(Mr. J. M. SHERA in the Chair.)

Mr. H. ALAN SCOTT in attendance and examined.

1. *Mr. Wilson.*] Were you one of the delegates sent by the colony to England to induce capitalists to take up the construction of the East and West Coast and Nelson Railway?—Yes; I was one of the delegates sent Home by a syndicate of persons in Canterbury and Nelson who had what I might call a nominal contract with the Government under "The East and West Coast and Nelson Railway Act, 1884," which contract was put forward by the then Government and the people of the districts interested as the readiest means of inducing capitalists in London to take up the construction of the railway. I have ever since been connected with the New Zealand Midland Railway Company as its general manager, or land manager, and in other capacities.

2. Had you any difficulty in getting financiers in London to consider the proposals and inducements offered under the contract with the Government?—It was not an easy task by any means: it took eighteen months to negotiate; the circumstances were rather adverse.

3. Then you did not find that there was a very keen competition on the part of financiers to get hold of the scheme?—Scarcely; it was a very difficult task to carry out.

4. Is it a fact that you had to set out all the inducements before it was possible to get financiers to look at it at all?—Yes.

5. *Hon. Mr. Seddon.*] Will you give the dates as you proceed?—The first contract was signed on the 17th January, 1885. A day or two afterwards we left for England—myself and Messrs Fell and Dobson, the other two delegates. My colleagues returned to the colony after a period of about six or eight months. I remained in England until May, 1886, and then succeeded in forming the New Zealand Midland Railway Company.

6. All this arises under contract No. 1: not No. 2?—Yes.

7. *Mr. Wilson.*] Was one of the greatest inducements offered to financiers the assurance that the company would obtain all the benefits of the increase of value given to the land from timber, minerals, and settlement, to be developed by constructing this railway, more especially on the West Coast, where the largest proportion of the Crown lands are situated; and was there a considerable area to be opened by the company under the land-grant given to them?—There is no doubt this was the view which my colleagues and I took of it. As there were three of us concerned it was necessary that we should be all of the same opinion. Therefore we took the precaution of writing down the evidence, or statement, which we were prepared to lay before any body who entertained our proposals. Some of the inducements put forth were shortly these: First, the area of eastern land available for selection which it was considered would sell again readily, practically at "par value" (namely, that those lands would, on an average, sell at little over the price at which they would be granted to the company); secondly, the western lands, which, on the other hand, were considered likely to be increased in value by the construction of the railway, as they had been formerly completely isolated and without effective means of communication; so they must necessarily rise in value to a large extent, more particularly as regards those parts of them containing timber and coal, which of course were practically valueless without a railway.

8. Did the financiers with whom you came in contact ever form an opinion, or was any indication given by you, that the Government of the colony would change the incidence of taxation so as to make it impossible for the company to hold its land in large areas?—Certainly such an intimation could not be given, because in the first place no such thing had been considered; and in the next place, if any Government pass an Act substantially altering the conditions of any existing contract between themselves and outside persons, they cannot by so doing relieve themselves from their liabilities to the other party to the contract, or from the consequences, as regards the other party, of having passed such an Act.

9. Was it not always stated that time was an important element in bringing about the full value of these western lands, for settlement especially?—That was certainly put forward, for, so far as the eastern lands were concerned they were readily saleable, and for that reason they were of great value and essential to the whole concern with the view of their use for meeting interest during construction. The western lands, it was obvious, could only be sold in small holdings. We were not so sanguine as to imagine that they could be sold in very quick time. Therefore the western land must be necessarily held—not held with the object of holding—but held till it was reasonably possible to find purchasers for so large an area.

10. Was it not stated that the company would get the full benefit of the increase in value, more especially near their line on the West Coast?—I cannot say that it was particularly stated, but only because it was so obvious under the contract. It was clearly the opinion of the delegates, and of those who took up the contract, that the fact of the railway going through the western lands was of the greatest importance to the value of those particular lands and to all others in that part of the country.

11. Will you state what were the principal alterations in the contract when it was found that arrangement would not work?—You mean the alteration in No. 2 contract, as compared with the first? The alterations to be made are mentioned in the Act of 1886, in accordance with the correspondence between the company and the then Agent-General. But the outcome of them went somewhat further. The alternate blocks were done away with for this reason: it became necessary, owing to circumstances which had transpired between the time of the company being formed and of the negotiation for the new contract, for the company to require a guarantee from the Government that the land which the Government was proposing to give them was worth "anything." I should say this necessity arose because the company had heard of various statements which had been publicly made that the land was not worth anything. It was therefore my duty to arrange with the then Premier for a guarantee of the value of the proposed land-grant. There was considerable opposition to giving the guarantee in the form of giving any more land outside the then present authorised area. The Government considered that they could not enlarge the area, and so make the guarantee more substantial. So they took another course: and they threw out the alternate blocks, in order to make a greater amount of land available, also to save the inconveniences that were likely to arise from mathematically taking the alternate blocks in the different parts of this particular country.

12. Were any of these particular blocks included as part of the reserves now made?—Yes.

12A. What effect had the speeches of some of the leading members of the House on the London market and the question of financing?—I cannot speak from my own knowledge; but, from the instructions received from the company, the effect was that they required an assurance that the land-grant proposed to be given was of any value. Hence they required that the guarantee should be given.

13. Were the financiers in London ever told that this railway was considered a national work by the colony; that it would receive every support from the Government and people of New Zealand?—That was certainly my own opinion and that of my colleagues (Messrs. Fell and Dobson). Although there had been considerable discussion in the House on the subject of passing the original Act, and opposition to it, still, the Act having been passed and the contract entered into, it was never regarded by us in any other light than as a national undertaking. At any rate, it was represented that there was a large body of people in Canterbury, Nelson, and Westland deeply

interested in it, and they relied upon the Government to obtain fair dealing for any one undertaking the contract. Great reliance was also placed by London financiers on the fact that this was an important work in a British colony.

14. In the doing away with these alternate blocks, was it intended to give the company greater facilities to acquire land—that is, greater freedom of selection on the West Coast?—Yes; it provided for a larger area.

15. Was it explained that of mining reserves selections would only be made from time to time?—The question of the mining reserves, you are aware, did not arise when I was in London. I was in the colony when this question arose, and I explained to the directors the view taken of the question by me and those acting with me out here. There was considerable difficulty at the time in arriving at the definition of the mining reserves. Eventually the area of 750,000 acres was named. Personally I took considerable objection to the area; so did the gentlemen who were acting with me as a committee of advice; but, after going very carefully into the whole question, and having regard to all the circumstances, we were content to adopt that limit, for we were advised that the limit was comparatively unimportant, the real meaning of the clause being that such land should be reserved according as required for *bonâ fide* gold-mining. Some provision was also inserted as to the limits and size of blocks, so that they should be only taken from time to time as required, in order not to have the whole reserved unnecessarily. I explained to the directors the view we took of that, and the reasons why we agreed to that limit. This explanation was sent Home before the draft contract was accepted by the company.

16. I wish to know your understanding of the expression "from time to time"?—I consider that the clause means only such lands shall be taken as are required for the *bonâ fide* purpose of gold-mining.

17. Did you go into this question fully with your committee of advice at the time, and were you responsible for drawing up that contract?—I was solely responsible. I was manager out here at the time. The committee was simply a committee of advice. They had no communication with the directors at home except through me. I must add that there was absolute unanimity between all of them, and confirmation of anything that I have stated can be easily obtained from them.

18. Do you think the delegates would have been successful in London, or that the second contract would have been completed in London, if the financiers or if the directors supposed that it was intended to make the mining reserves in the way they have been, which I take to be against the spirit of the contract?—The question as put is somewhat difficult to answer; for how such a difficulty would be treated in London is very much a matter of guess. But certainly I would not have advised the directors to complete the contract if I had before me the manner in which the reserves have now been made, or are apparently intended to be made. Personally I think it would have been impossible to induce any one else to take up the contract in such circumstances.

19. Were there special clauses inserted in the contract with the express intention of facilitating the dealing with small areas on the West Coast?—Yes; clause 33 was the result of considerable negotiation consequent upon a new term being imported into the contract by the late Government, that of dividing the whole area reserved for land-grants into certain blocks. I would not agree to this unless there was an arrangement for selling western lands piecemeal; for it is evident that no small settlement could be carried out on the West Coast unless a piecemeal method of dealing with those lands were provided.

20. Was that put in to meet small settlement?—Yes, it was the only way you could possibly do it; it was impossible from the nature and circumstances of western lands, to deal with settlement there in large blocks as in the B 1 map, attached to the contract.

21. Have the company done everything possible to encourage settlement?—The company has been perpetually trying to carry out settlement all along its line, and even elsewhere; they have done as much as it was possible to do with that object. The reason is that it was obviously of the greatest importance to get as many people along the railway as possible, so as to provide traffic for the railway. There is another reason why it is to the company's interest to promote settlement: It is a well-known experience in this country that the settlement of land goes along better and more profitably when the railway is being made than just after it is finished. There is a great deal of faith in this country, which generally gives better prices while a line is being made than immediately afterwards. Future prospects of increased values and facilities are liberally discounted.

22. Has the company been able to sell any sections of western lands?—About a dozen or fourteen of such sections were sold through the Government officers shortly after the second contract was signed. We have been unable to complete any more; and up to a few weeks before the present day we have still been unable to do so owing to the difficulty in not being able to come to an arrangemont with Government as to the method in which these sales should be carried out under the contract. We have been in constant communication with Government on this subject.

23. How many applications have been received under this clause 33, which provides for dealing with lands on the western slope of the main range, as against the eastern side?—Under that we have already received 753 applications, for a total of 83,100 acres, which is an average of about 110 acres per man. Some deduction should be made for duplicate applications, but I do not think a large one, though it is difficult to say how much until the actual sales are completed. I do not think there would be more duplicate applications than 5 to 10 per cent. of the whole lot.

24. How many out of the 753 applications have you been able to deal with?—About a dozen or fourteen were dealt with some three years ago in the Hokitika District; subsequently none have been actually completed and the money paid, although in some thirty-six other cases the company have agreed with the applicants as to price and terms, and they have all expressed their willingness to buy. I believe the difficulties under this clause may now be considered at an end.

But this was only so recently before this inquiry that I believe instructions have not yet been given for the Receivers of Land Revenue to receive the deposits from these people. I think that is arranged for now, and that authority will be given, if not already given within the last week or two; so I understand there is be be no further difficulty.

25. There was some question as to the company entering into negotiation for an agreement or regulation with the Commissioners of Crown Lands?—The reason why the company took such a course was that in the earlier days any business or negotiations which related to details as against principles were initated by the company and carried to a certain point with the particular Government officers in whose department the matters lay; among them, the Surveyor-General—*i.e.*, the late Surveyor-General—with whom we had been first brought into contact in making the B 1 valuation for the contract, and in arranging as to how the selections, sales, and surveys were to be carried out. In consequence of an arrangement made with the then Surveyor-General in November, 1888—*i.e.*, shortly after the present contract was signed—it was agreed that the assessment of lands under clause 33, which had to be made by some officer to be appointed by Government, should be made by the Commissioners of Crown Lands of the respective districts, the reason being this this was a more or less formal preliminary step which would have to be referred to the district officer, and it would save an immense loss of time in correspondence which would otherwise have to go from, say, Hokitika or Nelson to Christchurch, from Christchurch to Wellington, back to Hokitika or Nelson, thence to Wellington, and back to Christchurch, and from thence again to Hokitika or Nelson. It was therefore arranged that we should write direct to the Commissioners of Crown Lands in such matters. I was constantly personally engaged in trying for a long time to arrange some system of working the numerous applications under clause 33 of the contract which would be suitable to the company and the Government. Quite recently the company has been requested to deal only with the Wellington office in all land matters, instead of communicating with the local land officers.

26. Did not difficulties arise through the mining reserves and other things? When these difficulties were discussed, proposals were made by the company to different County Councils as to dealing with these lands in the various districts?—Yes; it arose in this way: the Inangahua County Council sent a telegram to the effect that they wished a representative of the company to meet them on the subject of these mining reserves. Consequently, I went to Reefton, and there met to discuss the subject what was called "a Committee of the County Council and inhabitants of Reefton." That was in January, 1891. I had a long discussion with them as to a certain request that had been made by a previous Government that they should say what lands they thought should be set aside for mining reserves. There had been no instructions given to them as to the lines by which they should be guided in making such recommendations, or as to the purposes for which they were to be made, or the consequences of making them. It was not clear to them whether they were to be only for gold-mining or whether coal or other mining was to be included. They were quite in the dark on the subject. The result was a meeting which lasted half a day, in which I made certain propositions that met their wishes. These propositions, which had been fully approved of by the meeting, were put in draft form, and, after my return to Christchurch, were embodied in a letter dated 6th February, 1891, which was sent to the Inangahua County Council. A similar letter was sent to the Buller, Grey, and Westland County Councils. The Inangahua County Council expressed to the Government their approval of the company's proposals; and the Buller County Council wrote to the company the letter which is here and will be put in with the other correspondence. The Buller, Inangahua, and the Grey County Councils fell in with the company's proposals; the Westland County Council, I think, did not reply. The reply of the Buller County Council is as follows: [Letter read. See Appendix, page 18.] I may say that the pith of the proposition was that, instead of making mining reserves which would prevent settlement, the principle should be that lands which were applied for should be referred to the County Council; that they should be advertised, and plans exposed in certain places. That done, the Council, representing the people, and the public being informed by the advertisements inserted in the local papers, should decide whether the particular pieces of land should be dealt with for settlement or reserved for gold mining. That was thought by the meeting to be the most practical mode of proceeding.

27. *Hon. Mr. Seddon*: Which was that?—It was in the Inangahua District that the meeting was held. This letter is from the Buller County Council. The Grey County Council were in communication with many of the company's officers, and expressed their willingness to concur.

28. In that letter they say that the whole county is more or less auriferous?—Yes; more or less auriferous.

29. *Mr. Wilson*: Did they ultimately withdraw this again, and accept the reserves?—I could not say that from any direct knowledge that I have.

30. You met some of the Inangahua people afterwards?—I had an interview with them.

31. Did they express any opinion as to the possible methods of dealing with the lands in their district after the reserves should have been made? It was understood they could deal with this land?—The meeting I was alluding to was before. I have not since then had any communication with them collectively, but individually I have seen some of them. I have had no direct correspondence with them since then.

32. Did they express any opinion that they could sell the mining reserves after they had been made?—One member did; but he was evidently mistaken.

33. It has been stated that none of this land in the Grey Valley is worth anything for settlement. You know the country: what is your opinion as to its being suitable for settlement?—It is most certainly of use for settlement of one kind or another during a period of years. You will see that there is a certain amount of freehold upon it, and those freeholders are constantly wanting to extend their holdings. The natural features of that country are these: There is the Grey River, also the Inangahua River, forming the principal features of a wide valley. The ground rises from the

lowest flats, which are nearly awash with the Grey River. Then, there are terraces of land in the shape of a plateau rising to low hills beyond, dropping again to a wide depression of lower-lying lands, and then again rising to the main range of mountains about eighteen miles away from the Grey River. Some parts of the intermediate hills are rough and craggy; but, in my opinion most, you may say the whole, of this country is covered with bush. The good available land is more or less patchy, but the country is suitable for grazing; in the first instance cattle being put on, and subsequently sheep. What is going on in most of the other parts of the colony is going on here to a small extent—namely, sheep are replacing cattle. Possibly those who hold the freehold have the best lands, but there are other lands nearly the same. The land varies from better to worse right through. How long it may be before these lands are settled I cannot say, but that they have a value for settlement, if there were no gold-mining to prevent other settlement, I have not the slightest doubt. The best answer to the contrary opinion is that the people of the district are ready to buy parts of them for settlement purposes, and give us fair prices—from £1 to £1 10s. an acre. Even, in cases near a town like Reefton, they give £2; but that is an extreme price for land distinct from timber.

34. *Mr. Mills.*] Does that statement apply to the whole area of 94,000 acres?—Not to the whole.

35. To what proportion of it does this general statement you have made apply?—I am putting aside for the moment the gold-mining part of the subject, and I am speaking with reference to settlement for other purposes, and I say that the Grey Valley is suited for settlement purposes, and if there were no gold-mining whatever to prevent the spread of other settlement, it would realise prices from 10s. to 30s. an acre; but this would, of course, take a number of years. I mention this to give you an idea of the value of the land, by showing what it would fetch apart from the question of mining altogether, assuming that the gold-mining were not there.

36. *Mr. Wilson.*] Has the company made endeavours to develop the timber-trade; to foster trade generally on the Coast with a view to encourage small people?—There is now some timber-trade on the Coast. When the company came there, there was no timber trade. There had been some little trade many years before, but there was none when the company came. The company, therefore, allocated a certain amount of capital to the purpose of starting a timber-trade; that is, by letting contracts to the saw-millers to cut so many million feet of timber, with a view to opening up the Australian market, the Canterbury market, and eventually the English market. Under these contracts four sawmills were started along the railway-line, which had not been previously in existence. These people have been supported solely by the money that was paid to them by the company, for there was, at that time, no outside trade. Now the outside trade with Canterbury and other parts of New Zealand is fairly started, for the sawmillers are beginning to get direct orders outside the company. The Australian trade has not been satisfactory, on account of the collapse of the building trade there; but for this there would be now more mills working along the company's railway than are working now.

37. Did the company take up this with the express idea that the millers should receive the profits of their mills, while the company were to receive only the profit on the traffic and royalties?—The company had no desire to monopolize the timber-trade in any way, but there was no other way of starting a trade. The company did not seek to make merchants' profit on the timber. They only sold for what they gave the millers; the millers having first to pay royalties and railage over the company's railway. The company has been selling actually at the same price as they gave the millers, making a profit only by royalties and the haulage over its line. Of course the company's object was to meet the absolute necessity for proving not only the value of the timber which formed part of the land-grant, and that it could be sold, but for the purpose of getting population along the line, because they had great hopes that as the millers cleared off the timber settlers would follow, either in the shape of some of their own hands or of others, tempted by the fact that the heavy and expensive clearing had been done.

38. I think Mr. Gordon made the remark that the company had been "tormenting" the miners. Is this the case?—I am not aware of the company tormenting the miners, nor do I know in what way the miners have been tormented. I think Mr. Gordon has made a mistake, or that he has been misinformed. If anything of the kind had been done I should have been the person to do it. The only ground I can imagine for the statement is the following curious incident which happened in the earlier days of the contract: A man applied to the company for a certain timber-area. He had a sawmill near the line. In order to get the timber business started fairly and as soon as possible, I eventually arranged with the Government that a license should be given to him. A letter was written to carry out this arrangement, so that he should have the license. The next we heard was a complaint from this applicant, stating that if the company did not take steps to prevent other men from cutting timber out of this area he would not be willing to take up the license; and he complained that the people who were cutting the timber were doing so without authority. In consequence, one of the company's officers made a representation to these men, and asked them whether they had any licenses; and, as they had no authority to cut timber, they were warned not to do so. We told the applicant of this. The next I heard of the matter was a letter from the applicant, which I saw in Wellington, stating that the company had prevented some miners from cutting timber, and that he thought it was hard that the company proposed to charge him a royalty of 6d. a hundred; and that as a consequence he, who had previously been supplying timber to miners, would have to charge more to the miners in future. I at once stopped any further negotiations with this applicant, and the result of it all is this: the advertised prices for timber at that place were then from 12s. to 16s. a hundred; similar timber is now available on the same spot at from 5s. to 6s. a hundred.

39. The miners get the benefit of that?—Yes; they can get their timber that much cheaper from other sawmillers, who are paying the royalties that they used to pay to this man before the railway was made.

40. Did the company in dealing with this question of timber suggest that *bonâ fide* miners for *bonâ fide* mining purposes might cut timber free of royalty?—It has been formally stated on behalf of the company that, so far as the company was concerned, they did not want the actual miners to pay a sixpence, either on the company's own land or anywhere else, for timber cut by them for use in their own mines. The company did frequently, as a matter of fact, call the attention of Government to the circumstance that people were cutting the forest without license or any authority, for other than gold-mining purposes, and strenuously urged upon the Government that this should not be permitted. The Government have recently taken steps to prevent this unauthorised cutting of timber. It has been stated over and over again on behalf of the company that, so far as the company was concerned, miners might cut what they themselves wanted for *bonâ fide* gold-mining purposes on the company's land. The objection was really made to a large number of persons who were cutting railway-sleepers. The reason for the demand for these was that the company themselves required sleepers, and the Commissioners of Railways have advertised for silver-pine sleepers. The silver-pine grows in clusters and patches. It is a very valuable timber, and there is only a small quantity of it. It is greatly wasted in being cut into sleepers. It is very wrong, I think, to allow people to cut it when and wherever they like. For these reasons the company objected to its being cut indiscriminately in this way. They had also found that the black-birch was practically as good for sleepers. Another fact was that the silver-pine being cut in this way seriously affected the value of any forest-area; the millers wanted some timber of all kinds in an area, and the silver-pine is regarded as the "fat" of the business.

41. Did the Government recognise the damage that was done to the forest, and take any steps to remedy that state of things?—I understand that the Government have recently taken steps to conserve the forest.

42. With regard to the effect these mining reserves have on settlement: would it be a loss to the company that they should be made in the form that is adopted? Do you think that in that form they would interfere with settlement?—Distinctly, they would interfere with settlement; there can be no question of that. Whether rightly or wrongly made, they would interfere with settlement.

43. You see a piece marked on the map near Nelson Creek. Did you interview a person connected with the Miners' Association in regard to that, and did he give you an opinion?—Yes; the "Miners' Association" may not be the correct title, but a man came down upon the subject, and saw me before any mining reserves were made. He said, "I would like to come to some arrangement on behalf of my mining friends in this district as to the particular lands you are going to take for the company. If you will undertake on behalf of the company not to deal with land between Callaghan's and Red Jack's Creeks, you may, as far as the Miners' Association is concerned, deal with all the rest of the land in the Nelson Creek Riding. We will not object to your dealing with any of the land outside these limits without reference to us; and as to the land within this area I mention, if you will refer to us, we will give each case fair consideration for it."

44. *Hon. Mr. Seddon.*] Who was the mining expert?—A man named Morris, of Hatters'. He has just been made a Justice of the Peace, within the last few months.

45. *Mr. Saunders.*] In speaking of the large area of timber-land, you said the greater part of that land was more or less valuable on account of its timber: is there not a large proportion of it that would be much more valuable without any timber on it?—Do you speak of all the land on the West Coast?

46. You were speaking of a large area: is not the greater part of that area birch, or scrub? That lessens the value, and does not increase it?—I do not think you could call the greater part of it scrub. You would call it fine forest if it were anywhere else. There is but a small quantity of scrub on that coast; the "scrub" at all events is very large. Black-birch is also a timber that is far from valueless; that has been lately proved by Mr. White, the cabinetmaker, of Christchurch, who says it is one of the best timbers for furniture. After trying it for three years at my request, he now proposes to use it in his own business for furniture. It is of excellent colour, easily worked, and is very strong and durable. In one part of the country the black-birch is called red-birch, and *vice versâ*. It is very durable; the black-birch found in the Oxford district is the most durable of all.

47. Is that in the Oxford district better than in the others?—There is but a small quantity in the Oxford district, which I think for durability is unequalled. The black-birch, or red-birch, variously so called in different parts of the country, is exceedingly durable, and is found to be most useful for sleepers.

48. What proof have you that it is so very durable?—The proof is in the time that it has been known to last in the ground. I got specimens of some sleepers that had been lately taken out after having been ten years in the ground, and the wood was very sound. The Government railway authorities have taken out a lot of sleepers which had been many years in use on the Greymouth–Brunnerton Railway, and they were found, so far as general strength was concerned, to be very sound. There were portions where the sap had been which had rotted away, but the main strength of the timber was unimpaired, and some were as fresh as the day they were put into the ground. There was an old clearing made over twenty years ago, near Reefton, for a road. The company's railway was recently made through it, and the birch-trees, which had been lying as they fell twenty years ago, had to be cut up and removed, and I got samples of the black-birch taken from these trees, which for so many years had been lying on the ground covered with *débris*, in a very wet climate, and under the worst possible conditions for preservation, and the timber was in perfect preservation—as sound, and bright, and beautiful in colour as it is possible to find it if just felled.

49. Do you use the heart only?—Yes; we take all heart, if we can get it. The experience in Nelson is that nothing but the heart has any value for durability. It may be of interest if I mentioned that it has been found by Mr. Langdown, of Christchurch, to be the best bending timber there is to be had for wheelwright purposes.

50. *Mr. J. Mills.*] With regard to the alternate blocks, you have explained that they were done away with for various reasons, the principal being that it was necessary the company should get land of recognised value—that, as the Government were unwilling to extend the area of selection, the alternate blocks were done away with in order to allow the company to select anywhere. Is the present reserved area the same?—The outside boundary is the same.

51. Was the advantage in this alteration entirely on the company's side?—If the present method of making mining reserves is to obtain, I should say I was wrong in supposing that it was an advantage to the company.

52. Was that the original aspect of it?—From the company's point of view it was intended to be for the benefit of the company, to enable the Government to give the required guarantee in such form that it would be a safe and valuable guarantee. Another aspect was that there would be considerable inconveniences in mathematically fitting in the alternate blocks with one another; that was of some advantage to the Government.

53. Was not the increased price to be realised from the alternate blocks understood to be an advantage to the Government, so that the Government were bound to get a considerable area of auriferous land?—It may have been so considered. Under the original contract actual gold-workings would not come to the company, but possibly-auriferous land would come to the company under the alternate-blocks system.

54. You said you had written a letter to your people at Home immediately upon the completion of the contract, giving your view of the meaning or interpretation of the clause in regard to the 750,000 acres, having reference also to the importance of the lands to be selected at intervals only for *bonâ fide* mining: will you put that portion of the letter in?—Yes, I will do so. That portion can easily be extracted from the correspondence.

55. I refer to this because I always consider that the direct impression of a party conveyed at the time, and on the spot, in writing is of great importance in strengthening the means of arriving at a decision?—I see no objection to that portion of my letter being put in. The extract is as follows:—

"My Dear Sir,— "Wellington, 16th November 1882.

* * * * * * * * *

"The guarantee that the company's land grant shall be increased in area so as to realise £1,250,000 will be given on condition that the extra lands are taken from the authorised area, and that the proceeds of royalties from timber and coal go against the guarantee in the same way as would proceeds of *sale* of same, and the limit of 10s. as acre is practically repealed.

"To give ample margin within the authorised area, the Government agree to sacrifice their alternate blocks and the provision for settlement—clause 2, subsection (*b*) and (*c*). To provide against what you term "Larnach's action," they agree to limit the total amount to be reserved for gold-mining to 700,000 acres (in addition to the 50,000 acres already occupied by same), and this amount *only to be reserved piecemeal when from time to time required for bonâ fide mining.* No block to exceed 10,000 acres.

"Another provision is inserted to allow Government to carry on sale of land, and therefore settlement, but as agent for the company and with its consent.

"Under these circumstances there is no possible doubt in my mind, or in that of any of those here who understand the matter, that there is plenty of land within the authorised area to realise the £1,250,000, and this may be accepted as a fact, while on the other hand it will be perfectly useless for any Government to ask Parliament to allow the company to take land outside that area. There are, according to the Surveyor-General, within the area some 6,900,000 acres of land other than freehold or public reserves—allowing, say, 2,000,000 or more for barren lands of little or no value except for minerals—a full allowance. There will remain some 4,000,000 acres of useful land all available for the company, and much of which will have been increased in value if large reserves have been made and therefore worked for mining. If only small reserves have been made for mining, there will be so much more for the company.

"The giving up of the alternate blocks will, you will realise, be of great benefit to the company, as they then gain the increased value over the whole area benefited by the railway instead of only half—a most important thing, and one which I hardly expected the Government to give.

"If large mining reserves are being worked it follows that the traffic on the line will be vastly increased by the extra population, though I should say that I do not anticipate it to be possible that the 750,000 acres can be so required.

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Æneas R. McDonald, Esq.,

"Secretary, New Zealand Midland Railway Company (Limited), London."

56. You said the company had 753 applications for land on the western slope, of which 10 per cent. would be duplicates, that would, I suppose, include applications for *bonâ fide* settlement over the 750,000 acres of proposed mining reserves?—As far as I can judge of them, knowing a good deal of the district, the vast majority of the applications were for *bonâ fide* settlement, and were not for speculation. In many cases they are made for the extension of a man's farm, or for a settler who wants another piece of land for his sons.

57. You say that fourteen had been dealt with three years ago, and that there were thirty-six cases in which you had been able to agree with applicants as to price. That makes about fifty cases out of the 753. What area would that represent?—I can only, at the moment, say that they average about 100 acres apiece, or something like that.

58. In what localities were these applications?—Over the whole of the western district.

59. Does that apply to the Grey Valley?—Some to that; some to the Hokitika district; some to the Nelson district; most to Greymouth, Inangahua, and Hokitika districts.

60. With reference to the yellow area on the map, containing about 184,000 acres, are all the lowlands on a level with the Grey River already alienated?—Most of them are.

61. You say that immediately behind there is an extent of terrace-land of some eighteen miles before you come to the ranges?—There is a wide valley about eighteen miles broad between the main range of mountains and the Grey River.

62. Do I understand you to say there is a block of eighteen miles wide fairly open and available for settlement?—Of low hills or flats, but all covered with forest.

63. *Mr. Tanner.*] Is that the entire width to the river?—The valley on the other side of the Grey River is much narrower.

64. *Mr. Mills.*] But you think there is a block of eighteen miles wide behind the alienated lands which you would consider generally suitable for settlement?—In a longer or shorter time it would be suitable—that is, if the question of gold-mining did not prevent it.

65. The evidence we have heard from a previous witness is that not more than a third of the land would have any value for settlement?—I differ from him: I have given a very low value. To explain it more clearly, I would say all that land has got a value—if it were only a shilling an acre it has a value—and will have a considerable value in twenty or thirty years, except the rocky gorges. Roughly speaking, I do not think there is an acre of that land which has not got some value; and it would have a greater value as time goes on. As the lower pieces became settled they would increase the value of the higher ones adjoining. Probably the worst of it, from one cause or other, if there were no gold-mining, and you could deal with it in the most business-like manner, would all fetch up to my minimum of 10s. in the course of twenty to thirty years or so.

66. Does this strip of from eighteen to twenty miles wide practically include the yellow area [on the map], or does it go beyond?—The yellow is the actually made mining reserves, and is about four miles wide; the red is the proposed mining reserves, and is from four to eight miles wide.

67. Then, in your opinion, the yellow area and the proposed extension of reserves through the red area—the whole of this land, would be more or less suitable for settlement within the next eighteen or twenty years?—I think, setting aside for the purpose of argument the question of gold-mining, that the whole of that land could be settled within the next twenty to thirty years.

68. Is it good soil? We have evidence that all the country in the red area is rocky country, and that there cannot be any settlement upon it?—I have not been all over the country, but I have been a good deal about this part of it. My opinion is that the whole of this country could be eventually settled at a price, if not prevented by gold-mining.

69. You say that the main ranges are not embraced in this red area. Do I understand you still to say that they are not?—In some places these spurs approach it, but they are not included in it.

70. The whole area consists of terraces?—No; low hills and spurs, and flatter terraces.

71. Then, all the country, you might fairly say, would be suitable for settlement?—Yes.

72. With soil?—Yes, with soil: not necessarily the best soil in New Zealand. It grows a large crop of timber, and I have yet to learn that it will not produce anything else.

73. Do you say that this red area is a timber-country?—You mean suitable for forest purposes?

74. We have evidence that it is not a forest-country.—It is rocky here and there. There are crags, of course; but, generally speaking, the whole of it is covered with forest. To the eye it appears so: but whether you call it forest or scrub is a matter of opinion.

75. It is apparently a timber country?—It is all covered with forest.

76. I asked this question of a previous witness, with the view of arriving at some idea of the importance of the surface of this country either for mining or for settlement, or for both?—I was under the impression when these witnesses gave their evidence that they either overestimated the width of the red block, or underestimated the width of the Grey Valley.

77. You say the red area, ten or twelve miles altogether, does not encroach on the rough country?—The preceding witnesses were competent men. I only give my opinion in the same way as they gave their opinions.

78. The previous witnesses say that even of the yellow area, most probably only about a third of the land is of any value for timber or settlement?—I have already told you that I think the whole of it—if you had no other difficulties to contend with—would be under settlement in time; it is only suitable for grazing purposes now, putting cattle on it first, and afterwards, perhaps, sheep.

79. Would you say that two-thirds, or three-fourths, or what proportion of it might be valuable for settlement?—Distinctly I should say two-thirds, and that within a fair limit of time.

80. You think at least two-thirds of it would be valuable for settlement within a fair limit of time?—Yes; I have no doubt of it—setting the gold-mining question aside. There is, however, a part of it in respect to which I should qualify the statement I have made: that is, up to the blocks above the Inangahua River—the Spencer Range, I think it is called. I was speaking of the Grey Valley up to Reefton. The other portion was not in my mind at the time—I was thinking of the lower part. The upper part contains a group of mountains not at all suitable for settlement. The upper blocks are of a different character from what I have described. What I meant was from the Inangahua River downwards to Lake Brunner.

81. You have said that, so far as you have had experience, settlement had followed the clearing of timber—that is, the timber having been cleared, settlement followed?—You can hardly take it so broadly. The time is so short that it has as yet happened only in one case. In that instance where the sawmiller had cut the timber other people wanted to buy the land from us.

82. *Hon. Mr. Seddon.*] May I ask where that piece was?—It is on some freehold that the company bought near Kokiri, on the Greymouth and Christchurch line.

83. *Mr. Wilson.*] The license was issued for 200 acres I think?—Yes, and some 30 to 50 acres are cut out, and several people want 10-acre and 15-acre blocks.

84. That is the only experience the company has had of this kind?—Yes, as yet.

85. *The Chairman.*] From your position in the company I suppose you took an active part in negotiating No. 2 contract?—I did.

86. Do you consider that the alternate-block provision was struck out simply to enable the mining reserves to be made where it was necessary?—Certainly not, from my point of view. I have told you how the question arose so far as I was aware. I have already explained that there were also certain mathematical difficulties which constituted the objection to No. 1 contract.

87. These words "from time to time": were they inserted for the convenience of the Government, so that they might have time to obtain full information?—That view never occurred to me; it was for quite the opposite reason so far as I was concerned.

THURSDAY, 1ST SEPTEMBER, 1892.

Mr. SCOTT further examined.

1. *Hon. Mr. Seddon.*] You said, Mr. Scott, that when you went to London as a delegate you went under a nominal contract. Does that apply to the first contract as between the syndicate and the colony?—I said the first contract, which might best be called a nominal contract because it was made, with the assent of the Government, in such a form that the nominal contractors were able to go out of it without penalty within a certain time if they did not succeed in passing it on to the real contractors.

2. It was a contract under the seal of the colony?—It was a contract.

3. You said that the capital was difficult to get in 1885?—It was for this purpose.

4. Then it is about the same now?—There is much more difficulty at present.

5. You heard Mr. Wilson give his evidence, and say that over 20 per cent. discount would have to be paid by the company for raising future capital. Is that so?—I cannot say from my own knowledge.

6. Touching your replies as to the eastern lands *versus* the western lands value. As regards the sale of the eastern lands you have got really more than you anticipated, or more than the company expected, in that respect?—More per acre?

7. Yes?—At the present time the sales have shown a greater increase per acre over the B 1 value to the company than I anticipated or led any one to suppose would be the case over the whole of the eastern lands. But, of course, we have not taken the worst lands to begin with; and the average over the whole of the eastern lands will come out, I think, a little over the value at which the company receives them from the Government.

8. That land is principally grazing land, I suppose?—Entirely; I suppose hardly an acre can be called agricultural.

9. Being grazing land, do you consider it advisable in the interests of the Government that it should be disposed of in large blocks?—Are you speaking of the land the company has already dealt with.

10. I am speaking of the land crossing over the eastern slope?—The bulk is only suitable for selling in large blocks. Part of it is possibly suitable for selling in smaller areas.

11. Is that in the vicinity of the railway, or at a distance from it?—It is roughly like this: The land which is available for the company is all hilly land (except some very indifferent land on the plains). It is principally mountainous land. Some of the front hill-land was, in our opinion, possibly suitable for small holdings of 200 acres or so, and the company offered it for sale in that way; but very little of it found purchasers in that shape.

12. For the purpose of disposing of the land to advantage, was the doing away with the alternate block system an advantage to the company, seeing that the land could be disposed of in large areas without the expense of subdivision?—The doing away of the alternate blocks was in my opinion an advantage to the company. I should perhaps explain that the alternate blocks would never have had quite the effect which I dare say members of the Committee and others may think—that is, it would not have been necessary always to take a block fifteen miles back with one mile frontage—because there was a provision in the original contract by which the shape of the blocks was limited, and the company would not have to take blocks which had not frontage to the railway, or so as to run behind the nearest watershed; so that, say, in a valley like the Bealey Gorge, it would only have been necessary to take a block with frontage on the railway and running up to the top of the nearest hill. Therefore, it would not have been compulsory for the company to take, say, fifteen miles of mountain tops, as has been suggested. There is one further explanation I wish to make: It was open to the company, in my opinion, under the original contract, to select its lands in such order as it pleased, subject to ultimately taking the alternate blocks. The correspondence with the Agent-General, printed with the Act of 1886, pointed out that that being the case was one of the conditions under which the Midland Company took over the first contract.

13. Your first right of selection was along the line?—It was, I believe, to be anywhere, provided that the alternate blocks should sooner or later be taken; but there was no compulsion to take them first.

14. That was in the contract—that you be allowed to select along the line first?—No, in my opinion, it was not. It was open to question, and it was then raised with the Agent-General.

15. At all events, the doubt was removed by giving the further right of selection under contract number two?—It was.

16. Have you anything to show from the colony that you were to have the right to select gold-bearing lands under the first contract?—The actual gold-bearing land was excluded from the first contract. That is merely a matter of reading. Anybody can turn up the contract and see.

17. You said your first impression was communicated Home as to the making of the mining reserves. That impression was that the reserves would not be made as now proclaimed, but that now and again, from time to time, small areas would be taken. You said that you sent that Home?—My evidence yesterday was to the effect that I did not imagine the mining reserves would be

taken in the shape they are now being taken, and I promised the Committee to produce the portion of my letter on the subject which referred to it.

18. Do you produce that this morning?—I do not this morning, but I have sent to Christchurch for it. [Produced. See page 18 of evidence.]

19. Do you feel very positive about that?—As far as my memory goes I have no doubt whatever. It is some years since I have seen the letter, but I have not the slightest doubt about it.

20. Mr. Larnach was Minister of Mines at the time, was he not?—He was, I think.

21. As regards first impressions, did the then Minister for Mines, or Mr. Larnach, absolutely gazette the reserves shortly after the signing of the contract?—Not the second contract.

22. Take the first contract?—A Proclamation was made by the then Minister for Mines setting out very large reserves, which were, as far as that is concerned, very similar to those now proposed. The map is in existence. But that was done before the contract of 1888 was signed, as far as my memory serves, and they were subsequently withdrawn at once on my representation to the then Minister that it was not in accordance with the agreement with the company.

23. At all events—we are on first impressions—you see his impression must have been different to yours, or he would not have gazetted the notice?—He was not one of the parties. He was not one of those I had dealings with at the time, and Mr. Larnach read it aside from what passed at the time the contract with the company was made.

24. I suppose you would not say that Sir Harry Atkinson was not fully conversant with the whole subject?—I should say he was fully conversant with it at the time he made the contract in 1888.

25. Do you suppose for a moment that so important a step as that would be taken without one who knew all about it being consulted?—Mr. Larnach was not Minister of Mines at the time.

26. I am quite aware of that. A Government is continuous. You still adhere to the statement you made yesterday that the advantage to the colony was simply in this guarantee, or relief from the guarantee?—I never said that. Do you mean as to the giving away of the alternate blocks?

27. Yes?—What I said yesterday was this: that the company asked the alternate blocks to be given up because the Government of the day did not see their way to increase the grant outside the boundaries of the authorised area; so, in order to give the guarantee of the value of the land-grant which my directors insisted upon, they had to take, at my suggestion, the other course of giving up the alternate blocks which they then had, so as to make more land available for the company under the guarantee.

28. You still say that was the sole reason of the Government giving up the alternate block system?—I did not say that, and you can hardly expect me to state the sole reason for any other man taking a certain course. That was the reason, so far as I was concerned, for asking it; and before giving them up the Government provided for certain reservations for mining purposes. I am not saying they would have given up the alternate blocks without taking some means for reserving land for mining.

29. You think it had something to do with that?—Reserving their lands for mining?

30. Yes?—I think it was something to do with it, to this effect: that the Government had got under the old contract a certain amount of land which to a certain extent covered mining; that they would not give up absolutely all within the authorised area, but would give up as much as they could.

31. Take, we will say, that land in the Grey Valley marked yellow; without reserving at all, under the original contract, with the alternate blocks the colony would have 80,000 acres, half of the 160,000 acres reserved under the new contract, which the company absolutely could not touch?—No; for this reason: the mining reserves are taken against the system of a depth of fifteen times the frontage. The principle under which the alternate blocks were to be taken was just the opposite to that adopted in making mining reserves. The frontage on the railway was to be a mile, and fifteen miles was to be the depth; whereas the mining reserves take the whole frontage, leaving only the back land to the company. Under the first system, half of the alternate blocks would have remained to the company.

32. Was it not in check-board fashion?—Section by section.

33. For fifteen miles, at all events; that would be back to the bare ranges?—No; not in the Grey Valley.

34. Do you say the front part is the most valuable part?—Yes; as it stands at present the whole of the valuable part is now taken away from the company. Under the alternate block system, the Government and the company would have halved the most valuable and least valuable portions.

35. Still, under that contract it would have been one mile to the Government and one mile to the company. Is that so?—Yes.

36. In addition to that, under subsection (9) of section 8 of the East and West Coast Railway Act of 1884, the following exemptions are made: "No land now used for mining purposes, or which shall be known gold-workings, shall be deemed Crown lands under this Act." Is that so?—Yes.

37. So all known gold-workings at this time were excluded?—Known gold-workings; Yes.

38. What proportion? I have given the area as 160,000 acres, as being within the mile for mile area; out of that would come within the meaning of the Act of 1884, as "known gold-workings." What would it amount to?—That is a question which must be answered by guess, as you are aware. A similar question has been asked of experts, and I can only say this: After considerable inquiry from the Government officials and others connected with the districts, during the space of the last six years, I have been unable to ascertain that there is, in the whole Nelson and Westland area, more than something like 20,000 or 30,000 acres that have ever been worked-out during the whole twenty-five years of the gold-mining in those districts. What particular

proportion of that acreage lies in the Grey Valley I could not tell you at the time, but I think not more than a quarter of that whole. That, of course, is only an estimate. It is a subject which it is impossible to be accurately informed of, unless at greater cost than the company has ever been justified in going to.

39. Taking your basis under the mile for mile system, in this 160,000 acres, what would be the amount reserved for mining-purposes?—A fourth of that 20,000 acres I speak of is there, say 5,000 acres at the most—that is, a fourth of the 20,000 that has ever been used on the whole of the West Coast.

40. You have not been through that land you referred to when speaking of the terraces and low-lying land fit for settlement—the back land. You did not speak of it as having been through it as an expert?—I speak as having been through various parts, and I believe that few men have travelled over the whole of it. The country is such that possibly there may be a man or two who has travelled over it completely; but very few people can be said to have traversed it so as to know it as you know the lands in Canterbury, or near about here. It has been my business to know the nature of the land, and I have ascertained it at various places.

41. Can you state to the Committee what lands you have passed through?—Up the main rivers.

42. What rivers?—First of all, from Lake Brunner to No Town and Hatter's; also up the Ahaura and Grey Rivers.

43. Not very far from the tracks?—Except to go on the hills to be able to overlook the country up the Inangahua, and at the back of the head waters of the Maruia River.

44. After hearing Mr. Lord, a surveyor of twenty-five years standing, would you set your opinion against his in respect to this land?—Every man's opinion is worth what he or others think it. I only give mine to the extent that it may be credited. I have looked at the district for the purposes of ascertaining whether the land was capable of settlement. Mr. Lord's observations—I say it without in any way detracting from his capability—have been rather those of a surveyor, and of a detailed nature, and a great deal with reference to mining. In giving an opinion on this subject, I want it to be understood that I do not depend solely upon my own eyes, but also from what I have gathered from the company's and Government officers and other reliable sources during the six years it has been my business to ascertain the character of the lands within the area over which the company has the right of selection.

45. Your opinion has been based upon hearsay?—From hearsay a great deal.

46. The opinion of a man who has been surveying water-races, who has made surveys of tracks, who has cut lines, and knows the physical difficulties of the country would be much superior to yours from hearsay?—It may be, or it may be that one man might chiefly regard the physical difficulties in cutting a track, and not consider the land as regards the grazing and timber value as I have regarded it.

47. From looking at it, at the lower terraces from a distance, it seemed to you to be very level land?—I do not think that was any part of my answer. In my answer yesterday I generally described the features of the country. I said the lowest flat lands were, generally speaking, those sold near the Grey River; behind that rose terraces, more or less flat table-land; behind that, hills, which dipped to a wide depression before rising to the slope of the main range, about eighteen miles back from the Grey River; and I added that it was all covered with forest.

48. Surveyors and others say the gorges and gullies make it broken land. Would you say you or they are right, in saying it is level or broken country interspersed with these gullies?—I never led the Committee to believe it was all level country. I especially said it was broken up by gorges, and that the hills were all covered with timber, and that in this area there were few open patches. The idea of it being all level country never entered my head, or anyone else's, I think.

49. Were you in England, or New Zealand, at the time these reserves were made by Mr. Larnach?—In New Zealand.

50. Had the company the contract and full particulars of this 750,000 acres for mining reserves before it when they signed in August, 1888?—They had had Mr. Larnach's map before them; and they knew that map was withdrawn at the company's request, because it was admitted by the Government that such reserves were out of the question and should never have been made.

51. You say that was in 1888?—Before the contract of 1888 was signed.

52. I wish you to be very sure about this. You say positively that was so?—Your point is as to the date. It was made before then, undoubtedly. It was before them, and the withdrawal had been before them.

53. Had the company in London this contract, with subsection (*c*), with the 750,000 acres of reserves, before them when they signed the contract in 1888?—The contract was signed in London.

54. And they had the fullest information upon this?—It was sent Home for signature by the then Government.

55. Will you produce the letter accompanying the contract to the company?—I have already said I should be glad to produce part of the letter I wrote to the directors on this particular point of the 750,000 acres. [For letter, see page 18 of evidence.]

56. Was it the same letter that referred to the question of the amended contract you sent to London?—I did not send any letter with the contract, because it was sent direct from Wellington, when I was in Christchurch. I wrote advising on the subject. I have already said I wrote at the time on the subject of these reserves, advising the directors; and on request of Mr. Mills yesterday I promised to give an extract from the letter on the subject. [See page 18.]

57. The alarm of the capitalists in London as regards the mining reserves, those made and gazetted by Mr. Larnach, was because the area was much greater than now mentioned—the 750,000 acres?—The map is in existence in your office, and it has got the figures on it.

58. The area gazetted by Mr. Larnach must have been prior to 1887. In his opinion, then, the amount required for mining was much greater than we have taken, or require to be taken?—Yes, I think so; but I speak subject to correction when the map is produced.

59. Coming to the selections under clause 33, and as to the method of dealing with the lands on the western slope. You have heard the evidence given as to the negotiations with the Chief Surveyor and District Surveyors. There was nothing definite done, notwithstanding all these negotiations, as regards the regulations until recently?—In the commencement of 1889 or at the end of 1888 a few selections were sold under that clause. I said about fourteen or so. Since then, from one cause or other, the company has not been in a position to deal with any of the others, though trying all the time to do so.

60. You are a barrister and solicitor?—Yes.

61. Under section 33 was it possible for the Receivers of Revenue to accept deposits until the value of the land had been assessed?—No, I do not suppose it was; and I do not suppose any one asked them to do so.

62. You know it was the intention of the Government that the applications to assess must be under that contract?—That was what the company always wished.

63. Did the company hold that, once the assessment was made, they were bound to take that particular land after it was applied for and assessed?—The company did not hold that it was bound to take the land directly it was assessed, but only after a sale or lease had been carried out by Government at its request.

64. Say that they had made arrangements with Smith, Brown, and Robinson for particular lands, and had to apply to select to the Queen?—They applied for the assessment first.

65. Do you contend for one instant that the Crown was bound, and that the company had the right to recede after once having made the application?—The company's position was this: they asked for an assessment, and arranged with the then chief officer of the Government for the purpose—*i.e.*, the Surveyor-General—that they should ask the Commissioners to make that assessment, and the Commissioners should say if the land, in their opinion, was suitable or not; and on the answer to that the company then proceeded to endeavour to make terms with the purchaser.

66. Take clause 33, section 1 [section read]. Upon the interpretation of that as between the company and the Government, there has been a difference of opinion?—Yes. I was not aware of it until recently.

67. Then, the Government is contending that once the application is made under that section it was an absolute selection?—Until this year—I will not say what month—I was quite unaware that there was any such intention on the part of this or any other Government, and there was no such intention shown in any part of the correspondence. It has never been one of the questions in dispute between us until recently, unless it was in the Government's mind, but never produced.

68. You say it was arranged with the Government that you should deal direct with the Commissioners. Do you produce any evidence of that?—I said it was arranged with the Surveyor-General at the time that we should deal direct with the Commissioners.

69. Will you point out anything in the contract that we should give any such power to the Surveyor-General?—The point arose like this: I was under the impression that the Government acted through the permanent heads of departments, and the company had by the late Government been put into communication with the head of the Survey Department for that purpose. It was provided by the contract that the Queen should, under clause 33, cause the value of such land to be assessed under subsection (2), and the question that first arose was, how was the Queen to cause this to be assessed? In consequence of this I had an interview with the Surveyor-General; and he said the Commissioners of Crown Lands would be the persons who would assess it. That is the way we came into the position.

70. With reference to the meeting at Reefton already referred to, was it simply a conversation at a County Council meeting with some of the members?—It was a meeting of a committee of the members of the County Council and inhabitants of Reefton, who wished to meet a representative of the company.

71. So far back as January, 1891, the Council's opinion was that these large reserves should be made?—The Council's opinion was this: that they had just received a request to mark off certain reserves, and did not know how to do it. Certain reserves had been proposed by certain persons on the maps, and they wanted to hear all sides of the question before they expressed an opinion.

72. A local body can only speak by resolution?—I suppose so.

73. Did you receive any communication under seal or by way of resolution from the Council as a Council, or was it purely from hearsay or conversation with members?—The correspondence which we put in will speak for itself. It originated from the County Council and certain of the inhabitants. I did not look into the County Council's books to see whether they passed a resolution to appoint a committee to interview me, because I did not think it necessary to do so at the time. The result of the meeting was a full discussion, and the result of the discussion was embodied in a memorandum from me at the time, which memorandum was embodied in a letter from the company to the County Council.

74. Is it true that the County Council officially intimated to the company that the whole of the lands in the county were more or less auriferous?—The Buller Council did, but I do not think the Inangahua Council did.

75. As to the value of the timber: have you any correspondence between the company and the Government showing that the company considered that the timber in all these blocks in the Grey Valley represented the principal value of the land?—All the correspondence can be produced as to the timber. It mostly consists of draft forms of agreement as to granting timber-licenses.

76. Under the regulations that you submitted, irrespective of the area being defined at all, had it been simply stated that on the royalties enumerated being paid that was all the company

required, would this question have been raised at all?—The regulations as to timber-licenses was a subject which formed a set of correspondence by itself. That concerned one proposition. It will speak for itself, if read. But the communications as to that have no bearing on the question of the mining reserves.

77. That is a matter of opinion. I only ask whether as a fact it is so?—If you will kindly refer to the regulations you are alluding to it will save time.

78. The timber you are alluding to as being very valuable is black-birch and silver-pine? Is that silver-pine near Kumara?—Other kinds of timber are valuable too. I am afraid there is not much silver-pine near Kumara. It is nearly all cut down, as far as I can ascertain, except a small area in Morris's application.

79. You would not say whether the silver-pine is near the gold-workings?—Sometimes it is, sometimes it is not. It is scattered throughout the country.

80. At all events, you would not take the silver-pine on land as the full value of the land?—Perhaps you might, because it grows sometimes on very bad land—that is, in rings round the edges of small lagoons.

81. Is land where the silver-pine is fit for settlement?—Scarcely, I think, as it is simply peaty lagoons, or "pakihis," as called there.

82. Is it not known as swamp-pine, and that the land is not fit for settlement?—It has never been proved to my knowledge whether these pakihis will become of use after draining, but at present they are simply swamp-land. The area of any one patch of silver-pine is generally very small.

83. In reference to the mining reserves, you remember the interview with myself and Mr. Wilson, at Warner's hotel, on the question of making these reserves?—Yes, I do.

84. You asked to be supplied with maps as we made them from time to time?—Yes.

85. Have you been so supplied?—We have been supplied with maps.

86. Can you point out any particular block the company has objected to, as of an unreasonable area or as not being required?—You will see by the correspondence that there has been a general objection to all of them, as containing more land than is required, and stating that the company hereafter will require proof to be given.

87. Do you say that such a letter has been sent regarding these blocks, or any particular block, or was it a general letter?—It is a general letter written after many of them had been made; and, I think, immediately after your making the block at Jackson's, as particular attention was drawn in it to that as being greatly, in the company's opinion, beyond requirements of gold-mining. [For telegram, 24th September, 1891, and letter, 13th October, 1891, see Appendix, pages 21, 22.]

88. Up to the time of making the block at Jackson's? Has not Mr. Wilson stated in his evidence that he has no objection to reserves being made near gold workings?—I heard him say the company never objected to reasonable reserves at gold workings.

89. Then, up to the time of making the reserve at Jackson's there was no protest; I mean prior to the proclamation of that block? Your letter was written after that. Remember the others were made prior to that?—Too short time elapsed between the notice being given to the company of the intention to make any reserve and its proclamation to allow full inquiry into each case separately. For instance, notice was received of one block in Christchurch on the 27th of the month and it was gazetted in Wellington on the 29th of the same month. The company could not possibly object in detail to each of these blocks as made, as it would have entailed more loss of time and cost in making inquiries than the company would be justified in incurring.

90. This letter was based upon the general ground that the mining reserves were made improperly, and that they were never contemplated when No. 2 contract was made?—That they were not in accord with the spirit of the contract.

91. This was a condition at the time the concessions were made which you have admitted were an advantage to the company?—The company's objection is that the mining reserves made are far too liberal, and are not made in accordance with the spirit or letter of the contract.

92. If there is anything on record showing that Sir Harry Atkinson's impression was that the colony got the right to the 750,000 acres as a *quid pro quo* for the concessions to the company, you will consider it worth the consideration of the Committee as a contradiction to your evidence?—Naturally.

93. I would like to refer to *Hansard*, Volume 58, page 190, 1887, which says: "Then, there is another very important point—that is, the question of mining within the district. That is a very complicated and very difficult question; and the Government, after careful inquiry, have come to the conclusion that, if they take authority to proclaim 750,000 acres, that will leave the question open as it was under the contract. That will cover all the possible mining area which is likely to be required for mining purposes. Therefore we propose to take authority to proclaim a definite amount of 750,000 acres, and, in doing that, we propose to give to the company the advantage of selecting other land all over the district without taking alternate blocks." What is your reply to that? Is it a contradiction to what you say?—If I am to take it to be a correct parliamentary report, I should say it is clear that you cannot so closely criticize the exact wording of every line of a Minister's speech, as reported to be made before the House, in the same way as you would the wording of a legal document. If Sir Harry Atkinson had put it as you read it there—that is, that the Government had got to take the whole 750,000 acres—I say it is a matter for the law courts to decide whether he was right in reading the contract, or whether the company is right. It is evident to my mind that is a loose report of what was said. The addition of only the words "up to" would give the meaning I contend to be right.

94. You admit that his impression was different from your's?—I do not admit that for a moment.

95. Then the Premier, when asking the House to agree to modify the contract, made a speech which he permitted to be loosely reported?—I think the report in *Hansard* cannot be closely relied upon, or taken as overriding the strict meaning of a legal document.

96. If we had documentary evidence which leads up to that, would you still say your impression was right?—Then this would be the position: that it would be shown that the Government had taken one view of it and the company another view of it. But there is nothing that I can remember to have passed between the parties to lead the company to think that the Government took that view of it.

97. Your evidence was this: that the Government, finding that there was not sufficient land in the alternate blocks, that was the reason for disposing of the alternate blocks?—My answer was: That the question of the throwing out of the alternate blocks arose in consequence of the company requiring it to be done in order to give a larger area of land to select from.

98. How do you reconcile that, when you know that that there is over £3,000,000 worth of land in that area?—I am not prepared to say the value of that land.

99. Under the B 1 map you will find what the value is?—Do you ask me if the amount put down in the B 1 map represents the value of it?

100. I say it is the statutory value?—It expresses the statutory value for the purposes of the contract.

101. What is the amount?—The aggregate value is £3,127,000; but that does not express the real value, because the value is made with a limit of 10s. an acre, which the valuers could not go below; so that all lands worth nothing had to be put down at 10s. That value is, therefore, the statutory value but not the real value.

102. Were not the mountain-tops excluded in the area?—That white patch? Erroneously, by an error.

103. They were excluded?—And subsequently arranged to be included.

104. As far as the B 1 value and the correspondence is concerned?—No; there ought to have been no mountain-tops excluded from the B 1 map. The statutory value in that contract of £3,127,000 is inclusive of a large quantity of mountain-tops. There is a piece, shown white, in error, which the company has arranged with the Government as to the inclusion of. This white land also included some land through which the company's railway passes, and it is perfectly obvious that that land would never have been intentionally excluded.*

105. What is the increased value which should be added to £3,127,000?—In respect of that particular "white patch"?

106. How much should we add on for it to the £3,137,000? It is a considerable area?—Yes.

107. And it would add considerably to the value—the statutory value?—Yes; the statutory value—not much to the real value.

108. You are only entitled to one million and a quarter?—In value; Yes.

109. Then, if there is four millions in value there is sufficient in value to give the company all they could get. Does that not follow?—No; the reason is this: If the statutory value represented the real value, of course anybody could do that sum in arithmetic; but you have got to read the whole contract. If the lands granted to the company do not realise a value of £1,250,000, then more land has to be given, not at the statutory value, but at the real value, to be ascertained in future; and that has been put in because it was publicly said there was not the smallest chance of a million and a quarter pounds' worth of land being there. I do not agree with that.

110. You do not agree with that?—No.

111. Was that simply outside talk, or was it officially stated by the colony?—No; it is not likely the colony could have officially said that; but it was stated in public speeches made by leading men in the colony.

112. Then, if the colony took up that position, how could they be giving this concession if they contended that the land was sufficient in statutory value?—How could they do it? They did it—that is sufficient answer. And they did it, I presume, because it had been so publicly said that there was not that value within the area; and the Government was not in a position to show in black and white that there was that value, so they took this course of giving the guarantee the company asked for.

113. Would you admit that there had been some error in the interpretation made by you in your statement if correspondence supported Sir Harry Atkinson's view?—I cannot admit a hypothetical case based on papers I have not seen; but if you show the correspondence, I will see if it does alter my position.

114. You know, I suppose, that Mr. Edward Richardson was Minister for Public Works at the time the contract was made in 1888?—No; he was not.

115. You know he was Minister for Public Works in the Ministry preceding Sir Harry Atkinson's?—Yes.

116. Under the terms of the old contract the Minister for Public Works had all the dealings and correspondence?—Yes. As regards the dealings, that term of the contract was more honoured in the breach than in the observance during the last Ministry.

117. In the early part of 1888 the old contract was in existence?—Yes.

118. The provisions then, so far as the mining reserves were concerned, was contained in subsection (9), section 8, 1884?—Yes.

119. [Letter, P.W., 86/4086, C. Y. O'Conor to Hon. Mr. Richardson, read; also letter, 17th October, 1887, to Attorney-General. See Appendix, pages 38, 40.] I have now read letters to Mr. Richardson and to the Attorney-General who drew the contract in 1887. The advice given to Mr. Richardson, the Minister for Public Works in the preceding Government was revived in 1887. Sir Harry Atkinson's speech was delivered in Parliament the following month. After reading the correspondence and this *Hansard*-report of Sir Harry Atkinson's speech, do you say the mining reserves were not a *quid pro quo* for giving away the alternate blocks?—My answer is

* "White patch" alluded to is that shown on B 1 map lying between B 1 Blocks 40, 31, 8, 30, 35, 236, 84, 86, 90, and 91.

this: The question, as far as I know, arose from the company's side. I have no recollection of having seen before the memorandum you have just read, and whether that entered into the consideration of the Government in making the new contract I have no knowledge. I never had that construction of it in my mind at the time from the company's point of view. Further, I may say, as far as I know, the Attorney-General did not draw the contract. The Solicitor-General drew the contract, as far as I am aware. I had, on the part of the company, treated chiefly with Sir Harry Atkinson and the Solicitor-General. As far as the interpretation to be put on the reported words of Sir Harry Atkinson in *Hansard* in relation to this particular question, whether the Government was bound to take the whole 750,000 acres, I can only say that it does not agree with the wording of the contract, to which Sir Harry Atkinson was then a party, because the wording given in *Hansard* is different to that in the contract. If that contract, at the time the speech was made, was before the House, it was open to any member to read it himself. My reading of that is not altered by the reported words there; and I say the presumption is in my favour, seeing that either Sir Harry Atkinson had the contract before him with the true wording, or he had not. If he had the words before him, then his words were not in accordance with the contract. If, on the other hand, these words in the contract were not before him at that time, it is clear they were inserted before the contract was signed, and it is only the words put into the contract which are cognate to the question.

120. When was the contract signed?—In August, 1888.

121. And you still say that during the negotiations for passing the contract, or prior to the signing of the contract, the company was not aware in any way that this 750,000 acres was one of the principal concessions granted—the real concession—in reference to the alternate blocks being abolished?—How can you ask me to say what was the opinion of the other side. They did not wear their hearts on their sleeve.

122. On your side? Do you still adhere to this?—I say that the doing away of the alternate blocks was, as far as we knew, for the benefit of the company; but before the Government agreed to do so, some provision had to be made for mining, and, after discussion, 750,000 acres was fixed as the limit for *bonâ fide* areas for mining.

123. You are quite certain that the question of the 750,000 acres was not the principal concession?—If you call it a concession. It was agreed to on the part of the company of course. That is to say, the company asked that all that area, say, to use a fancy figure, a million and a half acres, which would have been included in the alternate blocks, should be given up, and the Government agreed to do so, except 750,000 acres if required for *bonâ fide* mining.

124. Do you admit that the colony did make a concession in giving up the alternate blocks?—Yes.

125. Does that amount to half a million acres?—Possibly it might. But the total of the land-grant to be acquired by the company under the alternate block system was but a comparatively small portion of the whole.

126. Did the Crown not make a large concession to the company in giving up the alternate blocks and the benefits accruing from the expenditure of the company along those blocks?—The Government made a concession to the company in giving up those blocks.

127. Has any communication passed between the company and the Government as to this very question on account of the concession and the 750,000 acres, prior to the signing of the contract, and after the Act was passed in 1887?—I will ascertain.

128. Will this refresh your memory? [Letter from Mr. Scott, of the 21st March, 1888, put in and read. See Appendix, page 40.] Does not that contradict your evidence?—No; it does not contradict it.

FRIDAY, 2ND SEPTEMBER, 1892.

Mr. SCOTT re-examined.

1. *Mr. Wilson.*] Does the letter of the 21st March, 1888, shown to you yesterday by Mr. Seddon, bear the construction put upon it by Mr. Seddon?—The letter was only put into my hands at the moment the question was asked upon it. I now find that it contained as an enclosure a letter from me to Messrs. Harper and Co., Solicitors, Christchurch, asking for advice on certain points of the contract, which enclosure is supposed to be the important part of the document, and I wish to read it. [Letter to Messrs. Harper read. See Appendix, page 40.] The particular letter was written just before the contract was sent Home, and for quite a different purpose to that sought to be attributed to it, since it ws to solve a doubt as to an omission from the actual contract to be signed, as compared with the proposed contract previously sent out from London by my directors, of a certain acreage. In that letter, Mr. Seddon sought to represent that I admitted the 750,000 acres was the *quid pro quo* for giving up the alternate blocks; and he also, as I now understand, urges that this letter of mine shows that the 750,000 acres had all to be reserved. The letter, as will be seen if anyone reads it, has an exactly opposite intent and meaning. It is this: I have always said that we asked the Government to give up the whole of the alternate blocks, and they declined to give up the land in this area because they wished to keep some of the land for mining purposes. Therefore, as we could not get all the alternate block-land from them, we took what we could get. The letter also shows that the area to be granted to the company was not ascertainable until not only the company had made its own selections, but also until the mining reserves had been completed. It is perfectly obvious from this letter that the taking of a lesser quantity than the 750,000 acres was possible.

2. Mr. Seddon put in a memorandum from Mr. O'Conor to Mr. Richardson, setting out that certain lands must be reserved for mining. Was this memorandum brought before your notice officially or unofficially before the contract was dealt with?—The memorandum from Mr. O'Conor to Mr. Richardson was complete news to me yesterday. I have no recollection of having seen or

heard of it, and it is not contended that it was communicated to the company. The letter bears date the 26th October, 1886, and the company had no office here then, as I had only just returned to the colony to start it. I cannot ascertain that it was ever received by the company.

3. You still adhere to your statement that the land in the Grey Valley is fit for settlement—the portions near the line would yield important values to the company?—I have no hesitation in saying that the land in the Grey Valley would generally, were it not that there are questions of the land being gold-bearing, be capable of settlement. Were that land in a district where gold-mining is not pursued, I have no doubt that in the course of considerable time practically the whole of it would be settled and used in one form or another. And, as I have already said, my evidence went to the effect that two-thirds of that area shown on the map would be so used if not prevented by gold-mining. I have no wish to qualify that in any way, except to remind the Committee that I was speaking generally, and that the gorges and rough places might prevent every acre being used. The general features of the country are that it grows large quantities of timber, and I shall never believe, whatever may be said, that land which grows heavy timber other than kauri will not grow grass in the future. It grows too heavy a crop of timber (not kauri) to be considered useless for grazing purposes.

4. Do the miners cultivate any little patches of ground around their places with good results?—There are patches here and there throughout.

5. Mr. Seddon brought forward a quotation from *Hansard*. You have partly answered it, but I should like you to make it clear that, notwithstanding that, you still adhere to what you said regarding the 750,000 acres; and I would ask you whether you have had discussions as to *bonâ fide* mining with Sir Harry Atkinson?—The quotation from *Hansard* in no way disproves my statement. It is a statement, as I have already pointed out, which does not agree with the documents either then prepared or subsequently prepared. The statement makes no reference to the definition of the land to be reserved being required for *bonâ fide* gold-mining; and had not that been a part of the contract, I, on behalf of the company, would not have agreed to it. The actual definition of the words "required for *bonâ fide* mining" was one of great difficulty in the actual wording of the contract, and it was the subject of many anxious communications between myself and the late Premier, Sir Harry Atkinson, who was the Minister dealing with this particular thing.

6. You discussed the meaning of the term "*bonâ fide* mining" with him?—There were many discussions as to the definition of "*bonâ fide*" reserving of lands.

7. Do you consider that the mining reserves made and proposed to be made were in accordance with the true meaning and intent of the contract?—Speaking generally, and not going into detail, I have no doubt that they are not made in accordance with the spirit, or made as it was intended they should be made. They are obviously made on this principle: that a certain area was arranged to be taken, and then it was sought to divide that into ten-thousand-acre blocks. These blocks, or smaller ones, were made contiguous, so as together to occupy the whole of the area of which they each form one part. Again, the boundaries of these blocks are so loosely made, that it is obvious to me that they have been made without any accurate survey on the ground, and with reference only to natural features or trig. stations, so as to be shown on a map in the easiest way possible, without regard to the boundaries coinciding with the limits of payably auriferous lands. In some cases the blocks as described are not recognisable from the best maps the Government has been able to furnish the company with. I have, however, had many of these blocks measured off by expert surveyors—those marked in yellow along the Grey Valley. They were measured by putting these blocks, as far as they were able to, in some cases on ten-chain maps obtained from the Government, and where ten-chain maps were not obtainable, then on a smaller scale. The measurements our officers arrive at are very different from those given by the Government. I find in many cases that the areas of these blocks appear to be very much greater than they are supposed by the Government to be. In one case a block shown to be 10,000 acres is found by us, or thought to be by us, over 13,000 acres. I give this information to the Committee, and with a view to showing why I formed the opinion that the reserves are loosely made and without accurate survey. It may be that further and better plans, if the Government have them, and more complete descriptions may prove that they are right, but I shall be surprised if it is so. Then, again, without going further into details, I find that the reasons for making the reserves seem to have been more the opinion of the officers who actually made them than those of the local people, so far as I can judge. I say so partly for the reason that in some cases, where the lands had been before the only recognised tribunal for ascertaining if they were likely to be gold reserves (that is, the Warden), and had been advertised, and afterwards declared by the Warden not to be auriferous or required for gold-mining purposes, and were consequently available for the company, these lands have been included in the reserves subsequently made without any new discoveries having taken place; also, because reserves have been made in districts where the local bodies did not want them.

8. *Hon. Mr. Seddon.*] In your interpretation of the letter of 21st March, how can you reasonably put the construction you have on this passage: "The Government being entitled to reserve 750,000 acres for mining, it is not possible to say the exact area which the company will receive till the selection both of the company's lands and the mining reserves shall have been completed." How could the company complete its area to select from until the 750,000 acres generally are made?—It would have been impossible for the company ever to have completed its area unless it took it all in the B 1 blocks, because we have not been allowed to deal with the lands under clause 33 until the mining reserves were made. Clearly, under the reading of the contract and the letter the Government were wrong in so first proclaiming mining reserves, and I have not the slightest doubt that the reading of the letter and the contract are one.

9. If these reserves of 750,000 acres were made, the company would then know exactly where to select from?—Yes, if they were made.

10. That would settle that point?—That would settle that point.

11. And relieve all doubt as to what the company had a right to select from?—Yes.

12. Now, as to the communications between you and the Premier. Is there anything on the subject as to the meaning of "*bonâ fide* mining"?—I cannot tell you at the moment. I will ascertain.

13. Were your communications in writing or verbally?—Nearly all were verbal in the Premier's office.

14. If I told you that I was acting with Sir Harry Atkinson and Sir Frederick Whitaker, and that the lands required for *bonâ fide* mining were the subject of my suggestions, would you say that I was wrong, or that Sir Harry meant one thing and you another thing?—You say you were prompting the then Premier and the Attorney-General in this matter. I was not aware of it.

15. Are you not aware that I was on the Committee?—Yes, I was aware.

16. Were you at the meetings of the Committee when we were discussing this?—No. I was never called before that Committee at all.

17. Those present and taking an active part on the Committee would be better able to interpret the meaning of their suggestions than you, who were simply outside and talking about it?—I think Mr. Seddon and I are at rather cross purposes. He is apparently bringing in what passed between him and the late Government, he and they, for that purpose, being on one side. I am speaking of what passed between the late Government and the company, and what the company's view was of the transactions which led up to the terms of the contract. I could not for a moment speak as to what were the reasons which led Sir Harry Atkinson or Mr. Seddon to put certain words into the contract. I know that the putting in of certain words was a matter of great importance, and it was frequently discussed.

18. What you said was this: That the company had asked to have these words, and it was a suggestion of yours to the late Premier that these words, "*bonâ fide*," were to be there?—My answer is this: That the company would never have agreed to the 750,000-acre limit if not limited by words showing that the lands were required for *bonâ fide* gold-mining.

19. That is somewhat different to your evidence in the past?—I do not think so.

20. Your interpretation is that Sir Harry Atkinson coincided with you in making these reserves, and that his interpretation is what you put on the meaning?—In what respect?

21. The complete taking of the land required for mining, or conducive thereto; that the reserves should not be made except when actually required for mining; and that Sir Harry coincided with that interpretation?—That was the inference I received.

22. *Mr. Shera.*] Had you any discussion with Sir Harry Atkinson as to the contract after it was signed?—On this particular point?

23. Yes?—No, I do not think I saw him after it was signed.

24. Then your negotiations have reference previous to its being signed?—Yes.

25. *Hon. Mr. Seddon.*] The question is, as to when these reserves were to be made?—I cannot say what Sir Harry Atkinson's plan was, except that they were to be made from time to time.

26. Was the Hon. Edward Richardson on this Committee, and one of the Committee who drew up the terms of this contract?—My recollection is that he was, but I have not looked it up. I tell you that I was not officially before that Committee. I never saw them as a Committee.

27. At all events, he was one of the Committee, and he was also Minister for Public Works when that memorandum of Mr. O'Conor's, which I say led up to the 750,000 acres, was made?—Yes.

28. You have sent in a number of applications for selections under section 33?—Yes.

29. As shown on B 1 map?—Quite so.

30. How have they been surveyed? Are the boundaries of these blocks, which you have a right to select over, surveyed?—No, they are not. It is specially provided for by the contract that these blocks, when the company wish to select any of them, shall be granted to the company under a special preliminary title. There is no provision for making a provisional title for blocks to be reserved for mining purposes.

31. The company do not say we have taken over 750,000 acres yet?—You have not yet defined or proclaimed 750,000 acres.

32. Suppose one of these blocks contained a thousand acres, more or less, or a couple of thousand acres, and the Government believed they required another 2,000 acres, there is nothing to prevent them taking them if the land was required for *bonâ fide* mining purposes?—I should say not, if they were properly taken.

33. You would not like to swear that these figures, given by you or your experts, are any more correct than those given by the Government officers?—They are as correct as experts can find them from the best plans obtainable from the Government. I do not say our experts are better than Government experts, but I think they are as good.

34. You would not think the Government would give incorrect areas of the blocks for the purpose of misleading the company?—I do not think any officer would do so wilfully to mislead the company. I never thought of such a thing.

35. Only an actual survey would settle the point?—Yes.

36. This area is given approximately by you on the one hand and by the Government on the other?—Yes.

37. Then the areas in B 1 map are not actually surveyed, but approximate?—Yes. They are part of the contract.

38. Do you gain or lose? Do you take each block at the area given for the purposes of the contract?—It is specially provided in the contract that we take them for what they are worth, with a special title provided for, and they are subsequently altered by the increase or decrease, as the case may be, after survey.

39. When the Government have taken the whole 750,000 acres, if the company considers they have taken more, that would be a matter of dispute to be settled either by arbitration or survey?—

That system was provided for in the case of the B 1 blocks to be selected by the company, but there is no such provision as to the Government selections for mining reserves. That is the difference.

40. Do you mean by that that every mining reserve made by the Government must be made on actual survey?—I think that it should be.

41. That is your interpretation, that if they take only three acres they should be surveyed?—Yes, if not already surveyed.

42. You said the opinion of the people in the localities regarding the reserves was not in accord with the action of the Government officers?—My answer was that I thought it was done more with reference to the people who made the reserves than by the people in the localities; and I instanced two cases where it appeared judicially decided that the lands were not auriferous, and yet they were made mining reserves; and also the cases of reserves made in districts where the local bodies and people did not want them.

43. Then, you take the Warden as the particular mouthpiece of the people in a locality?—No, not necessarily. I think the Warden is the official officer of the Government. When a thing is brought before him officially his opinion is one which everybody must regard.

44. In that case the Warden, having said that the whole of the land in Block 222, Blackball, is auriferous, and reported so to the Government, that, you say, is quite right now?—My contention is that the Warden is a judicial officer. When a case is before him judicially he speaks with authority. I was not speaking of the opinions of the Wardens generally. The cases I speak of were before the Warden.

45. There is only one case—Morris's, at Kumara—where the Warden sat judicially upon it?—Also in another case, that of Loughnan and Halley, who applied for a coal-mining lease, up near Reefton. The Warden recommended it, and requested the company to grant the lease, and subsequently, before anything could be done, it was made a mining reserve.

46. At the same time there was a company actually producing gold on the same ground?—It may have been, but I am not aware of it.

47. There was a question of title involved. One was a lease for gold and another for coal?—In the case of Loughnan and Halley, the Warden wrote to the company stating that a particular application had been handed to him for a coal lease, that it had been advertised, that he saw no objection, and he wanted to know if the company would agree to grant the lease.

48. You would be surprised to know that the Warden had nothing to do at this time with a coal lease. The application for a coal lease would go to the Land Board?—Under the recent Act.

49. Under the previous Act?—The Warden was the person who referred it to us. I am speaking from the Warden's letter dealing with the application in the ordinary form, asking the company to agree.

50. Are you aware that the Warden could not grant a coal lease?—He was not granting a coal lease. He only asked if the consent of the company would be given.

51. Have you got that letter from the Warden? [Letter of 8th April, 1892, from Warden Keddell, put in and read. See Appendix, page 41.] The Warden has not expressed an opinion at all about it. He states the facts, and asks your opinion as to whether he should recommend it to the Minister or not. Is there a decision or opinion at all in the letter?—I considered there was; that when the application was made, and no objection was brought to it after it was duly advertised, that the Warden's opinion always went with the fact of there being no objection.

52. The Warden has discretion, has he not?—Yes, he may have.

53. You say you took the decision of the officer or Warden. In that case, has there been a decision?—I imagine that the Warden has decided in favour of granting the lease. I may qualify what I said, after seeing the letter, by saying that it is an inference from it.

54. The next case you rely on for the decision of the Warden is that of Morris, of Kumara?—Yes.

55. Did the Warden call any evidence from the company on that?—Nobody attended on behalf of the company.

56. Did any one attend on behalf of the mining associations?—Yes, Mr. Hay, the President of the Miners' Association.

57. You called no evidence?—We were not represented.

58. Those who tendered evidence were the objectors, the Miners' Association?—I think Morris also tendered evidence.

59. He attended for himself, as wishing to get the land from the company?—Yes.

60. That is the only other case upon which there has been a Warden's decision?—As far as I know at present.

61. What was the acreage applied for by Morris?—I believe between one and two hundred acres.

62. *Mr. Wilson.*] With regard to that same application, did the Warden give a decision?—Yes.

63. It was in favour of granting the lease for other purposes?—Yes.

64. And that was made a mining reserve?—Yes, though a recommendation was made on the ground that the land was not required for gold-mining purposes.

Hon. Mr. Seddon: Here is the report of the Midland Railway Committee of 1887, session II., signed "W. R. Russell, Chairman." [See Appendices to Journals of the House of Representatives, I.-6, Sess. II., 1887.] The recommendations of the Committee are word for word in accordance with clause 16, section (*c*) of the contract.

65. *Mr. Shera.*] What land-grant has the company earned?—The total value of the earnings is £191,350 worth.

66. About what area has been selected in Canterbury?—157,832 acres have been selected in Canterbury.

67. Where else have you selected land?—In the Amuri, 71,096 acres.

68. And on the West Coast?—20,900 acres.

69. Has most of the land been disposed of?—The whole of the eastern land has been disposed of with the exception of one block containing nominally 9,000 acres, which is being held until the opening of the company's railway through it. Also, two blocks of western lands which are not yet sold because they have only been recently acquired by the company, and now are being held until the railway being made through them gives better access for purchasers.

70. In disposing of the lands, did you get them subdivided at all?—With the exception of one block. All the Canterbury lands that I have mentioned have been cut up into sections and offered for sale at two different public auctions. We cut up the blocks into as small sections as the nature and quality of the land would permit. They varied very much, from small pieces up to 5,000 or 10,000 acres.

71. Are you of opinion that your policy in disposing of your lands is to promote settlement?—Yes; because it is obviously the wish of the company to get as many people as possible on the ground, so as to furnish traffic for the railway.

72. Do you remember what was the size of the largest block sold?—Actually sold? I should like to explain to the Committee that it was cut up into small areas for auction, but some people bought many of them. The largest block offered by auction was about 12,000 acres, from memory. There were two blocks about that size—back-country land. That was quite as small as they could have been wisely made. These were both bought by the same person. One block was bought at auction, and there was no bid for the other; but a day or two afterwards the purchaser of the other block came and bought it.

73. *Mr. Tanner.*] I understood you to state that the Act says that the reserves shall be made in blocks of not more than 10,000 acres?—Yes.

74. And I also understood you to complain that some of the blocks, in your opinion, and from the best information you can get, are of a larger size than that. You further complain that the blocks are in immediate contiguity to one another. What can it matter, if there are 13,000 acres reputedly gold-bearing, whether the Government take it in 3,000 acres or 4,000 acres each, if they are immediately contiguous one to the other? Is there any stipulation in the contract against that?—The provision matters very much, for the making of an 11,000-acre block is an absolutely illegal one. You say, "Why grumble at it when you might do it in another way?" I grumble at it because it is so, and because in making them it has been considered that there is much more land payably auriferous than it is possible actually to find; and I point out that, having been made on such a large scale, they must necessarily in my opinion contain a lot of land that is not payably auriferous, and not *bonâ fide* required for mining purposes.

75. Then I take it that your objection is not only that the blocks as made cover too large an area in your opinion, but also by adjoining each other they cover a larger amount of undivided space than was contemplated?—Yes; and this debars the company from getting the benefit which, in my opinion, it was intended they should have—that is, the benefit from owning for settlement purposes lands near *bonâ fide* mining lands.

76. What is considered the best gold-bearing country on the West Coast, if we except the Kumara district?—I should think Reefton.

77. In the neighbourhood of these reserves?—One of the reserves covers the land about Reefton.

78. Had the Government made whatever reserves it is possible to make there?—I should think so. They have made, or promised to make, more than I think is necessary.

79. In doing that, they have not by any means exhausted the 750,000 acres within their powers of selection?—Not nearly.

80. Consequently they would go on to lands next in value for gold-mining purposes. Where would you place that land, assuming that Kumara is first, and Reefton second?—I should imagine that some of the southern land about Ross and the Rimu would be the best. I speak with hesitation about that. The largest gold settlements after Kumara and Reefton are down about Hokitika, Waimea, Stafford, Ross, Rimu, also Ahaura, and Nelson Creek.

81. They have made reserves there?—Very liberal reserves.

82. Still, not having exhausted their power of selection up to the 750,000 acres, they naturally go to land which we may call for the moment fourth-grade land. Where do you find that?—You would find it scattered up and down through the country. There is a piece about O'Callaghan's, which is near Nelson Creek.

83. Is that reserved?—Yes, or proposed to be reserved. Then there is Maori Gully. There is a suitable piece there; and O'Callaghan's is the next best.

84. I take it that your statement amounts to this: that the Government have reserved all the best gold-bearing land within their knowledge on the West Coast, and all the most likely spots, as far as their information goes?—I should think they have reserved all of them.

85. You imagine that they have reserved more?—I cannot imagine that any has been left out.

86. Now turn to the eastern side of the range. With regard to the land there selected and sold, I understood you to say, in answer to Mr. Shera, that the largest undivided block of land sold was 12,000 acres in extent?—By auction. I said another piece was privately sold, previously.

87. What area might it be?—About 32,000 acres.

88. Have you ever sold a larger block than that privately?—No; there is one now being selected about the same size. It does not appear in my list here, because it has not yet been agreed to. It is a block at the Waimakariri, containing about 31,000 acres, which was agreed to be sold to promote irrigation works.

89. Do I understand you to say that 31,000 or 32,000 acres is the largest-sized area you have ever sold in a single block?—No; there is another block of 44,000 acres, Block 127, in the Amuri District. That land was sold to Messrs. Wharton and Company. It was held by them under the Nelson leases, and the tenants had the right of purchase from the Nelson Land Board. Instead of doing that they made a bargain with the company. As to that block, the whole of it

was not included in the right to purchase, but the bulk was. The remainder had been temporarily let and was rough or bush-land, and was included in the B 1 block, and therefore the company had to take that if they took the other piece. Then there are two other pieces of Amuri land, containing 19,000 and 7,000 acres, respectively, which were also sold to the tenant, who had the right to buy at prices to be fixed by the Nelson Land Board.

90. What is, to your knowledge, the largest-sized block sold privately to any single person?—The 44,000 acres sold to Messrs. Wharton and Co.

91. Are you aware that Mr. Wilson said he was not prepared to deny that you had sold one block of 58,000 acres?—I do not think he said that, though aware that he said the company might do so, but it is not done yet.

92–93. Are you in negotiation with a gentleman in Canterbury for the purchase of 58,000 acres?—Some negotiations are going on as to various blocks.

94. What is the total amount parted with to any single person, whether in one block or more, contiguous?—The 44,000 acres is the largest. Under the Nelson Land Acts the tenants I spoke of have the absolute right to buy their holdings at a price to be fixed by the Nelson Land Board. In the three cases that we dealt with, the tenants had the option of saying whether they would buy or not.

95. *Sir John Hall.*] With reference to the right of purchase possessed by the Nelson leaseholders, is it a mere pre-emptive right to buy before anybody else, or is it an absolute right to purchase the land whenever they desire to do so?—The tenants have the absolute right to buy their land at prices to be fixed by the Nelson Land Board.

96. Do you know at what time they exercise this right?—They are fifteen-years leases, with the right of renewal. [Statutes referred to: Section 31 of "The Nelson Crown Land Leasing Act, 1867;" section 77 of "The Nelson Waste Lands Act, 1874."]

97. Then, under these circumstances, could the Crown or the company have sold the land to anybody else?—No.

98. *Mr. Tanner.*] Are you aware that the bulk of the land sold on the eastern slope in the company's selection has been purchased by men already some of the largest owners of land in the two Provincial Districts of Nelson and Canterbury?—As to Messrs. Wharton and Co., who bought the 44,000 acres, they hold a leasehold from the Government of a further piece, up above in the rough country. That, I believe, is all they own in the place.

99. When I speak of landowners, I do not speak of leaseholders?—They had also about 20,000 acres of freehold intersecting these 44,000 acres which they bought from us. Then there were the two other Amuri blocks, which, with the exception of 5,000 acres or so, were sold to Mr. Dalgety on his private account. I do not know that he has any other land in the colony.

100. Is he not a member of a firm?—Yes, of Dalgety and Co., Limited.

101. Does that firm own land?—It is a public company, and I believe they are large leaseholders in Otago, but hold very little in Canterbury. Mr. George Rutherford bought a considerable portion of the land offered by auction, also Mr. Deans. These are practically all. The pieces Messrs. G. Rutherford and Deans bought were those offered by auction in small sections.

102. They bought a number, and so acquired a large area?—Yes.

103. Are you aware that the population within that district where the land was sold is now slightly less than it was before the company came into existence?—I should not think it can possibly have affected it one way or the other.

104. But if the population is decreasing, does that bear out the statement with regard to settlement going on?—The company endeavoured, and it was particularly my wish, to get settlement there as much as possible, and we tried our best to do it. We went round the district to try and induce the people to buy these lands, and we cut them up into such sizes as the people said they wanted. Then we offered them by auction; but, with the exception of about nine lots—I speak from memory—none of those who said they would buy turned up. There was comparatively little competition, though there was a good sale.

105. They were all bought for cash?—No. Two-thirds were left on deferred payments at low interest. [Statement as to area sold and the names of purchasers, &c. See Appendix, page 35.]

106. *Hon. Mr. Seddon.*] You said there were negotiations between the Nelson Land Board, the company, and the holders of the leases for the 44,000 acres?—I did not say so.

107. How can the company sell land unless the Land Board fixes the value?—Because these gentlemen found out what our views were and came to terms. They then handed in, at the request of the Government officers, to the Commissioner of Crown Lands the surrenders of their rights to buy under their old leases, and then of course the company took their blocks free from any right to purchase and re-sold to them, in accordance with the arrangement to that effect.

108. The Government were parties to this sale of 44,000 acres?—I do not know. Their Commissioner actually required the surrenders of their right to purchase to be handed in before the preliminary title to these lands was granted to the company. It was a grave question, to my mind, as to their right to get it. If they had not, the company could still have insisted on getting the block subject to their right of purchase.

109. What was the B 1 value of the 44,000 acres?—10s. an acre.

110. The contract says it is not to be sold at less than £1 an acre?—No, not at less than the B 1 value.

111. What is the lowest statutory value of land in the Nelson District?—I know the actual value of lands which the Nelson Land Board have recently sold to other parties. A Mr. M. and a Mr. J. recently applied to purchase some land held under precisely similar conditions, and the Board sold to them for 10s. an acre. The company have warned the Government that some proceedings may arise in consequence of these sales. The company thought the land was distinctly worth 15s. an acre. In these two cases I am informed that Mr. J. first agreed to give 15s. an acre; then Mr. M. applied, and insisted on getting his land at 10s. an acre, and pointed out that he was

entitled to get it at that price because the land he wanted was included in a B 1 block valued to the company at 10s. an acre, and he said they were bound to give it to the company at 10s. an acre, and therefore they must give him part of it at 10s. The land was sold to him at 10s. by the Nelson Land Board. Mr. J. then said, "You have sold the land at 10s. an acre to Mr. M., and you must sell to me for 10s.;" and the Board did.

112. Both of these parties have the right to buy at a price to be fixed by the Board?—Yes.

113. Was this 44,000 acres held in one lease by one person, or by several persons?—It was all held practically in the same holding. I do not know whether the leases were in the names of the different partners. It was held as one holding under the name of Wharton and Co.; but not all of it. There was the piece I have mentioned, about 10,000 acres, of rough bush-land.

114. You mentioned that the Government was aware of this?—The Commissioner of Crown Lands knew. The surrenders were forwarded to him as Commissioner by the company.

115. *Mr. Mills.*] Do I understand you to say that all this land on the eastern side had been offered by auction?—All the land which the company has yet selected, with the exception of one block which was sold very early for financial reasons, and also the three blocks in the Amuri over which the tenants had the right of purchase.

116. And which was sold by private arrangement?—Yes.

117. What proportion would the land sold by auction bear to the whole?—Those which the tenants had the right to buy consisted of 71,000 acres, less a portion of one block representing about 10,000 acres. Those which have been offered by public auction were 105,000 acres in round figures. Those which have been sold privately were 32,000 acres: that is 32,000 as against 105,000.

118. That excludes the land over which the tenants had the right of purchase?—Yes.

119. *Hon. Mr. Seddon.*] What was the amount at which the company is taxed for the current year?—The Land Tax Department Commissioner has given me the amount at which the company is now assessed for local rating (chiefly for the railway) at £199,229; and for land-tax purposes—that is, for the land-grant now held—a capital value of £41,515.

120. Can you tell what amount in property-tax you paid last year?—£3,279 4s.

121. And for local rates and taxes?—£339 14s. 2d.; making a total of £3,618 18s. 2d.

122. *The Chairman.*] Mr. Wilson: Does this close your case?—Yes; unless we are called upon to bring forward evidence or to rebut any statements by the Government.

TUESDAY, 6TH SEPTEMBER, 1892.

The Hon. R. J. SEDDON, Minister for Public Works, in attendance, made the following statement:—

I had been a member of the House of Representatives prior to the original contract—that is, contract No. 1. I was upon the Committee that was appointed to draw up the conditions of contract No. 2. I have been since then continuously a member of the House—up to and since the date of my appointment to my present position of Minister for Public Works and Mines. I have had considerable experience in connection with this subject, also with the working of the contract, and I say that the Government have carried out the true intent and spirit of it. There has been no hampering the company on the part of the Government, and no undue delay. Touching the first question raised by this petition, in respect to the lands reserved for mining purposes, there has been no departure on the part of the Government from the spirit and intention of the contract as regards the carrying-out of that part of the contract, as will be found upon reference to parliamentary records and clause 9 of the original contract under the Act of 1884. I remember, upon asking Sir Frederick Whitaker for an interpretation of the provisions of that contract relating to gold-workings, that he informed me it had a very much larger import than at first appeared, and that we were not tied down to the ground that would be in actual working at the time. I brought that matter, as members of Committee may see on reference to the report of the proceedings, before the Committee on the Bill, and that interpretation was given there, to the effect that it had a much larger significance than being merely applicable to the ground that was taken. However, after the contract had been signed and we had commenced to work it, it was found that that interpretation was not correct; that the correct interpretation was, that it only applied to ground held under claims at the time the Act was passed. We were forced to admit that to be the case. The local authorities on the West Coast took the matter up, and representations were made by them to the Government setting out this difficulty—that no ground could be taken up for mining outside that held as claims and under mining rights. Under the original contract, with the line on the West Coast going up the Grey Valley (between mining reserves 51 and 81), taking that interpretation as being true, and under the alternate-blocks selection system as provided for in that contract, if we say that the line was forty miles from point to point, each alternate mile of that country could not be selected by the company, but would remain the property of the Crown; and on the alternate miles that could be selected by the company all rights held by miners were protected and exempt from the operation of the Act—that is, from selection by the company. That was the position in 1887. The alternate-block system, taken from Springfield to Jackson's, would only interfere at a point about five or six miles above Jackson's, and we would still have the alternate mile blocks, with claims that were then taken out still protected. The rest of the land which is non-auriferous and non-mineral-bearing would not affect the company materially so far as minerals or gold-mining are concerned. The local authorities, as I have said, referred the question to the Government of the day. Information was collated on the question, and I myself saw the Minister of Mines on the subject, and placed before him the interpretation that was given at the time the Bill was passed, by Sir Frederick Whitaker. There were placed before the Hon. Mr. Larnach the necessary proofs, and there was a reserve made. I am not quite sure at the moment as to its extent, but, if my memory serves me, the bounds of the reserve were fixed by Mr. McKerrow—and I think Mr. Gordon also had something to do with it—showing on the West Coast, from the ranges down to the river, a

certain gold-bearing strip of ground which was taken as a reserve for gold-mining purposes. This was subsequently withdrawn because it was contrary to subsection 9 of section 8 of the Act of 1884. It was said to be an illegal taking.

Now, as regards the eastern coast. During the passing of the original measure a difficulty was pointed out in the matter of the selection of the land in blocks one mile wide and fifteen miles deep, according to the alternate-block system. To select in that manner was clearly against the company. I will take the first Crown land you come to at Springfield, having known that country for the last twenty-seven years. If you take the alternate-block system there, with only a mile frontage, it would mean that any man who would take the land for grazing purposes would have a boundary to fence every mile; at each mile there would have to be a dividing fence, as the land in the other mile would have to be left unless the Government were prepared to sell at the same time as the company: that would, to my mind, have been a very foolish proceeding on the part of any one. The land would have a decreased value if it were forced to be sold in that way, and those who were representing the company's interests were fully aware of this. I do not think I am going beyond my right, as a member of the Committee that dealt with the matter, in saying that this phase of it was put on behalf of the company: that, if on the East Coast the alternate-block system existed, the manner in which they would have to take their land would be detrimental to the company. It was detrimental in two ways: firstly, because of the alternate-block system itself, and, secondly, because they would have to take their first land along the line; then, if they were not satisfied they could go to the back country from one to fifteen miles.

Now, the alternate-block system on the West Coast was clearly against the mining interest, for it allowed the company to select anywhere outside the lands used for gold-mining purposes. They would have had a right of selection over auriferous lands. Such was the effect on the West Coast, but on the East Coast it was against the company for the reasons I have given. As all of it was pastoral country it would have been marked like a chequer-board from Springfield to Jackson's; but the right of selection anywhere within the authorised area now given, and the abolition of the alternate-block selection system has simply trebled the value of the selections to the company.

Hon. Sir J. Hall: Is it all pastoral land?

Hon. Mr. Seddon: Yes; if you take Mount White Station and all the surrounding land not alienated it is pastoral country. The right they now have of selecting an entire block has trebled the value of their selections right through. Going away from the line and selecting anywhere inside the area has always been of advantage to the company. As a proof of my contention in this respect you have the fact that under this chequer-board or alternate-block system the company anticipated that the sale of the land would result in a loss, and throughout the negotiations the company's views were plainly to this effect. They have adhered to it all through, and Mr. Wilson himself has admitted it. But, as a matter of fact, so far as the sales have gone, there has been nearly 30 per. cent. of profit, taking the value fixed under the new contract and the amount realised. Taking it all through there will be no loss, and the whole of that land will sell, at any rate, at par—that is, the remaining portion, seeing that the better portion has been already sold at a profit. I do not think that any of it will be sold below par. Therefore, I say that, so far as the change in the contract is concerned, the abolition of the alternate-block system from Jackson's to Lake Brunner, and the substitution for it of the present system, has been greatly in favour of the company. A certain advantage accrued to the Crown in doing away with the alternate-block system on the portion of the land which was parallel with the line within the fifteen-mile radius, more particularly the land up the Grey Valley. If you took the fifteen-mile radius from the railway, with the line as originally laid on the west or south-west side of Lake Brunner, taking the fifteen-mile limit, it took in the Greenstone, and it just touched the Kumara gold-workings; all beyond that was outside the limit. By the company taking the line over to the further side of the lake—viz., by the adoption of the Brunner deviation line—that was taken away. Had the alternate-block system been retained they would never have applied for this deviation, but after the abolition of that system they took the line to the north-east side of the lake. In order to show the Committee that this is a correct statement, I will quote from *Hansard*, of 4th November, 1887 (Vol. 58, page 208), my own observations upon the introduction of the Midland Railway proposals.

"Now we come to the question of alternate blocks. I would sweep away the alternate blocks in three words—the alternate blocks are embraced in the 750,000 acres reserved for mining purposes. If I had known the question was to have assumed the present phase I should have asked the Minister of Mines to produce a map showing the reserves made by the Hon. Mr. Larnach when he was Minister of Mines in January last; and it would prove that from Teremakau River down to Greymouth is within the 750,000 acres, and from Greymouth to Reefton is within the 750,000 acres; and the land was all taken from the company and given to the people of the West Coast. Sir, that was called 'Mr. Larnach's mistake,' I believe, by the late Cabinet and members in this House. If he never made any greater mistake than that he will not suffer, because there is not a man on the West Coast but will respect him for having preserved the mining industry in that part of the country. That reserve was withdrawn, but by Schedule F of this contract you will find that all land which from time to time it may be considered, by or on behalf of the Queen, should be reserved or set apart for mining is to be so reserved, provided the land so reserved or set apart shall not in the aggregate exceed 750,000 acres." . . .

Also a little further on (page 209), in referring to subsection 9 of section 8 of the Act of 1884, I said,—

"The side-note of the subsection as it stands reads thus: 'Land within mining districts also excluded.' That meant that no land could have been selected in Westland, because the whole of Westland is a mining district; the greater part of Nelson is a mining district, and some of Canterbury is a mining district. But the mistake was made in the subsection 9 itself, which did not do what the side-note intended it should. It reads as follows: 'No land now used for mining

purposes or which shall be known gold-workings shall be deemed Crown lands under this Act.' Therefore the mistake was made there, because when the legal interpretation was given of what is called 'workings' the barristers gave an opinion that it meant the land actually being worked at the time. The company, under the present contract, have a right to surround every mining claim in Westland, and to select the land which surrounds every claim. They have that power under the first contract, and, seeing that they are willing to waive that condition, I think that to get out of the present bungle is worth fifty of the concessions which the Government ask the House to agree to this evening."

Speaking to the proposal as submitted by the Atkinson Ministry in 1887, these were the reasons given by me for supporting the proposals. I was one of the Committee appointed to go into those proposals. There was some change in the clause which stands as clause 16 in the present contract —that is, an addition was made to the clause by which it was provided that all lands required or likely to be required for mining purposes could be reserved from selection by the company up to a total area of 750,000 acres. Under the old contract, and the interpretation given to it, it was only land occupied for mining purposes at the time the contract was signed that was excluded from selection by the company; but the extension under the new contract is very much wider than this—namely, as is set forth in subclause (*c*) of clause 16 of the contract. During the labours of the Committee the question as to how the contract affected mining was more particularly left to myself and Mr. Vincent Pyke, the member for Dunstan, as being the two members on the Committee who understood mining matters and had the greatest experience in respect of them. I might say that I was personally asked by Sir Harry Atkinson to assist him in connection with this subject. I was, in my opinion, put on the Committee as representing the West Coast mining interest. Now, I say, from my experience on that Committee, and from what transpired from time to time in reference to this extension of the Government's right to make reserves, that the present contention of the Midland Railway Company, to the effect that reserves are only to be made in small areas as actually required for working, after absolute proof by prospecting or otherwise, is altogether contrary to the view taken either by the Committee or by the framers of the contract. I say, further, that I cannot understand how such an interpretation could have been put upon it. Neither can I understand how Mr. Scott, the then general manager of the company, could have inferred, from any interview or conversation he might have had with Sir Harry Atkinson, that such was the correct interpretation. From the interviews I had with Sir Harry Atkinson and Sir Frederick Whitaker I derived a diametrically opposite impression, and the several amendments that were made, particularly as regards the words "the several purposes connected therewith, or incidental or conducive thereto," were inserted at my suggestion to make the matter perfectly clear. There was some little doubt as to whether the words "mining" and "for mining purposes" did not embrace everything. However, after discussing the matter with Sir Frederick Whitaker, he came to the conclusion that my contention was right, and we had these words inserted. I showed him that if the lands which were below the workings were available for selection by the company—namely, the low-lying lands, on which the *débris* and stuff from mining operations would go, passing thence along the shallow creeks, and spreading along the sides of the creeks, to the direct injury of the adjacent lands—that this, if allowed, might be the cause of damages being claimed against the Crown, and therefore it was better to take these lands into consideration as land conducive to mining operations. It was conceded, and in due time a provision to this effect became a part of the contract.

Hon. Sir J. Hall: You mean these words——?

Hon. Mr. Seddon: These words: "All lands which from time to time, in the opinion of the Governor, are or may be required for *bonâ fide* mining purposes and the several purposes connected therewith or incidental or conducive thereto." I do not suppose the Solicitor-General keeps the slips on which his memoranda are written; but there is no doubt the suggestions with respect to these alterations were made by myself, through Sir Frederick Whitaker. I have not looked up the records of the Committee as to the precise terms of the proposal, but I am sure you will find the proposals which were made by the Committee were those which were submitted by me. I am leading up now to what Sir Harry Atkinson said as to his own interpretation of this part of the contract. There can be no doubt in respect of that interpretation; he could not be labouring under any misapprehension. It was made deliberately. He was telling the House what conclusion had been arrived at, and what the Government had determined upon. When I shall have read the following paragraph it will show that Mr. Scott must have been labouring under some hallucination in regard to Sir Harry Atkinson's views on the matter:—

[*Extract from speech by Sir H. A. Atkinson, in the House of Representatives, 24th November, 1887* (Hansard, *Vol. 58, page 581*).]

"Speaking for myself, I do not believe the guarantee is worth anything—that is, as to costing the colony anything. I am of opinion that the land the company gets will certainly sell for considerably over the amount it is now valued at. That is my opinion. There are various opinions about it, and, that being so, it was thought advisable to put the clause in its present form. There has also been considerable difficulty under the original contract with regard to gold-mining rights, and the Committee has proposed that the Government should have an absolute right to take up 750,000 acres out of the authorised area for *bonâ fide* gold-mining purposes. These are the main alterations; but there are several others of less importance, which honourable gentlemen have, no doubt, seen for themselves."

As regards the value of the concessions and the guarantee that was asked, I say clearly and deliberately, as to the question of there not being sufficient land in that 7,000,000 acres for the company to get £1,250,000 out of it, that it is clearly made out that it had nothing whatever to do with the concessions that were given to the company. On this point—namely, the doubt as to whether £1,250,000 could be realised by the company for its share of this 7,000,000 acres of

land, which has been stated in evidence here to have been the chief cause, or the principal reason of the concessions being given, there is no doubt in my opinion that there was more than sufficient land to have met all the demands of the company. Here are Sir Harry Atkinson's words: he speaks for himself:—

"Then, there is another very important point—that is, the question of mining within the district. That is a very complicated and very difficult question, and the Government, after careful inquiry, have come to the conclusion that, if they take authority to proclaim 750,000 acres, that will leave the question open as it was under the contract. That will cover all the possible mining area which is likely to be required for mining purposes. Therefore we propose to take authority to proclaim a definite amount of 750,000 acres, and, in doing that, we propose to give to the company the advantage of selecting other land all over the district without taking alternate blocks." (See *Hansard*, Vol. 58, page 190.

In making the motion Sir Harry Atkinson made the same statement in regard to the 750,000 acres of reserve. He made this statement in moving the motion before it went to the Committee; and when the Committee had gone through the whole thing, in moving the adoption of the report, he says the same thing. Referring to the discussion and the correspondence upon this subject, the Agent-General writes from London on the 12th January, 1888, as follows:—

"Sir,— "7, Westminster Chambers, London, S.W., 12th January, 1888.

"I find I have not reported to you upon the message I sent you on the 17th December respecting the Midland Railway Company. . . .

"The San Francisco mail of December 5 has brought the report of the Select Committee, the *Hansard* with the debate of 23rd and 24th November in the House of Representatives, and a newspaper account of the debate afterwards in the Legislative Council, upon the resolution brought down by the Government, whereby the Committee's recommendations for the new contract were adopted by both Houses. I also beg to annex a report from the *Times* of the meeting of shareholders on the 4th instant. "I have, &c.,

"The Hon. the Colonial Treasurer, Wellington." "F. D. Bell.

[*Enclosure.—Extract from the* Times *of Thursday, 5th January, 1888.*]

"An informal meeting of the New Zealand Midland Railway Company was held yesterday at the City Terminus Hotel. Mr. T. Salt, M.P., who presided, stated that the directors had called the shareholders together, preferring that the good news which had come to hand affecting their undertaking should be imparted to them direct. They had not yet received by post in its complete form the contract which had passed the New Zealand Houses of Parliament, but sufficient information had reached them by telegrams and papers to enable them to form a pretty accurate opinion of the contents of the contract. He thought the contract was a good one for the company, but it should be borne in mind that it was quite as important, if not more so, to the New Zealand people that the matter should be carried through successfully, and he believed that they were anxious to work with the company to insure such a consummation.

"The salient features of the contract in its present form were that the company had obtained a grant of 2,300,000 acres of land, the value of which the New Zealand Government, in the agreement, had guaranteed should not be less than £1,250,000. If by any accident the land did not produce that sum the Government would give the company more land in the area of selection assigned in order to bring the value up to the amount in question. Representations had been repeatedly made to them by the best informed people in the colony that the 2,300,000 acres of land were amply worth the stipulated minimum. They could also take the land, as it was earned by the construction of the railway, from any part of the area from which the selection was to be made. Within that area it was calculated there were about 7,000,000 acres of land. Out of that the Government had undertaken not to reserve more than 750,000 acres for gold-mining, and about 50,000 acres were at the present time so taken up. There were about 2,000,000 acres which would not be available for the company's purposes. They were assured, speaking in round figures, that there were about 4,000,000 acres of land out of which the company had an absolute choice, and all of which would be available for their purposes. They had been assured recently by their agent that he could at once sell all the land the company had at present earned for £26,000. It was estimated that the railway would cost about £2,500,000, of which at least £1,250,000 would return to them by the disposal of their land grant."

If you will take what Sir Harry Atkinson says in *Hansard*, page 190, Volume 58, November 4th, 1887, and note what Mr. Salt said following on that, you will see how the matter stands. If you take the calculations made by Mr. Salt you will see how he accounts for the total area of 7,000,000 acres, thus: Not available (freehold), 2,000,000 acres; mining reserves to be made, 750,000 acres; actually held for mining, 50,000 acres; not accounted for, 200,000 acres; leaving 4,000,000 acres remaining, as stated by him, to the shareholders. That was the deduction made by Mr. Salt from the correspondence sent to the Agent-General, and it does not at all agree with what Mr. Scott gave us, from memory, as the situation at that date. Mr. Salt clearly contemplated that mining reserves to the total area of 750,000 acres would be made, as he deducts that area from the total area, in order to get at the net area that will be available to the company. I also call the Committee's attention to the statements that have been given in evidence here as to the area held for mining at that time. The company's witnesses have put it down at 20,000 acres; but by Mr. Salt's admission 50,000 acres were absolutely held under miners' rights. On that point, however, I say it was impossible to state what was held, as under the acreage that could be given by law one man might have a special claim of 50 or 100 acres. For an extended claim 6 acres is the maximum, but a licensed holding can be 30 acres, or special claim might be 200 acres. I wish to make it very clear to the Committee that whilst only a very small area of ground might be actually held under the claim or right, still a man might have a head-race and dams. I have known one party of men to have 200 acres of land covered with a network of races, catchwater-races, and

dams, and that area was absolutely necessary for that party in working their ground. Although their claim was only an acre in extent, still it required 200 acres for dams in the different gullies and places about the workings. Then, they require other land for the deposit of tailings and so on. If we take Humphries' Gully, the land held by the company is only about 100 acres; but, manifestly, it would be unsafe for any person to go near them. They want water from Arahura River, and it would not do to allow anyone to select that land, or divert the water; and if I were asked what that one company wanted in additional reserved land I should say 150 acres. They would have to go seven miles to conserve their race. There may be payable drifts right along the seven miles. If any person applied for the freehold of that land before the races have been made, the application would be refused on account of the land being required for mining purposes. But if you give away the freehold to any person after the race has been constructed, the owners of the claim would come to the colony for compensation, owing to the depreciation of the property through the Government selling land which was wanted at the time, and because there was no freehold at the time the race was made. The rights of a race would be conserved where they have been granted by the Warden. The recent decision at Invercargill shows that the holder of a water-right holds a superior title. In a case where the ground along a race was proved to be auriferous, the person who built that race might say, "I did not spend £50 in constructing my water-race until I felt satisfied that there were other auriferous lands which the race and water would command."

Hon. Sir J. Hall: Supposing the race is seven miles long, do you say the owners of the Humphries' Gully Claim have a right to claim any gold outside their own area?

Mr. Seddon: Any party of miners could go and take up the ground and work it, but you cannot sell or dispose of it in any way. The company know that the Land Boards would not sell any land there owing to its auriferous nature. They spend their money in bringing in a race, knowing that that race would command the whole of the country, which is more or less auriferous.

Hon. Sir. J. Hall: Have they any prior claim to that?

Mr. Seddon: Where mining claims are taken that the race commands they can sell the water to work them. But the moment you sell the land and make it a freehold you depreciate their property. There is a case in point in Craig's Claim at Hokitika. That was bought, and he exacts 33⅓ per cent. from the men who work the ground. Where this ground is Crown land any party can take up the land, pay for the water, and work the ground. Where you sell the ground to any other person you depreciate the property. I wish to state that the colony has spent, in round numbers, taking the area from Nelson Creek or Reefton down to the Waitaha River, in water-races constructed by the colony, in subsidies, and in private enterprise, over half a million of money.

Hon. Sir. J. Hall: By Government and privately?

Mr. Seddon: Yes; over half a million. To have granted the company the right to select these lands would, in my opinion, have landed the colony in very heavy claims for compensation by the miners. This was pointed out to the Government at the time, and has been reduced to writing by Mr. C. Y. O'Connor to the then Minister of Mines, and which has been put before the Committee. That has been taken into consideration when making the reserves as shown on the map. I have had mining experience from the time I can remember. I was brought up at the mines at Home, and I might say that I have never been from the mines. I have had mining experience here for over a quarter of a century. I do not know the land in the Grey Valley so well personally as I do the land from Greymouth to the south; but the reserves which have been made, and which are numbered as appears on the map there—I will take them from the Waitaha and Mount Rangitoto to Ross first—are, from my personal experience, too small. In the reserves at Mount Rangitoto a very valuable discovery has been made, and by the recent treatment of low-grade ores it is likely to prove payable. I may say, so far as the reserves in the south are concerned, the Government have not had any protest from the company. I have not heard any complaints as to our taking too much as regards the southern reserves. I think my first conversation with Mr. Wilson about the reserves was held in Christchurch, when both Mr. Wilson and Mr. Scott were present. I informed Mr. Wilson of the intentions of the Government, and how we proposed to take them, and I must say that he considered, as a matter of opinion, that it would be better not to make fixed reserves, but simply to make them as discoveries of gold were made. I entirely disagreed with that course, and the interview concluded by my promising, on behalf of the Government, that he should receive copies of the plans showing the reserves we proposed to make. I have given instructions that in all cases these plans should be sent to the company to show our intentions. Now, it takes a fortnight after selecting any block before the Proclamation can issue. I think on one occasion we received a letter from the company stating that sufficient time had not been given for them to object if they wished to lodge an objection. But I have not, with the exception I shall hereafter mention, had any protest from the company that the land we had taken was not required for *bonâ fide* mining, or for purposes connected therewith or incidental or conducive thereto. Now, with regard to the issue of Proclamations. I have said that I have personal knowledge of the lands, but I have not acted upon it. I have simply taken the advice, first of all, of the local authorities. Before we came into office at all, my predecessor in the late Government sought a solution of the difficulty. There had been constant applications for land which had to be held in abeyance. Each block had to be referred to the local bodies, the Miners' Association, and the Commissioner of Crown Lands. It was almost impossible to deal with the applications in any other way, and it had been resolved, long before we came into office, by the previous Government, that these reserves should be made. After carefully going through the papers and correspondence, shortly after I came into office, I found that was so, and I found also that the opinion of the Law Advisers of the Crown had been taken on the subject. I can prove by a letter sent to the company that it was the intention of the late Government to make these reserves. I am of opinion, and Mr. Wilson has put it on record, that the company concurs in this, that where there are known gold-workings the land all round these workings should be reserved for gold-mining purposes. He instanced Kumara, the Waimea, and I think he was referring to the south particularly, too. That

is exactly what has been done. On some portions of the blocks reserved there is gold-mining actually going on. In these instances we have merely followed out what Mr. Wilson said was the proper thing to do; and that is the view that has guided the Government and the officers of the Government in recommending the making of these reserves. Then, coming from the Hokitika River to Kumara, in each one of the reserves made there are a number of workings and a large number of miners employed; and within these blocks which have been proclaimed, had any person applied to purchase the freehold of the land, the application would have been refused by the Waste Lands Board. Time after time applications have been made in different places where there is flat land adjacent to workings, and the Waste Lands Board, on the advice of the responsible officers, have refused them. Had the land been open for selection within the last twenty-five years it would have been taken up long ago, when we had a larger population and men much better off. I now come to a point where we have been at issue—namely, as to a block of land between Kapitea and Kumara. The company applied for a block of land there. An application was made by an enterprising sawmiller, named Morris. A portion of this very land some time previously (in the early days of the Coast) was applied for. D. Cochrane was the applicant, and it was absolutely refused. There was a block sold at the Loop-line, or at the corner of the Loop-line and Greenstone Road. The Waimea water-race was there and a race reserve, and the land applied for by the company, you will find on reference to the map, runs side by side. The boundary-line of the land applied for by the company is the water-race and the river. From Foxe's Range southward, on the hill, you get to Duffer's—that is to the south-west. Further south you get to what is known as Callaghan's workings. To have sold any of this land would have been simply madness, both on account of the race there and a prospecting party being at work. A little on the right the County Council was subsidising a tunnel to Kapitea Creek, which would have commanded the whole of this ground, it being the impression of the miners there that this flat is payably auriferous. I was so satisfied of this that I was one of the principal promoters in spending money in prospecting. I think there are eight or ten mining-claims taken up broadside on to the land the company applied for. The Mining Association objected, and I was in Court at the time, No one appeared for the company at all. The President of the Mining Association went into the box, and after going into the matter, he said there was every possible chance that the ground was payably auriferous; that even if it was not, they could not work at Kumara without the wooden blocks for paving the tail-races, and must have the timber; and as this was the only place where they could get the timber, the land was conducive to mining even if not actually auriferous. They were told that another party had applied—namely, Carlson and Wilson. The Warden said, if Morris got the land he would sell the timber to the miners, and it would be just the same. The witness said, if Morris got the land he would have the sole control of the timber, and would make the miners pay through the nose for it. At all events, the Warden's letter will speak for itself, and show the decision he came to. He says there is no direct evidence as to the ground being payably auriferous, and as regards the timber, they could get it from Morris just the same as if the land were reserved. The reserve was not made at that time, and it was left open for months. The company could have applied to take the timber off if they had only wanted the land for the timber, but they did not take advantage of that. Before it was applied for by Morris for timber purposes there was a considerable time during which the company could have exercised their right under section 18. Later developments at Callaghan's have proved that some of the old shafts had not been bottomed. A company has bottomed these shafts and struck payable wash. The consequence is, that the Government are aiding in driving a tail-race tunnel to Kapitea Creek to these shafts which were given up as non-payable in the early days. And the view I took first of all, and that of the experts who advised the Government, has been proved by subsequent events to be correct—that the direction the gold will go is from Callaghan's to Fox's. That is the only case where the Government have taken any land when the Warden's opinion was against it being taken; and, as I have said before, the decision in that case was given against the evidence taken on the matter.

THURSDAY, 8TH SEPTEMBER, 1892.

Hon. R. J. SEDDON attended and made a statement.

Hon. Mr. Seddon: I think in my evidence the other day I got as far as the Teremakau River. The next reserve I desire to refer to is that near Jackson's, on the Christchurch Road, which includes the Taipo reefs. In bringing the reserve down to the road or down to the river, our reason for doing so was this: that the line of reefs was traced crossing from Jackson's to the main range, and again in the opposite direction towards Reefton. The line of reefs seems to go towards Bell Hill. Taking that line of reefs, I say it was impossible to make the reserve in any other way. We have reefs and leaders all through the reserve; and I should say that within 5 chains of the road near Jackson's there are two reefs, both gold-bearing, crossing the flat. Any one going up the creek will find the reefs, and one is about 10ft. thick. The original prospectors of the reef took me down and showed them to me. It is low-lying ground down to the road. The whole of the land was taken up by Jackson to the junction of the road. The road to the reefs I allude to was made by the County Council. The reserve is made up to the freehold. Mr. Wilson or Mr. Scott said the flat ground should not be taken, but should be left for selection as required by the company. My answer is just the same as Mr. Scott's with regard to the land on the flat at Blackball, that it is required for carrying on mining operations and for mining purposes. That is one reason. The main reason is that the reef goes right across the road. In reference to this matter, Mr. Wilson pointed out to me that the company would want the use of the land on the north side of the road, as they were going to put up a station there. In a case of that kind I said the Government would be quite willing to give a piece of land for that purpose. I think, if we have the power, a point

could be stretched in the company's favour, and I told Mr. Wilson we should do so if it were possible to do it. We now cross the river to the Bell Hill reefs. Of course, the company do not dispute for a moment the necessity of a reserve at Bell Hill. It was one of the first fields on the West Coast. A large amount of gold has been got there, and the miners are now working the ground, while the reefs are payable. The block we could give the company there we had no hesitation in giving them. I now come to the reserves on the north bank of the Teremakau River to Greymouth—that is, following the course of the line. The reserves made excluded land at Back Creek and Cameron's, and only last summer a rush took place, and payable gold was got there. We find that on the flat we had left out the miners are now getting payable gold. So that it would indicate to me that the gold runs right down to Cameron's and the Cape Terrace Diggings. We come across then to Marsden Diggings. An application was made for land at the end of Maori Creek. The Maori Creek miners petitioned, and public meetings were held. The members representing the district were asked to intervene and prevent the flat which was being applied for being granted, as it was the key to the whole of the gullies or workings near Maori Gully—Orima, it is called. Had it been granted very serious injury would have been done to the mining interests in the locality. This was immediately pointed out to the company, and private evidence was given, showing what would be the effect, and the company immediately intimated that it would not have anything to do with it. That showed the necessity for taking the land there, which was subsequently taken. So far as any blocks of land taken between the Teremakau River and Greymouth are concerned, we have had no protests, as far as I know, on the part of the company; neither do I think there is any reasonable ground for complaint. I should say it would not be reasonable to say that any land we have reserved there is not required for mining purposes, or for purposes incidental or conducive thereto. Moreover, Mr. Wilson said in his evidence that it was a proper thing to do—that is, to take land surrounding the workings. We now come to the Grey Valley reserves. Of course, under the original contract the colony had the right of taking mile by mile, with a frontage—of course, not to the railway—but taking the railway as a base line, the frontage would be on private lands. The lands here were sold many years ago. The first land of any consequence taken up between Reefton and Greymouth is what is known as Totara Flat. Now, had there been any Crown lands in this district fairly suitable for settlement, the alienation of which would not interfere with mining, I feel satisfied that the residents and others in the locality, when money was plentiful and people were well to do, would have taken up these lands. When Reefton broke out a splendid market was found for supplies, such as dairy produce, and so on. I knew of potatoes costing £2 and £3 a ton in Canterbury bringing £15 at Reefton. I must not hide the fact that the carriage was £7 or £8 a ton. But still, both Reefton and Greymouth have been splendid markets for the Totara Flat farmers. Sheep-farming has also come into vogue during late years. The development of the cattle trade, however, has brought the Coast into closer connection with the other ports of the colony, so that in root crops they could not compete with the outside markets, such as Canterbury. In certain times of the year they make a profit out of beef and mutton. Now, if this land was really suitable for grazing and sheep-farming, it is strange that no application was made for it between the time of the company's right of selection accruing and the making of these reserves, because we are only making the reserves now. If the applications for lands under section 33 are produced, it will be seen by those who are able to judge how very few applications have been made for purposes of settlement. There have been applications, but not by *bonâ fide* farmers and settlers, but by clear-headed men who understood the mining industry, and had a good idea of what would be a good selection. One of the applications was by Mr. Perotti, for a section in these very gullies where the area was to be taken for mining; and the Committee will see that the granting of the land to any person would have given command of the whole of the reserved country. It is a piece of land on the left of the road going up to Reefton. I am quite satisfied that if you sent an expert there he would say the land was not wanted for settlement. Mr. Perotti is not a farmer; he is one of the keenest of speculators, and timber and quartz-mining are more in his line. His application is not the only one of this class. The applications are not for the most part by settlers or settlers' sons, or people who really want to settle; they are by applicants who think that if they can get an advantage they may expect the Government to pay very well for what may be wanted hereafter. Now we come to the reserves up the Grey Valley. You will see by the way the gullies trend into the river that they mostly run at right angles, or slope down the stream almost at right angles to the river. A case in point is Antonio's, Block 62. Now we come to the Ahaura River, and down to Nelson Creek. The Committee will see that these different streams here [map referred to] spread out like your five fingers, all over the blocks. These were the creeks where the miners got the best gold in the early days. Each creek formed a sluice- or tail-race. The constant wash going on has left the gold in the creeks, and the drift has gone up the main stream. All this land has been subject to glacial action. In my opinion, as a mining expert, originally this was one flat, and these creeks that run down to the main streams have been made by the constant action of the water from that time, and the auriferous drift having undergone a process of concentration by the creeks acting as natural tail-races or sluices. The miners, therefore, get the best gold in the creeks. All these creeks have been worked. Not only that, but as they traced the gold in from the creeks they got it on the terraces. What would make this payable is hydraulic sluicing. The poorest ground would not perhaps give a spec to the dish, yet it is payable there when a large quantity of water is used. Mr. Lord, in his evidence, said along the gullies we should take a narrow strip. At Nelson Creek there would be two strips; there would be several strips at Noble's Creek, which has five branches; and on the Waipouna River there would be no less than twenty strips; and so on. If you got the whole of the surveyors of the colony, I do not think they could make the surveys that would be required within the time available. There are flats between the river and the gold terraces, and there are auriferous drifts right through. To survey it at right angles, as suggested by Mr. Lord, would have been a waste of time and money, and would not then have conserved what was intended by the contract. We

had what Mr. Lord has indicated in the original contract. We had mile for mile of this land right along without it costing a penny to survey, together with all lands then used for mining purposes, and all known gold-workings. To do this would simply mean that we got nothing at all for abolishing the alternate-block selection system. I come now to the Reefton country. Taking the direction of the reefs on the coast, strange to say, we have some running east and west—very few of them—and we have a large number running north and south; in fact, running in every direction. To illustrate what I say, we have never had, as in Victoria, the reefs running uniformly. There they get country unbroken. In Reefton it is broken country—it is a jumble-up, as miners call it. At Merrijigs they get sandstone, reefs, and conglomerate. It is the same as if you cracked a piece of ice, and got a star with lines running in all directions. At Merrijigs the reefs run in all directions. Now, it has been proved that these small thin reefs are payable; and I say it is impossible for a surveyor to take out these small reefs and say what area was sufficient for mining purposes. The only way is to take the block as taken here. You cannot tie the men down to a narrow strip; you must give them the right to follow ahead. I shall take from Boatman's right down to the New River—to Merrijigs. Taking the reserves as made, I should say they were made by men having a good knowledge of the country. I could not say positively in my own evidence that the reserves made absolutely cover the reefs as they apparently run, but I may say that before we made the reserves I asked the Survey Department to get from the officers in the districts plans of the reserves that should be made. Now, according to the plans sent to the Government, the area asked to be reserved is much larger than we have made or intend to make; and to keep within the total area available for reserves, with something in hand for future needs, it was found necessary to curtail the area that it was originally intended to reserve. You have here the reserves made by Mr. Larnach in 1887, and I put in the Proclamation making the reserve [for Proclamation see *New Zealand Gazette* No. 5, 20th January, 1887]. You see the land he proposed to take on the Grey River. If you take the two maps you will see the area taken from Block 80 to Block 53 very nearly coincides with the mining reserves proposed to be taken by Mr. Larnach. To show that there could be no misapprehension as to what was intended to be reserved, and that the company could not have been deceived, you will see that I asked that a map showing the land required to be reserved should be exhibited for the information of members of the House when the proposals for the new contract were under discussion in 1887, and this map was produced, and was in the lobby, and open to anybody to see. So that the House, before sanctioning the contract, knew by this map approximately where the reserves were to be. I only mention this to show that, so far as the Grey Valley is concerned, the actual reserves made and proposed to be made are following what was indicated by Mr. Larnach in this Proclamation, which he had to withdraw as being against the provisions of the first contract. The Proclamation was withdrawn at the company's request. It is not a new thing. It cannot therefore be said that the Government, in making the reserves, has taken the company unawares, or that land has been taken that the company did not know was intended to be taken. If you take the 750,000 acres referred to here, and the 750,000 under the contract, you will see that the colony has been consistent, because the intention to make the reserve was clearly indicated, and Mr. Salt, the chairman of the company in London, clearly knew that it was fully intended to reserve this area, as he stated so in his address to the shareholders after the contract was agreed upon. Of course, developments since Mr. Larnach made these reserves have caused some departures from the original plan. But as far as the Grey Valley reserves are concerned there has been only a very slight alteration. When the alternate-block system prevailed, the area reserved to the Crown was every alternate mile of frontage, by a depth of fifteen miles; but on the B1 map attached to the new contract you will see that, to fix the statutory value, large irregular blocks of land are set out. If the company, who had to select according to these large blocks, did so, and the Government did not object thereto, it would mean that practically they would have a greater advantage, so far as securing auriferous land is concerned, than they had originally under the alternate-block system.

Mr. Wilson: The company has always intimated that it had no desire to acquire auriferous lands.

Hon. Mr. Seddon: I can show where, at one of the meetings in London, one of the directors made a statement that you had power to do so.

Mr. Wilson: That was under the old contract.

Hon. Mr. Seddon: Yes, under the old contract; and it was held out as an inducement to people in London to take up the shares of the company. I think it was in the first prospectus. The prospectus was not misleading, but the statement was made, and no doubt it would be an inducement for people to speculate. As Minister of Mines, I may say I have had offers made to me that if I would give the freehold of payably auriferous lands, parties would undertake to launch large sums of money into mining ventures in the colony. But why should we have insisted on a provision being inserted in the contract empowering the Government to make reserves in blocks not exceeding 10,000 acres if there was anything at all tenable in the company's contention that the Government should only take small areas of land as they are wanted from time to time for absolutely *bonâ fide* mining purposes, after the land has been proved by prospecting? Why make the areas as large as 10,000 acres when, according to the company's own showing, only 20,000 acres altogether have been required for gold-mining on the West Coast during the last quarter of a century? Take Blocks 81, 77, and 70, or take any of these blocks as you go along the map, and I say that it was clearly contemplated that we should reserve these lands for mining. As regards paragraph B of the petition, I say that the Government have only taken such lands as were required and permitted under subclause *c* of clause 16 of the contract, and that the land taken is not in the immediate neighbourhood of the railway, and has only been taken as intended before the contract was signed, as shown by the original plans of reserves made and gazetted by Mr. Larnach, of which the company had notice at the time, and of which they were notified before the contract was signed in 1888. Mr. Larnach's reserves totalled to 750,000 acres; but all we have so far made amount to less than 175,000 acres.

In reference to paragraph C of the petition, so far as the colony is concerned the inducements given to the shareholders could only be in terms of the contract, and we have not departed from the terms of the contract. The company gave up the mile-for-mile arrangement which they had in the original contract. The colony, therefore, on the East Coast gave the company the advantage, and on the West Coast the company gave the colony the advantage; and I say that the advantages given to the company on the East Coast were much greater than those given by the company to the colony on the West Coast. On the East Coast, if we had kept our alternate blocks, the company's land would have been of no value to them—the nature of the country would have prevented its sale, as it is positively mountainous country; and on the West Coast we already had the right to take at any rate every alternate block up the Grey Valley, together with all lands in use for mining purposes and all known gold-workings. I say that the object and intention of subclause *c* of clause 16 has not been misrepresented. I say the clause has only been used in such a manner as that contemplated by the second contract, and that the company were fully aware before they signed the contract, and at the time they signed it, of the intentions of the Government to make these reserves of 750,000 acres. Now, the company have not lost any profit by being prevented from selecting the low-lying lands. They have stated in the petition that it was the low-lying land adjoining the line that had been reserved, but on reference to the map it will be seen that the low-lying lands are freeholds, and they were freeholds long before the company took the contract, right up to Block 59. With regard to paragraph E, the Government, in their definition of lands required for mining purposes, have taken in water-courses, but only on the south-west side of the line. The water-courses that we have taken are the only outlets for a large area of sluicing country, and they are absolutely required for *bonâ fide* mining purposes, and for purposes incidental and conducive thereto. I say that a tail-race is a necessity in order to work that country, that the tail-races empty into the gullies, and that the silt and deposits are carried by the gullies into the main streams; that without taking in the water-courses it would be impossible to work the payably auriferous areas on the West Coast; and that it was necessary to do so is admitted by the company themselves, and by the evidence they have submitted to this Committee. I allude more particularly to Mr. Lord's evidence. He said the proper thing to do would be to reserve the water-courses, and a strip of land alongside of them. In respect to paragraph F, I am not aware of any case where the company have applied for the timber on a mining reserve. Applications were made by the company prior to the reserves being made. Mr. Wilson cites the case of Mr. Morris; but if he looks at the Proclamation he will find that the application was made to take the timber off the land prior to its being made a mining reserve. I have been advised that under clause 18 of the contract the right of the company to take the timber is solely confined to land that has been reserved for mining purposes. At the present moment I do not know of a case where, after a reserve has been made for mining purposes, the company have asked to be allowed to select the timber on it. In the case of Mr. Butler's application, the Government met the company by excluding from the contemplated reserve the portion which they wanted for sawmilling purposes, so as to leave it open for the company to select it—not as timber from a mining reserve, but to select the land altogether. Now, if any applications have been made to select the timber on any land since it was made a mining reserve they must be very limited, and the Government could not grant the land to the company if it was required, or likely to be required, for any sawmill in existence, as will be seen from the proviso in the clause of the contract—proviso to clause 18: "Provided that such option shall not be exercisable over lands the timber on which shall in the opinion of the Governor be, or be likely to be, required for sawmilling industries in existence at the date when the Queen shall consent to the exercise of such option by the company, or where such timber shall be, or be likely at any time to be, required for holders of timber licenses or miners rights respectively, or for mining purposes." Now, the sawmill being there, if the right was given to the company, the sawmiller, under the terms of the contract, would have right of action against the Government. Supposing we sold the right to the timber to the company, then, unless the sawmiller paid such royalties as were demanded by the company, his sawmill plant would be rendered valueless, and in equity he would have ground for complaint, because we had exercised our prerogative in favour of the company knowing at the time that his mill was in existence.

Mr. Tanner: Is it your contention that, under sub-clause *c* of clause 16, the land referred to is unalienated Crown land, not disposed of by lease or in any way?

Hon. Mr. Seddon: Yes, distinctly. With regard to paragraph F, the Government have not, as stated, hampered the company in selecting timber, and, with the exception of the case I have mentioned, there have been no such refusals, so far as as I am aware. If there have been refusals, they must have been on the grounds stated in the proviso, that the timber was required for sawmills in existence at the time, or for mining purposes. The same reply applies to paragraph G—namely, that there is a reasonable prospect of the timber being required for gold-mining purposes, or that it is required for sawmills in existence. Paragraph H is incorrect, and places the question in an exaggerated form before the Committee. The contemplated areas shown were submitted to the company. The proposed reserves, marked by red lines on the map, have been recommended by the experts. They are not reserved at present, and are still open for selection by the company if they can show the Government that they are making more reserves than are required for mining purposes, or for purposes incidental or conducive thereto. The reserves made only take in a small portion of the land on both sides of the line. For the greater part of the distance there is freehold land on one side of the line, and on the other side there is the Grey River. I say there is no confiscation whatever. The shareholders and debenture-holders of the company could not possibly be misinformed on this question, the Government, through the Agent-General, having sent the *Hansard* reports of the debate in the House, and the newspaper reports of the debate in the Council, together with a copy of the proposed contract itself. And this was mentioned by the chairman of the company at its annual general meeting, and the Grey Valley was particularly

indicated. The boundaries of the reserves were set forth in the Proclamation made by Mr. Larnach, which, of couse, was gazetted, and a plan accompanied the Proclamation. In fact, it was public property on the Coast and in Parliament at the time, and the area stated was 750,000 acres. As regards paragraph I, referring to 20,000 acres as being worked for mining purposes on the West Coast, I say that that is altogether incorrect; that the gold-workings on the Coast extend almost from the Nelson Bight right down to Jackson's Bay. In Westland alone the gold-workings extend a distance of over 300 miles. Our gold-workings run parallel with the beach, taking a given distance back. First of all you have the beach-line, then you have auriferous drifts, and in the ranges you have the feeders to the old leads. From Jackson's Bay you have auriferous land; and to say that 20,000 acres would cover all, including the area acquired for tail-races and dams and water-races, is altogether incorrect. In August, 1888, Mr. Salt made a statement that there were 50,000 acres of gold-workings. Now the total area given has been reduced by 30,000 acres. I simply say at once that to make a statement of that kind is misleading and absolutely incorrect.

Mr. Wilson: Worked out. There is a difference between "worked" and "worked out."

Hon. Mr. Seddon: It is never worked out. No one can tell what is below. The land is required for tail-races and other purposes. I say that the whole of the land reserved, following the coast-line and the rivers up the Grey Valley, with the slight exceptions mentioned, is absolutely required for mining purposes. Now, as to the population of the West Coast increasing or decreasing, my answer to that is this: that the workings are increasing; the yield of gold is increasing; that, with water-races on a large scale, and the improvements in machinery now taking place, while there may be a lesser population—which I deny is the case—there will be a greater output of gold, and with the workings on a larger scale there will be a greater necessity for enlarged areas to work on. As regards paragraph K, the prospecting which has gone on has been of a special character, and there has been little of it. Claims have been proved to be payable in later days that were declared to be "duffers" in former times. Splendid prospects have been got, and parties are working, and proof has been given that the mines are being worked with payable results. With regard to the land covering coal areas, that will refer to Blackball and Reefton. In these particular cases the lands were reserved under the contract with the company. We have not interfered with them. But it has been proved incontestably that we find coal and gold together. Sometimes the gold is on top of the coal, and sometimes the coal is on top of the gold. The gold is much more valuable than the coal, which is of a poor quality at Reefton, and would not pay for working. It would be different if the coal were of better quality, and there was a better market. The only market is Reefton itself, and the coal simply counts for nothing. As regards Blackball and Section 220, the advice given to the Government has been very clear. Developments have already taken place, and it will probably be one of the largest gold-workings in the colony. A large population is settling there, and I think the reserve is really in the interest of the gold-mining population. The coal is difficult to work, and the matter hung fire for some time; but a company has now taken it up, and has got the money. I would point out that, while the company had the right of selection there for four or five years, they never exercised that right until a month or two ago. If they really thought that as a coal-field it was very valuable, it is strange that they never thought fit to make the selection before. The company had the right of selection over Block 220 for the last five years.

Mr. Wilson: The fact that we had the right of selection during that time did not do away with our right of selecting it at any time we liked.

TUESDAY, 13TH SEPTEMBER, 1892.

Hon. R. J. SEDDON attended and continued his statement.

Hon. Mr. Seddon: I produce a letter from the Grey County Council in reference to Blocks 80 and 91, which include the Black Ball Reserve. [See Appendix, pages 31, 32.] Mr. Wilson's contention on behalf of the company is that we can only take 10,000 acres in any B1 block at a time. On reference to the maps you will find there are any number of B1 blocks with less than 10,000 acres. There are not 10,000 acres in the block referred to, and we cannot take them if they are not there. I desire to refer now to part B of the petition. My answer to paragraph (*a*) is that the statement is entirely incorrect. We have done nothing of the kind. The words used there are "mining reserves." There is no such thing as a mining reserve. There are lands reserved for mining purposes, and lands within a mining district. The lands within mining districts have always been under the control of the Wardens, and the Commissioners of Lands have no power under the Mining Acts, and never had. The laws relating to mining have always been dealt with by the Wardens, and I say that, these being reserves for mining purposes under the terms of the contract, and under the Mining Act, it is in the true spirit and intent of the contract that all rights should be applied for to and granted by the Warden. The contract says, "shall be subject to the mining laws for the time being." We adhere to that principle, and, therefore, have taken nothing from the Commissioners of Lands at all. Paragraph (*b*) is also incorrect, because the Wardens have no power to grant rights to cut timber for other than mining purposes under the mining regulations, and the Government have been very careful that no person shall be allowed to cut timber on these reserves except for mining purposes. Any Warden granting a license to cut timber for any other purpose would be acting contrary to the regulations, and against the law. Lands outside the reserves have been dealt with by the Commissioners of Waste Lands under the terms of the contract. A glance at the regulations will show how carefully this has been guarded, for the Wardens must inquire before granting the applications.

LICENSE TO CUT TIMBER.

261. *Permission to cut Timber.*—Any hand-sawyer, splitter, or wood-cutter desiring to cut timber for sale for *bonâ fide* mining purposes, or for any purpose incidental or conducive thereto, shall make application to the Warden for permission in the form in Schedule 42 hereto, and a copy of such application shall be posted for seven days outside

the Warden's office. If no valid objection be made, the Warden may grant a certificate, in the form in Schedule 43 hereto, on payment of a fee of not less than £3 sterling for a license which shall be in force for six months, or £5 for a license which shall be in force for twelve months from the date thereof, and shall entitle the holder, subject to such conditions as the Warden may think fit to impose, to cut any timber (except kauri or reserved trees) on any Crown land within a mining district mentioned in the application notice: Provided that every person holding any such certificate to cut timber shall be the holder of a miner's right; but no such certificate shall entitle the holder thereof to cut timber on land within any proclaimed forest reserve; and, in the Land Districts of Westland and Nelson, such certificate shall only entitle the holder thereof to cut timber on lands which have been proclaimed mining reserves under the provisions of the contract with the New Zealand Midland Railway Company (Limited), dated the 3rd August, 1888.

262. *Hand-Sawyers', Splitters', and Wood-cutters' Certificates.*—Every person being the holder of a hand-sawyer's, splitter's, or wood-cutter's certificate shall be entitled to an area of not exceeding five acres, and shall have the right to construct saw-pits.

Saw-mill Timber Applications.

263. Any person, being the owner or lessee of any saw-mill and saw-mill plant, or desirous of cutting timber for sale for *bonâ fide* mining purposes, or for any purpose incidental or conducive thereto, or for sale to such saw-mill owner or lessee, shall make application to the Warden for permission, in the form in Schedule 42 hereto, and a copy of such application shall be posted for seven days outside the Warden's office. If no valid objection be made, the Warden may grant a certificate in the form in Schedule 43 hereto, on payment of a fee of five shillings for a certificate which shall be in force for six months, or ten shillings for a certificate which shall be in force for twelve months from the date thereof, and such license shall entitle the holder thereof to cut timber on the mining reserves hereinafter mentioned, subject to payment of the following royalties: Kauri, totara, matai, silver-pine, and kawaka, 6d. per 100 superficial feet; all other timber, 3d. per 100 feet; and timber cut into blocks for paving sluices, 2d. per 100 superficial feet: Provided that no such certificate shall entitle the holder thereof to cut timber on land within any proclaimed forest reserve; and, in the Land Districts of Westland and Nelson, such certificate shall only entitle the holder thereof to cut timber on lands which have been proclaimed mining reserves under the provisions of the contract with the New Zealand Midland Railway Company (Limited), dated the 3rd August, 1888.

264. Every applicant for a certificate shall state whether he desires to cut timber for saw-milling or for other purposes.

265. Any person cutting timber outside his boundary-line shall be guilty of a breach of these regulations, and shall pay a royalty of 6d. per 100 superficial feet in respect of the timber so cut.

266. Every holder of a certificate shall point out the extent of his cutting when required so to do by the Warden or any person appointed in writing by him.

267. *Saw-mill Timber Certificates.*—The holder of any saw-mill timber certificate shall be entitled to an area not exceeding 200 acres for his own exclusive use. Such holder shall, unless he be the owner of a fully-equipped saw-mill plant at the time he applies for a certificate, within twelve months of the date of his certificate provide and fit up, either upon his saw-mill area or on some other site approved of or granted by the Warden or Commissioner of Crown Lands, a substantial and fully-equipped saw-mill plant, including all the necessary buildings thereto appertaining, which saw-mill plant must be kept in continuous working operation, unless valid and satisfactory reasons can be given to the Warden for any temporary stoppage. Should at any time the mill be closed for a longer time than the Warden thinks necessary or reasonable, it will be competent for him to give the holder of such certificate one month's notice in writing, and, should the said holder fail or neglect to resume and continue the *bonâ fide* working of the mill, the Warden shall declare the certificate forfeited, and may immediately reoffer for license the saw-mill area. The holder of such certificate may, within three months from the date of forfeiture, however, remove any building or machinery he may have erected. Whenever the holder of a saw-mill timber certificate applies for another saw-mill area alongside the area previously held by him, such last-mentioned area will be deemed to be worked out, and the land and remaining timber, if any, will immediately and absolutely revert to the Government.

268. *Marking out Saw-mill Area.*—The applicant for any saw-mill certificate shall, previous to lodging his application, mark out the land applied for by blazing the front- and side-lines, and by placing pegs at each corner angle of such land, such pegs to stand at least 2ft. above the surface of the ground, and to be at least 4in. in diameter; and the Warden may, previous to finally dealing with such application, direct a survey of the land to be made at the expense of the applicant, and may order such applicant to deposit a sufficient sum to cover the expenses of survey before the same be made.

269. *Rights of Owner of Claim.*—The owner of any claim shall be entitled to cut and use for mining purposes all timber (other than kauri) growing upon the said claim, and shall be entitled to cut for his own mining purposes any timber (other than kauri) growing on unoccupied ground.

270. *Kauri Timber to be paid for.*—Any person requiring kauri timber must apply to the Warden, who may give permission to cut the same on payment to the Receiver of Revenue of a royalty not exceeding 6d. per 100 superficial feet contained in such tree, but in no case shall the amount be less that £1 5s. sterling for each tree.

271. Where it is necessary to grant to the holder of any certificate or other person authorised to cut and remove timber, bark, or wood for fuel from any forest, any right or rights of way through any part of the same, the Warden may grant such right or rights, and may impose such conditions in each case as may be deemed necessary. But no such right shall exist for any period beyond the term specified in the original license or authority.

272. When required by the Warden, any person holding a certificate to fell timber shall use a brand, and shall register the same in the office of the said Warden, and no two persons shall use the same brand.

273. Any person marking any timber with any brand not belonging to him, or branding any timber belonging to any other person with any brand other than the brand of the owner thereof, shall be guilty of a breach of these regulations; but the payment of any penalty shall not debar the person aggrieved from recovering the amount of any damage he may have sustained by the action of the delinquent.

274. Any person lighting any fire within a forest, and intentionally or negligently allowing the same to spread, shall be guilty of a breach of these regulations; but the payment of any penalty shall not prevent the recovery from the wrongdoer of the value of any damage which may be done by such fire.

275. Any person who shall permit any fire lighted by him outside the boundaries of any forest to spread into or cause injuries to such forest shall be guilty of a breach of these regulations; but the payment of any penalty shall not prevent the recovery from the wrongdoer of the value of any damage which may be done by such fire.

276. Any person who shall unlawfully injure or destroy any timber or other tree or shrub within the limits of any forest shall be guilty of a breach of these regulations.

277. Any person who may be found felling or cutting timber for sale, without being the holder of a certificate, within the boundaries of any forest, shall be guilty of a breach of these regulations: Provided this shall not apply to any holder of a miner's right who may be found cutting timber for his own domestic use or for mining purposes in connection with the claim held by him personally or conjointly with other partners, or in which he is working as wages man.

278. Royalty on all timber shall be paid at the rates hereinbefore specified; and every holder of a certificate shall keep a book or books in which shall be entered a true and accurate account of all timber felled, cut, or disposed of, and such book shall be open for the inspection of the Warden or Inspector, or such person as the Warden may otherwise appoint to inspect the same; and such holder of a certificate shall furnish the Warden and Inspector with a true and accurate statement of the quantity of timber so felled, cut, or disposed of every three months, such statement to be furnished in the months of January, April, July, October in each year, for the three months immediately previous. All royalty and license fees shall be paid to the Receiver of Gold Revenue.

Therefore, any sawmiller wanting a license on the goldfields must apply for the area and state in the application what the timber is for. I know a case in point. A sawmiller made an application for an area at the foot of the Teremakau, which was owned by the Tramway Company. They applied

for a right over 200 acres, and the Warden refused, because he said he had no power to grant it. If the company informed the sawmiller that he could cut the timber on mining reserves for other than mining purposes they would be told that they were going outside the law. My answer to paragraph (*c*) is that the Government have done so, and I find it absolutely necessary that such should be the case. One Commissioner of Lands was writing in one direction, and another Commissioner of Lands was writing in another, and there was a lot of correspondence going on between the company and these Commissioners of Lands. The Queen, who is the person to be written to—or the Governor—which, of course, means the Government of the day—had not the slightest conception that this correspondence was going on. It is very likely, I think, that in that correspondence interpretations were being given to provisions of the contract by the Commissioners of Lands which would not be borne out by the contract at all. I allude especially to some correspondence with the Commissioner of Lands at Nelson. I believe the draft regulations came from him, or at any rate they were submitted to him. Such correspondence as this must, in the end, have led to confusion. Then, as regards the collection of royalties for timber, I attribute some blame in respect of that to the Commissioners of Crown Lands. It was the duty of the Commissioners of Crown Lands of the various districts to see to this; but there seems to have been correspondence going on between the Commissioners and the company on the matter which the Government was not aware of. Now, under the terms of the contract, section 33, it is very clear that the decision of matters rests with the Government. The request must come direct to the Minister. The expression, "the Queen" is used right through the piece, and this could not possibly be taken to mean the Commissioners of Lands. The power could not be transferred or delegated from the Queen or the Governor to any Commissioner of Lands. At all events, it is quite true that the Government have, owing to the circumstances I have mentioned, asked that all correspondence shall come to the Government, and be sent from the Government to the Commissioner of Lands if necessary. We have done so in the interests of both the company and the Government. Now, if the company wants to know the value of any piece of land which they desire to select they write direct for that purpose. The Commissioner of Lands assesses the value, and we give it to the company direct. With regard to paragraph (*d*), the Minister now requires that all such communications be sent to him direct. Many of the applications referred to we find are not in terms of section 33 of the contract at all. Instead of facilitating business, therefore, the course previously adopted has simply retarded it. The company found they had to commence *de novo*, and all this has simply led to confusion. Here is a letter purporting to be an application under section 33 of the contract—I refer to subsections 1 and 2, No. 2 more particularly:—

New Zealand Midland Railway Company (Limited), No. 156 Worcester Street, Christchurch, N.Z.,
SIR,— 21st January, 1892.

I have the honour, by direction of the general manager, to forward herewith, under separate cover, a number of applications for land which the company desires to deal with under clause 33 of the Midland Railway Contract, and to request that you will "forthwith cause the value of such lands to be assessed" as provided in section 2 of the above-named clause.

These applications can all be located by the Commissioner of Crown Lands for the districts from the information given. There is, therefore, no reason why they should not be dealt with at once. For convenience the Westland and Nelson applications have been divided according to lists enclosed.

I have, &c.,
New Zealand Midland Railway Company (Limited),
For Engineer-in-Chief and General Manager,
The Hon. Minister for Public Works, Wellington. W. KENNEDY, Secretary.

That letter covered 140 applications, and those are all the particulars which we have received. We say this: to simply say the area is going to be "dealt with" under clause 33 is not sufficient, as the application ought to state whether the land is to be sold for cash, or on deferred payment, or to be leased; and if to be leased, it ought to state the terms upon which the areas are proposed to be leased. Of course, it has now been conceded that this form of application is really no application at all under section 33. First of all we must know whether the land is to be sold for cash, or on deferred payment, or to be leased, together with the names of the persons applying for it. All that you have here is a list of the names and the areas applied for. That is all the information the Government received with all these applications. Of course it is going into ancient history to go into this now, but still, as it is mentioned in the petition, it is just as well to show the Committee how the complications have arisen, and to point out that these applications about which the company complain are really not applications at all. When the question came up for definite settlement ultimately the company admitted this. In fact, I may say they were not treated as applications by the Government. The date of this application is 21st January, 1892, and another was dated the 7th March, 1892. On the question of the right of the Warden to deal with the land referred to in paragraphs (*a*), (*b*), and (*c*), I simply say there is a decision of the Court by a District Judge giving an interpretation of the contract and the law which is greatly in favour of the contention of the Government. This decision was given after the Government had taken up their view. The newspaper report of the case reads as follows:—

West Coast Times, Tuesday, 29th March, 1892.

THE right of Wardens to grant residence sites was dealt with by Judge Ward at the District Court, Reefton, the other day. The cases were Moncrief *v.* Evans, and Moncrief *v.* Monahan, both of which were appeals from the Warden's Court. Mr. Jones appeared for applicants, and Mr. Guinness for Evans, and Mr. Lynch for Monahan. In the former case Mr. Jones contended—1st, that the land was withdrawn from the jurisdiction of the Warden, except for *bonâ fide* mining purposes within the meaning of the railway contract; 2nd, that the respondent was not a *bonâ fide* miner for gold or silver as required by the contract; 3rd, that the respondent did not serve notices on either the apellant or the Midland Railway Company, being persons whose interests were obviously affected, of his intention to apply for a residence-area; 4th, that the respondent at the time he marked a residence-area was not the holder of a miner's right. His Honour overruled all the points raised, and held that the Midland Railway Contract, until the actual selection of the land by the company had taken place, did not restrict the power of the Warden to grant all the rights and privileges mentioned in the Mining Acts and regulations. Monahan's case, his Honour contended, was somewhat different from that of Evans, inasmuch as Monahan was not a *bonâ fide* miner within the meaning of

the Railway Contract; but, as Monahan had obtained a certificate for a residence-area before Moncreif had received the authority from the company to select the land in dispute, under section 33 of the said contract, he would not interfere with Monahan's title, since it would practically amount to ejectment. The appeals were therefore dismissed with £11 costs in each case.

I now wish to read a letter from the company to the Government, dated 5th May, 1892; it runs as follows:—

New Zealand Midland Railway Company, (Limited), No. 156, Worcester Street, Christchurch,
SIR,— 5th May, 1892.

Section 246, Block XIV., Reefton Survey District.

I have the honour to inform you that, the company having agreed, under Section 33 of the Midland Railway Contract, to sell to one L. Moncrief this section of land of £3 10s. per acre, the Receiver of Land Revenue at Reefton declined to accept the deposit of 10 per cent. and survey-fees, or to receive the application or carry out the sale, and consequently the company has been seriously injured by losing a profitable sale, and in other ways.

The company has taken all necessary steps, under the Midland Railway Contract of 1888, towards carrying out the sale, and must therefore hold the Government responsible for all loss, damages, and expenses which have accrued, or may accrue in the matter.

I have, &c.,
(For the New Zealand Midland Railway Company, Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

Of course, in the face of the decision of the Warden and of the advice the Government received that the applications made were not applications at all as required by the contract, we could not deal with them. Then an interview took place between Mr. Wilson and myself, and we sent him a letter, as follows. [Letter of 25th May, 1892, read. See Appendix, page 13.] This was the result of all these negotiations—all this trouble about the prior applications. We started from this date under this arrangement. This is the company's reply to that letter; it is dated the 31st May of this year. [See Appendix, page 14.] To that letter we replied on 14th June last as follows: [See Appendix, page 14.] And on 24th June Mr. Wilson left at the Public Works Office in Wellington the following type-written version of the new arrangements made, as he understood them:—

APPLICATIONS FOR LAND UNDER CLAUSE 33.

As regards applications already sent in to the Minister or the Commissioners of Crown Lands:—

A. That the company will, as quickly as possible after being informed of the value at which the land is assessed on behalf of the Queen, and after having agreed with the applicant as to a sale or lease, formally request the Queen or the Governor to have the same sold or leased, and also formally notify the Minister for Public Works that they have selected the same under clause 33 of the contract, and advised the Queen or the Governor accordingly.

B. That all applications for land which the Minister notifies to the company as being within any mining reserve (present or proposed) will not be further proceeded with, and that applications which affect lands dealt with under any Act relating to gold- or silver-mining will not be proceeded with unless such lands are clearly not required for *bonâ fide* mining purposes in the meaning of the Midland Railway Contract.

C. That all applications with regard to which any complication may exist, or any doubt be held as to the lands affected being auriferous or argentiferous, will be advertised if and as required by the Minister for Public Works.

As regards future applications:—

1. The company's application to have the value of lands assessed to be regarded as a preliminary proceeding merely.
2. That the Minister will at this stage notify whether the land may be dealt with or not.
3. That, on receipt of the Government valuation, and after having agreed with the applicant for a sale or lease, the company shall address a formal request to the Queen to sell or lease the land referred to, and forward the same through the Public Works Office for submission to the Governor.
4. That at the same time formal notice of selection be given to the Minister for Public Works, as required by clause 29 of the contract.
5. That the Minister will use all reasonable despatch in notifying to the company that the Governor has assented to the respective sales or leases, and at the same time will cause the Receivers of Land Revenue to be authorised to receive the deposits and survey-fees in respect of the lands so dealt with.

It is understood that the foregoing is for the purpose of facilitating dealings with western lands, and does not prejudice in any way the respective rights of the Government or the company under the contract.

That clears the evidence up to the 24th June. Immediately we got this we sent the whole of the remaining applications to be assessed by the Commissioners, and as fast as they assess them we are granting them, or such of them at any rate as can be granted, but many of the applications cannot be granted owing to the land applied for being required for mining. Therefore no delays have been caused, or principally caused, by us. The question of the regulations was the main cause of delay. We find that the applications sent in by the company were not in terms of the contract, and right through the negotiations the company never pressed to have these applications dealt with. They were always pressing for the regulations, and the applications were held in abeyance pending the regulations being agreed to. And with regard to these regulations the company were told, or practically told, on the 29th August 1890, that no regulations could be made. At that time Mr. Fergus was clearly acting under the advice of the Law Officers, that the powers of the Queen could not be delegated to the Commissioners of Lands. As regards the pointing out to the company that regulations such as they proposed could not be made, it is quite true that they were not informed of this, in so many words, until the 23rd December, 1891, but Mr. Fergus's letter of the 29th August, 1890, practically pointed out the same thing. The company were all this time asking for the applications to be dealt with under regulations which could not be made. If the regulations could have been agreed to under the terms of the contract no question would ever have been raised, and as the regulations could not be agreed to, it is unfair to say that the Government acted unfairly to the company in the matter. When we came to complete the negotiations and get the applications into ship-shape, we found that fully one-half of them were within mining reserves, and were not made by persons requiring the lands for settlement or production, but because the areas were so situated that those employed in mining, or procuring timber for mining purposes, would have to buy them out. I quite exonerate the company in the matter, for when it has been pointed out that this was the case they have agreed with the Government that the applications should be allowed to lapse. It was an effort to establish free-trade in land by some of these people; for, as soon as they thought there was

a chance of getting their applications granted, they whipped them into the land offices. It is not an unusual thing on the diggings. Sixty-five of the applications have been granted since the letter of the 25th May was written. In making this arrangement with the company it was a case of give and take. As I am advised, after the company had applied to us to select a piece of land, and had agreed with the person to take it, they would have to agree to our valuation; but now, in simply regarding an application as a preliminary proceeding, and then giving the company the option to withdraw when they know the price of it, we have given way a great deal. Still, I thought it a very fair arrangement to make. With regard to the statement that settlement has been retarded, I may say that a number of these applications were for *bonâ fide* settlement, and a number of the applicants of this class have gone on the land at their own risk, relying on getting a title in due time. Where the land was applied for for simply speculative purposes—that is, where the lands were "keys" of mining positions, and so on—the applicants have not gone on. The applicants, of course, are the best judges themselves of the risk they run, and we have had no case where, after making the reserves, they have had to be cleared out. Therefore, so far from the Government being in any way responsible, the delays which have taken place were owing—first, to the misapprehension of the company that regulations could be made; and secondly, the applications submitted were not in accordance with the terms of the contract. And I say this, after going carefully through the correspondence, and wishing to deal fairly with the company: that I do not think there is anything that would be made to show that our action delayed settlement, or that we wished to put an interpretation upon the contract that would be in any way harsh as against the company. I only wish, in conclusion, to say that there has never been throughout the whole correspondence with the company, directly or indirectly, any intimation to the company that the Government waived its right of objection, so that, if the regulations had been agreed to, the prerogative which the Government had all along declared its unwillingness to surrender would have gone.

Now, with regard to the deviation at Lake Brunner, referred to in Part *C* of the petition. The deviation was asked for in December, 1889, and it was approved on the 7th July, 1891. By a reference to Parliamentary Papers D.-8, D.-8A, and D.-8B of 1890, all the correspondence relating to this question up to June of that year will be found printed, and I am quite willing to leave that correspondence to speak for itself. I wish to say this with regard to the contention of Mr. Wilson, that the terms of the contract permitted such a deviation as this. The route was fixed by the Act as well as by the contract, and the interpretation given by the Law Advisers was that this was not such a deviation as was contemplated by the contract. If this deviation could be made at Lake Brunner, then the company might have said they could go over the Hurunui Pass and entirely abandon the contract route. Where could you draw the line? My reply to Mr. Wilson is that it was against the terms of the contract that the deviation at Lake Brunner could be granted; that the company, if they thought their contention a valid one, could have said the point was one to be arbitrated upon. At all events, the company elected to get the consent of Parliament. The Government were told by their proper advisers that they could not possibly assent to this deviation, and the company were informed accordingly. There were then two courses open to the company: they could apply for an amendment of the contract by legislation, or they could submit the matter to arbitration if they considered that the arbitration clauses of the contract would cover such a dispute as this. They elected to appeal to Parliament, and submitted a Bill. With certain amendments an Act was passed giving power to make this deviation. After the prorogation of Parliament the question of fulfilling the conditions as enacted in reference to this deviation came up. The local authority concerned—namely, the Grey County Council—had to be a consenting party. That phase of the question brought up the point of a road from Lake Brunner to Pounamu. A contract-agreement was drawn up, and submitted by the company to the Grey County Council, to give effect to the conditions enacted as to this road connection. This contract after some little delay was signed on behalf of the company by Mr. Wilson. Very great pressure was put upon the Government to assent to this agreement, but the Government were advised that the whole thing was *ultra vires*, as Mr. Wilson had no power to sign such a contract—that his signing it would not bind the company. Considerable delay took place in respect of this arrangement. Ultimately, the agreement had to go Home, money had to be lodged in the bank as security, and was lodged, and the company then ratified the arrangement made by Mr. Wilson. The delay in connection with the signing of the agreement for the deviation was caused by the Government being informed by their Advisers that the requirements of the Act were not complied with, and that security must be given for the completion of the Belgrove Section under the original contract. The following correspondence then took place. [Letters of 8th, 9th, and 13th October, 22nd, 26th, and 28th November, and 10th, 15th, 20th, and 30th December, 1890; and 11th, 12th, and 25th February, 16th March, and 2nd and 15th May, 1891; and telegram of 23rd May, 1891, were read and put in. See Appendix, pages 43–57.] Not only was there to be this agreement with the Grey County Council, but the Government had to be shown that the deviation was a better line. Certain grades had to be got, and we wanted sufficient evidence as to the surveys. On the 23rd of May, 1891, the company were wired to for their concurrence in the terms on which consent was proposed to be given. Then there was the deposit to be arranged for as a kind of trust fund, and the company were to ratify this. The company, in their reply of the 24th May, consented to everything in the telegram except one point, and on the 30th of May a final settlement was arrived at. On the 10th of June the following letter was sent to the company [letter of 10th June put in; see Appendix, page 58], and subsequently the deposits arranged for were duly lodged in the bank, and formal consent signed by the Governor in Council on the 7th of July, 1891. There is the whole history of the deviation. The company had no complete plans and specifications of the work; and, as regards the length, the company said the line would be much shorter and cheaper, while we subsequently ascertained that it would be longer and more costly. You will see that it was stated in my telegram of the 23rd May that the cost was not to be more than £1,000 in excess of the original line, which shows that we were better informed on the subject than they were.

WEDNESDAY, 14TH SEPTEMBER, 1892.

Hon. Mr. SEDDON'S Statement.

The Hon. Mr. Seddon: I want to call the attention of the Committee to the statement made by the company in asking for the deviation of the line at Lake Brunner, that it would be shorter and cheaper. That statement will be found on page 1 of D.–8B, of 1890. If members will look at the paper they will find these words, which are contained in Mr. Wilson's letter of 4th December, 1889: "Secondly, the line would be about three-quarters of a mile shorter, and would probably be less costly to construct." I have here a telegram from Mr. Napier Bell to Mr. Wilson, dated 12th February, 1891. It reads as follows: "Deviation, eighteen miles sixty-five chains; old line, seventeen miles four chains, reckoning from termination Stony Contract to Organipuku Crossing." So that the deviation was then understood to be 1 mile 61 chains longer than the original line. I believe it has since been found to be a little shorter than that, and that it may now be put down at about a mile and a-half longer. Taking Mr. O'Connor's original report, therefore (the one of the 15th April, 1890), the line being longer than the original line, the advantages claimed for it by him are done away with. And, again, having to work an additional length of line will affect the cost of working. Not only that, but you must add the cost of working the steamer on the lake to connect with the south-west district by the road that is made to Lake Brunner; so that, taking it altogether, there will be no saving at all; and then there is the increased cost of flattening the grades before the line gets to Lake Brunner. It may be said that the grades on the deviation line are flatter than on the old line; but an alternative plan will give the same grades on the old line that have been got on the new line, with a little addition to the length of the old survey. Then, of course, there must be added to this the increased cost of making the new line. Instead of being less, as originally supposed, it is admitted by the company to be £600 to £700 more; and probably it will turn out to be more than that; so that, as regards the Government insisting on having the fullest information on the subject, and the necessary guarantees, subsequent events have proved the wisdom of the course taken. Referring now to Part D of the petition—namely, as regards the proposals for the Abt Incline-system, I will just read clause 4 of the contract:—

"4. The company shall not, without the consent of the Governor first had and obtained, deviate from the line of railway as surveyed, or alter any gradients upon the said railway as the same are shown upon the plans of that portion of the said railway from Springfield to Brunnerton, deposited in the office of the Minister for Public Works, marked P.W.D. 11554, 11555, 12007, and 12009, copies whereof have been handed to the company before the execution of these presents: Provided that so much of sheets 45A, 46A, 47A, and 48A of the said plan 11555 as apply to the "incline-line" at Arthur's Pass shall not be deemed to be part of the said plan: Provided also that the company may construct the incline-line instead of the tunnel-line, if the Governor, after having obtained the opinion of two eminent engineers to be nominated by him, is satisfied that the incline-line, when made, will be suitable for mineral and other heavy traffic, and, in his opinion, worked at a satisfactory cost; and if the cost of the construction of the entire line from Springfield to Belgrove shall be less than two million five hundred thousand pounds, a reduction shall be made in the grant of land to the company proportionate to the amount saved by the substitution of the incline-line for the tunnel-line.

Now the application to adopt an Abt incline-line instead of the tunnel-line was made by the company on the 19th of August, 1891. After looking through the proposals they were submitted to the Engineer-in-Chief. I may say that my first idea was that we should have to send them Home to two eminent engineers in the Old Country, and my object in referring them to the Engineer-in-Chief was to ask whether the information supplied by the company was sufficient to enable engineers at a distance to decide upon the proposals. Mr. Hales's reply was, "No, certainly not;" and then, after going carefully into the matter, he reported on the 3rd of November, 1891, what further information should be supplied by the company; and two days afterwards the company were asked to furnish the further information. This is Mr. Hales's report:—

Under-Secretary for Public Works.

MR. WILSON'S report very fairly describes the character of the country in the Otira Gorge, along which the line for the railway has been laid out, and the difficulties likely to be encountered in constructing and maintaining a line of railway on the route as surveyed. Some of these difficulties are, however, common to both the original tunnel-line and the incline-line which he recommends; besides, the latter, being along the bank of the Otira River for a considerable distance, will require protective works of considerable magnitude, and will always be liable to damage from scour and floods.

There is no reason to suppose that the cost of constructing the railway on the tunnel section has been underestimated, as suggested by Mr. Wilson; and Mr. Hay's report shows what may also be reasonably assumed, that the cost of working the traffic on the incline-line will not be less than that on the tunnel line.

The report and the tracing of sketch-plan and sections drawn to a small scale do not, in my opinion, sufficiently describe or show the character of the country and nature of the works proposed for the construction of the incline-line to enable the Government to decide on the matter; and the engineers to whom the question may be referred would have to be supplied with more extended and detailed plans, sections, and cross-sections, as well as other information regarding the character of the country to be traversed by the railway, and of the works designed for its construction, before they could be expected to decide on the merits of the scheme.—WILLIAM H. HALES.—3/11/91.

When this matter was submitted to the Engineer-in-Chief, Mr. Hales, before reporting himself, had the whole question carefully looked into by Mr. Hay, who has gone into details in connection with the matter. Mr. Hay is a Master of Arts, and a member of the Institution of Civil Engineers, and on questions such as the one submitted I understand that his opinion as an engineer would have very great weight with any engineer in New Zealand or the Old Country. This is what he says: [Mr. Hay's report of the 24th October, 1891, read. See Appendix, p. 74]. On receipt of this and Mr. Hales's report we wrote, three days afterwards, asking the company to supply this further information. As I have said, we wished to have it so that we could be in a position to submit it to two eminent engineers, as required by the contract. Had we appointed engineers at Home to have acted for the Government the result would have been that, on the information sent, they would have been in doubt, they would then have written out for further information, and there would have been the delay of this letter coming here and a reply being returned thereto. Mr. Wilson and myself had several interviews in reference to

this matter, and I may say that he never complained to me that what we were asking was unreasonable; and it was really to meet the company and to further the matter that, after consideration, I agreed to recommend the appointment of two engineers in the colony to advise; and I think the company will admit doing this was not at all against their interests, and that, in fact, it greatly facilitated instead of retarded the settlement. I wrote the letter to the company of the 5th November, 1891 [in Appendix, p. 74], and Mr. Wilson came and saw the Engineer-in-Chief, and gave fuller information on the points that had been raised. On the 3rd of the next month, with this additional information before him, the Engineer-in-Chief reported that, in his opinion, sufficient information had now been obtained to lay the matter before the engineers. The matter was then referred to Messrs. Higginson and Maxwell, they being appointed as the two eminent engineers to deal with this question under clause 4 of the contract. There has been no question raised as to their being eminent men in their profession, or being fully capable of dealing with the question. On its being decided to refer the matter to Messrs. Maxwell and Higginson, there were some communications between the Government and those gentlemen as to the terms on which they would act, and so on; and it was on the 18th January, 1892, that we received a reply that they would agree to act—Mr. Maxwell very generously agreeing to act without payment; and on the 27th January terms were finally arranged. At the next meeting of the Executive Council the Governor formally approved the appointment of Messrs. Maxwell and Higginson to advise on the matter; and on the 12th February, 1892, all the plans and papers were supplied to them. On the 3rd March Messrs. Maxwell and Higginson asked for further information, and this is the letter they sent: [Letter of 3rd March, 1892, from the two Engineers read. See Appendix, p. 76.] I may tell you that in the meantime Mr. Maxwell had personally inspected the country, so as to be fully acquainted with its features, so that we were not wasting any time, and that every attempt was made to facilitate matters. This was on the 3rd March, 1892, and on the 5th the company was asked to furnish the information required; and on the 8th March, 1892, the company furnished the further information. This is Mr. Wilson's letter: [Mr. Wilson's letter of the 8th March, 1892, read; p. 77.] On the 18th of the same month, in reply to that, Messrs. Maxwell and Higginson asked for further information [Letter from the two Engineers of 18th March, 1892, read. See Appendix, p. 78]. The company were asked on the 25th March to supply this information, and on the 29th of the same month the information was supplied, with a sketch drawing of the engine. On the 1st April, 1892, the Engineers sent in a preliminary report, and asked for further information. [Engineers' Report of the 4th April, 1892, read. See Appendix, pp. 80–84.] A copy of this was sent to the company on the 20th April. I may say that when I received this important report I of course went very carefully into it, and also had to be advised in respect to it; so that it was not unreasonable that I did not send it on to the company for a fortnight. Well, on the 20th a copy was sent to the company; but, instead of giving the information that the Engineers wanted, they replied traversing the Engineers' report in rather a long letter. I may say at this stage that Messrs. Higginson and Maxwell had asked to be supplied with particulars of the Abt engine, and I am not aware that the particulars have been supplied even yet. The same remark applies to the break-van. There is, in fact, no such engine in existence constructed for narrow-gauge lines, and the Engineers required to have it proved to them that such an engine could be built; but it was impossible to do it. I produce the letter sent on the 20th April, 1892, from the Government to the company, which asks the company to supply the information required by the Engineers, Messrs. Maxwell and Higginson.

Hon. Sir J. Hall: It states the information required?

Hon. Mr. Seddon: Yes; and the company replied on the 26th April, 1892, but the Engineers considered the reply unsatisfactory, and that sufficient information was not given. On the 18th May, 1892, we wrote to the company informing them that we expected them to submit complete proposals. We said: [Letter to the company of 18th May, 1892, read. See Appendix, p. 86.] On the 31st May the company wrote stating that they were willing that the Fell system should be adopted, as recommended by the Engineers, but questioning their report in other respects.

The Chairman: Is that the present position?

Hon. Mr. Seddon: Yes. On the 25th June, 1892, the company were notified by us that we were not prepared to discuss the report of the Engineers with the company, and we again asked for additional information [Letter to the company, 25th June, 1892, put in. See Appendix, p. 88], and we received this letter, dated the 1st July, 1892, in reply: [Letter of 1st July, 1892, read. See Appendix, p. 88.] On the 18th I sent the following letter: [Letter to the company of 18th July, 1892, put in. See Appendix, p. 89.] On the 30th July, 1892, Messrs. Maxwell and Higginson, from the information which was supplied to them, sent in a supplementary report, but still asked for more specific information. Their preliminary report had been given on the 4th April, 1892, and now they ask for specific information free from reservation: [Letter from Engineers, 30th July, 1892, put in. See Appendix, p. 89.] On the 9th August a copy of this was sent to the company, and on the 15th of the same month the company sent proposals, but stated that they were made without prejudice to the company's rights under the contract. [Letters from the company dated the 15th August 1892 (two), read. See Appendix, p. 90.] On the 19th, four days afterwards, I sent the following reply: [Letter to the company, dated the 19th August, put in. See Appendix, p. 91.] Then, on the next day the company sent proposals in the form of the letter that I had sent to them. On the 25th the proposals were referred to Messrs. Higginson and Maxwell, and on the 26th the final report was received from them. The matter was then referred to the Cabinet and approved.

The Chairman: When was this?

Hon. Mr. Seddon: A few days after the report of Messrs. Maxwell and Higginson. Their final report was received on the 26th of last month. I may say that I brought the matter up and it was approved. There ends the incline question. The Committee have now the fullest information from beginning to end. After reading the correspondence, you will see that there has been

no delay; in fact, with the other duties that one has to perform, and the limited number of officers we have, you will readily see that the matter must necessarily have taken up a large amount of time; and, making a fair allowance for this, you will see that it is impossible for any one, in fairness to the Government, to say that there has been any unnecessary delay. I may say that as far as the Engineers—Messrs. Higginson and Maxwell—are concerned, they have devoted a large amount of time to this business, and they have not asked for information that they were not entitled to ask for. And the company have admitted this, because they have supplied the information. Now, the next part of the petition is Part E. With regard to that, I have to say that it is clear that on the 3rd August, 1888, when the present contract was signed, the company signed it well knowing that three years and a half of the time had expired. Mr. Wilson, or his principals, in signing this contract, undertook to complete the whole railway—namely, from Springfield to Brunnerton and Brunnerton to Nelson—within the time limited; that is, ten years from the 17th January, 1885, as provided in the original contract. We have it in the evidence of Mr. Wilson that he could even now finish the line in the time still left.

Mr. Wilson: We have not got three years left. We could not do the work in the contract time, as we have only two years and a half left.

Hon. Mr. Seddon: As regards paragraphs (*a.*) (*b.*) and (*c.*) the whole matter contained in these paragraphs is met by the fact that the company were aware at the time they signed the contract of the time-limit contained in it, and, applying the ordinary contract rules to this contract, once they have signed it they are bound by it. Had the company on the 3rd August, 1888, asked for an extension of time, there would be something in their contention now; but they signed the contract unreservedly. As regards paragraph (*d.*), the great delay about the Brunner deviation and the total neglect of the Government to consent to the incline, there was no delay whatever. The company could have gone on as well without the deviation as with it; and, in my opinion, if they had made the line according to the original plan, it would have been as good or better for both parties.

The Chairman: What is the cost?

Hon. Mr. Seddon: The new line has cost the company £1,000 more than the old one would have cost. The close connection with Westland which would have existed if they had gone on the original line is all lost; and, with regard to the agricultural land which the company ask should be taken into consideration, the old line goes through a portion of it. In regard to the selling of the land, I say that the land would have sold just as well with the one line as the other, because either line must go through Bruce's Station to get to the Teremakau River. Now, at all events, it was not the Government that insisted on the deviation. If a deviation from the terms of a contract is asked for by a contractor, the contractor who asks for the deviation is responsible for whatever delay is caused thereby. Then, as regards the neglect to consent to the incline, I think I have given information which completely demolishes this complaint. The line provided for in the contract was surveyed already—we had the whole thing complete with working details; and one thing the company seem to keep back in connection with this matter is the difference of half a million of money in the cost of the incline-line; and, while they are gaining half a million, because we insisted on having definite proposals we are told that the company is being badly treated. I have said that there was no neglect to consent to the incline. Seeing that the company were making such a large saving, we should undoubtedly insist on their giving us a proper and definite line before we gave up that which was provided for in the contract. I say that the Government have only exercised reasonable care, and that there has been no delay at all in giving our consent to the incline. I say that, with regard to the whole of Part E of the petition, the matters referred to were within the control of the company. I say, in regard to the three and a half years' delay, that when the contract was signed in 1888 by the then contracting parties, everything was specified and known, and there were two courses open to the company: they could either have refused to sign the new contract, and have gone on with the construction of the line under the old one, or they could sign the new contract and abide by it; and they chose the latter alternative. At the time the first contract was signed I myself, and the Government, and the Parliament of New Zealand, were assured that the company could raise the money and go on with the line under that contract. I say again that they have no excuse, as the control was with the company. What would be thought of a contractor who, after taking a contract, comes and says, "I cannot find the money?" In all contract works of this kind the first thing to be considered by the contractors is whether they can carry out the contract; and this matter was entirely for the company to consider. On the 15th March the company applied to the Government for an extension of time, under section 42 of the contract; but, as has been proved by the evidence of Mr. Wilson himself, it would not have been wise to grant it. The Government at the time the application was made came to the conclusion that the position of the company was such that to give them the extension of time—when Parliament would certainly be sitting shortly afterwards—would have been a very unwise step to take. To have given consent to an extension of three years would have meant that the work would be hung up for six years; and meanwhile no land could be sold, and settlement would be stopped. We looked upon that as being a very serious matter, and, of course, could not grant the application. They asked for five years' extension for one line and three years' for the other. Now, that means that practically there would be eight years; and then we have the statement of Mr. Wilson that they do not think there is the slightest possibility of the company making the Nelson line at all. That means eight years from to-day, and hanging up everything in the meantime. My own view of the question is this: that, seeing the financial position of the company, and knowing the nature of the works, I should not object to a reasonable extension being given, provided that this would enable the company to arrange its finance, and provided it was given on a distinct proviso that there should be a specified expenditure between certain dates—that is, that contingent upon that expenditure taking place the exten-

sion should be granted. To give the extension without a limitation of that sort would, in my opinion, be very inadvisable. In the contract there was provision for letting contracts at an early date up to certain specified amounts at Belgrove and Springfield; and I think that the company admit that another £50,000 spent at Belgrove would take the line to Motueka. Well, then, the next expenditure at the Springfield end would be to bring the railway through the Gorge; and this, I think, could be done within the time of the original contract. Then £50,000 would take the railway from Jackson's to Macdonald's, and the gap between would make it an easy day's journey between Christchurch and the West Coast; and the West Coast people think that there ought to be another section constructed beyond Reefton—namely, over the Inangahua River to the belt of timber on the left-hand branch. I simply mention the local feeling there. They want the Inangahua bridged, and this section made. Well, provision might be made for all this work being done before the expiry of the present contract time. Now, as to Part F. of the petition—namely, as to taxation, either local or general. I will take the general first. The company have been well aware that there has always been—as between parties here in Parliament—one party contending for a property-tax, and the other for a land-tax. I entirely disagree with the contention of the company that it was ever intended that they should continue to be large landowners. Parliament, in granting the concessions to the company, was all along under the impression that it was to promote settlement, and not to settle the land by the company, the company holding the land as landlords; but that the land would be settled and disposed of. So far, experience has proved that the company has not retained large areas of land, but has disposed of them as fast as they got them. A fact that is patent to my mind, and must be also to the Committee, is that large areas of land have been disposed of in blocks which would bring them under the graduated tax; and the purchasers are not afraid of the taxation, or they would not have bought. The company have proved that they are able to sell in large blocks, and the prices they have sold at have given a profit of 25 to 30 per cent. above what the land is valued at in their contract with the Government. There has been no evidence submitted by the company, and we have none, that the land has been diminished in value by the taxation proposals of the Government, and, judging from the contract valuations and the prices paid by purchasers since the taxation proposals were passed, there has been no diminution in values. I say that there has been no breach of faith so far as the English capitalist is concerned. As regards the debenture-holders referred to in paragraphs (*e.*) and (*f.*), it has been incontestibly proved by Mr. Wilson himself that the monetary difficulties of the company existed before our taxation proposals were submitted or known of; and I say without any hesitation that it is not our taxation proposals that have rendered it difficult for the company to obtain the necessary capital for the completion of the undertaking. Now, as regards local taxation: For local taxation the company are rated according to the capital value of their property, and I certainly think they are fairly treated. On the Wellington–Manawatu Railway Company's line the amount was fixed at £3,000 per mile; and on the Reefton–Greymouth line it is less than that.

The Chairman: It is £3,000 and more.

Hon. Mr. Seddon: The Springfield line is now a working line. When the company threw it open as a finished line we had to arrange with the Railway Commissioners to work it. The company are asking to have it simply assessed at the value of the land and the rails. The Government did not take any steps to increase the local taxation. The Government are bound by the terms of the contract to work the line at the Springfield end, but it is rated simply at the value of the land and rails. When the company asked to have the line worked, we did not tender any evidence against them in the Assessment Court, but let them have the benefit of their contention. In the assessments that have been made the Government, at all events, has not asked anything unreasonable; and the assessments were made between the parties.

Mr. Wilson: No; they were settled by the Board of Review.

Hon. Mr. Seddon: Well, as far as the Government was concerned we did not unduly press the matter, and it has been settled. In these assessments there are three districts directly interested—namely, Inangahua, Grey, and Springfield. They are all interested in the railway, and, I should think, favourably disposed towards the company.

THURSDAY, 15TH SEPTEMBER, 1892.

Hon. R. J. SEDDON attended, continued his Statement, and was examined.

Hon. Mr. Seddon: Having carefully considered the financial phase of the question, and the relative positions of the Government and the company, I have come to the conclusion, seeing that I may ultimately have to sit like a Judge in an Appellate Court on these proposals, that it would not be advisable for me to tender any evidence whatever. The company are contractors. Under an ordinary contract they would have sureties who could be called upon for the due completion of their work. In this case there are no sureties; but they are asking for a new contract two and a half years before the original contract expires. The Committee will no doubt come to a decision—I am not a member of the Committee—and the decision of the Committee will come to the Government, or, at all events, it will come to the House. My position is such, then, that I cannot well give information to the Committee, as I may have to sit in judgment, as it were, on the Committee's recommendation—either myself to lead the House in the matter, or to act with the Government in leading the House; and, under these circumstances, I do not consider it is consistent with the position I hold that I should tender any evidence whatever on the financial proposals. There is a contract in existence which has still two and a half years to run. The Government is perfectly satisfied with that contract, and have endeavoured to carry it out fairly and in accordance with its true spirit and intent. We have endeavoured to meet the company on the statements they first made, when they informed the Government through Mr. Wilson that, if they had permission to adopt the Abt incline-system at Arthur's Pass, they would have no difficulty in raising the

money. That was the first request—that it would facilitate the raising of the money if the Government would grant the incline system. That has been discussed and determined in a very friendly spirit with a view to aid the company to raise the capital. With regard to the extension of time, that came after, and was put by the company to the Government thus: "We have only two and a half years to run, and there is some difficulty about the raising of capital. Without an extention of time is granted we cannot go and ask for capital, otherwise we should be able to do so." Under the contract there is a clause dealing with extension of time, and the Government are quite willing and would only be too glad to meet the company as fairly as we can in this matter. I stated to the Committee what my view was on this question, that I saw no objection to an extension being granted. At the same time it should be granted on terms, just the same as when an alteration was made previously and certain terms were fixed. I think there ought to be a fixed expenditure within the time limited on the present contract; and, on an expenditure to that fixed amount taking place, a reasonable extension of time might be granted. I do not think I can say any more than this at present, as we really have not got the company's whole case before us, there having been sundry references from time to time of their being something in reserve in the event of a modification of the contract not being agreed to. Whether this may be a hint of there being litigation in view, of course I cannot say.

[Mr. Bell here made a statement, which was taken down, as follows:]

Mr. Bell: I wish to make a statement, and that it be taken down by the reporter. The reason I ask to be reported is that I made the statement on a previous occasion, and it does not appear on the minutes. The company is at the end of its finance. To say that the contract is in existence for two years and a half is, in the sense Mr. Seddon says it, correct. But it is not so in the sense that I should use the words. The company is without funds to complete its contract—the company cannot raise the funds to complete its contract without some modification of the contract. It is true that the company has said that it could not raise the funds without the determination of the question of the incline, and of the question of extension of time, but the company has not said that the settlement of those two questions alone would enable it to raise the necessary funds. The real question which we have brought, and desire to bring before Parliament through this Committee is this: Will you make a modification in the contract? because, if not, it is impossible for us to carry it out. We have not the funds, and without some modification we cannot procure the funds. Therefore, if the railway is to be carried out by this company, give us some modification. We have made some suggestions; we are prepared to consider any others that may be offered. But we desire to find a ground where we may meet the Government and ascertain what modifications the Government are willing to consent to, if any. If none, then the matter is disposed of by this: that the company is without the funds to enter into further obligations, and can only provide funds to meet the interest on the debentures for the period of the contract. The position is clearly set out in the petition for which I am responsible. [Paragraph 11 of the petition read as follows: "11. The company, while submitting with all respect the subject-matter of the petition to Parliament, is advised that it is necessary to state in express terms that it does not thereby abandon the legal rights which it has in respect of the matters above referred to, in the event of a settlement of the same not being arrived at through the action of Parliament."] The Committee has the whole case before it. We think we have a grievance. We may be right or wrong. We do not desire to bring this grievance into consideration except for the purpose of showing that there are two grounds upon which we come to the colony: first, because we cannot carry out the contract without a modification, and therefore we put it that it is to the interest of the colony as well as to that of the company that there should be a modification; and, secondly, because we have grievances. Of course, if the contract be modified, there is an end to the grievances. It must be a necessary condition of the modification that we abandon all claims in respect to the old contract. The claims may be entirely non-existent, they may be perfectly worthless; but if the modification is granted the claims, worthless or the contrary, will disappear. There is nothing in reserve if the modification is agreed to. If the modification is not agreed to, then, if the Government propose to exercise all legal rights on their part, on the other hand it will be necessary for the company to exercise all legal rights. There is an end of the work under the contract. The company's finance is impossible; it cannot continue to work; it cannot raise the money without a modification. If the modification be granted there is an end of all the questions which have been raised before the Committee. We have no legal claim against the Government in that case. If the modification is not granted and the Government stands on its rights, then of course it would be expected that the company should stand on its rights. No litigation has been threatened or suggested. It has only been said, in submitting the case to the Committee, that we do not abandon our rights in the event of Parliament not giving us any redress at all. That, I wish again to urge, is a subsidiary question altogether. The main question is whether or not it is in the interest of the colony that the work should be done. If the work is to be done, then there must be a modification of the contract. That is the principal question. The grievances, as I say, will disappear if that modification is assented to. I wish to refer for a moment to what has been said about the concessions made by the Government. The company came to the Government for a modification in connection with the incline and for an extention of time, because the contract confers upon the Government the power to grant these two things. The company did not say they could raise the capital if these two things were granted—the company said they could not raise the capital unless these two things were granted. The two positions are very different. What the company is now coming for is something which the Government have no power to grant, but which Parliament has power to grant. That is the position so far as I can place it before the Committee.

Mr. Seddon: I say that the Government were certainly led to believe that if the Abt system was settled upon the money could be raised. We were told distinctly that if that system were granted there would be no difficulty in raising the money.

Mr. Bell: The position was different eighteen months ago from what it is to-day. The company's finance was not impossible then. The statement of the position made when the extension of time was asked for was as I have now put it.

Mr. Wilson.] Do you, Mr. Seddon, confirm Mr. Gordon's statement that, on an average, one acre of ground is worked out by each sluicing miner per year?—It depends upon the nature of the ground. Sometimes more, sometimes less.

2. Is that the average per man?—I can only speak as to the West Coast. I should say that in driving and sluicing, shallow and deep, there would be about that worked out.

3. Is the Kumara field about a mile in radius, and has it an area of about 1,000 acres?—About that.

4. Is it a fact that only 550 acres have been worked out in sixteen years?—First of all they worked on one level, and when that was worked out the same land was worked on another level; then it was sluiced; so that you may calculate that as being worked three times. First it was worked on the shafts, then on the gold-level with tunnelling, then the whole of the remaining ground was sluiced.

5. Is it correct that there are 235 miners at work on that field?—Yes.

6. If you take the area worked out as 550 acres by 235 miners, say, for argument's sake, would that not give an average of between one-tenth and one-fifth of an acre per man?—Kumara is no criterion. Some of the ground there is 250ft. high. Kumara is one of the places where the smallest area is worked out.

7. Would it be fair to assume that it is twice as deep as other places?—Yes; it is five times as deep as it is at Waimea.

8. If it is five times as deep, it would only average half an acre per man?—At Waimea it would average from 5ft. to 10ft.; at Kumara it is 200ft. in parts.

9. Is it a fact that the whole of the miners in Nelson and Westland number about 5,883?—I dare say there are now that number.

10. Has there been a decrease in the number of miners in the last year's returns?—A decrease in the number of miners, but an increase in their working capacity by the aid of improved machinery and larger bodies of water.

11. How many men are engaged in quartz-mining and deep-sinking?—There are 5,883 men employed in mining claims on the West Coast, of which 629 are engaged in quartz workings, and the rest in alluvial and sluicing claims. At Reefton it is quartz-mining, and at Ross it is deep-sinking, and sluicing and dredging.

12. Do deep-sinking and quartz-mining operations require less ground than sluicing?—No; they require a larger area.

13. I cannot see where that argument comes in?—If you had to put your hand into your pocket for a few thousand pounds for quartz-mining you would see it.

14. Why do you require more ground?—Because you require a larger amount of capital to work it. There may be only a narrow vein running through the claim. These claims vary, and companies have to expend several thousand pounds in the erection of a crushing-battery, besides the expense in opening-out and prospecting the ground, and then find there is only a thin seam of quartz, or that it cuts out as it goes down. Then, I say, you must certainly give a larger area of ground.

15. Do you work out so large an area as an acre of ground in a quartz-mine?—It is difficult to determine when a quartz claim is worked out. We have had cases in Reefton where they have worked out a vein of quartz, and then found further quartz down below. Then, some claims nip or pinch out, and they are sometimes considered that they are worked out. Ultimately another company find quartz at another level, and they take it up again. I say that you must have a large area for the capital invested, to encourage this branch of mining. Many times it takes a number of years to prospect and develop the workings in one of those claims.

16. Do you work out a larger area in a sluicing claim than you do in a quartz-mine?—Certainly you do.

17. Then the area required will be in proportion to the cubic tons moved?—Certainly not. You may have to take away a hill 200ft. high. In that case you shift everything from the bottom to the top. Boulders and everything else have to be removed. In the other case you take only a narrow strip of quartz. If you go to Kumara you see nothing but a heap of stones which have had to be moved bodily away.

18. Does quartz-mining require a less area than sluicing?—It requires a greater surface, certainly.

19. Would it be possible to conserve the mining rights in quartz-reefs—to conserve the underground rights, as is done in the coal-mines in England?—No; the surface is required for water-races, dams, machine sites, and for timber to work the mine.

20. Not if the quartz-reef did not come to the surface?—Yes.

21. Why?—Simply because the quartz starts at the surface. A quartz vein dips in a slanting direction through the ground.

22. What is the average width of a quartz-reef?—There is one at Waihi 40ft. wide. Some are like a crack in the ice, and run away into stars. The reef is in many instances intermixed with slate and sandstone, and you have to quarry it out.

23. Is that exceptional?—Yes.

24. Then, generally you do not require the surface?—Yes, you do. I have been twenty-two years here, and I cannot say that I know of a single case where the surface belonged to one party while the ground below was being worked. In Victoria we have had cases like that.

25. Would it be possible to take the surface?—I do not think so.

26. Is it not a fact that it is done in England with coal-mining?—Yes, it is done there in coal-mining.

27. And it is not impossible to do it with quartz-mining?—It is not impossible, but it would be very inconvenient, and hamper the working of a mine.

28. Take Blocks 13 to 16, north of Westport—have you any idea how the reef runs up there?—No, I know nothing about that.

29. I have heard it stated that it is a fairly even reef—runs something like north and south?—Yes, north and south, and in all directions, but generally in a northerly and southerly one.

30. Does that radiate like a star?—The reef is not shown here on the map. All that is shown here is a creek.

31. Are there not fairly uniform reefs at Mokihinui as far as they can be proved?—I do not know the reefs there. But if the reefs are running north and south, then by the way Blocks 13, 14, and 15 are taken they would run along the line of reefs. If your statement is correct that the reefs are running north and south, then the blocks are taken in proper form.

32. And that reef is not over 40ft. wide?—It is not the actual width of the reef you have to consider, but the angle of inclination it dips at has to be taken into account, and there are a number of reefs, not confined to one. You would have to give me the inclination of the dip before I could give an opinion.

33. Having struck the reef at the surface you would drive underground, would you not?—It depends upon what the reef is like. If it were an ordinary reef I should drive it out. If there were a large block at the surface it might be quarried out.

34. If you had a strip of land, say, 10 chains across, to give you a margin, and the whole length of that reef would cover the ground, you would require to excavate it?—No; if I went from the surface at an angle of 45 degrees it might cover the whole of the ground to take it at its deepest level I could work it at.

35. If nearly vertical you would not require a very large area to cover it, assuming it to be 40ft. wide and running in a direct line?—It would not run in a direct line, and it would require land whatever way the strike lay. It might pinch out and go in any direction. There are always breaks and throws in every reef.

36. Do you think 30,000 acres a fair amount to reserve for the Mokihinui reefs?—If there is, as you say, well-defined gold-bearing reefs running north and south, you must have ground for aërial tramways and machinery, for all these are absolutely necessary in working quartz.

37. I suppose you have made ample allowance for these in the 30,000 acres?—I have said before, not knowing the locality I cannot tell you.

38. Then is it fair to make a reserve of 30,000 acres if you do not know what it is for?—I am speaking of my own personal experience, and I say these reserves would not be made unless there was evidence from persons knowing the ground that they were necessary for all requirements.

39. Can you produce that evidence?—Yes.

40. Will you produce it?—Certainly.

41. Have you made any estimate of how long it will take to work out 750,000 acres at an average of an acre per man?—Such a calculation is not in question, and it shows me very clearly that those who framed and asked the question are not conversant with the gold-mining industry, for this reason—without casting any reflection on the way the question is put about "working the ground out"—I wish to put it clearly to the Committee that it is not the ground to be worked out that must be taken: it is the ground necessary for covering the network of water-races and dams, and the lower ground required for the débris. I should say that the ground worked is only the smallest fraction of the ground absolutely wanted for mining purposes.

42. What proportion of the ground is taken up in that way at Kumara?—That is exceptionally situated. It has a Government water-race which has been brought ten miles.

43. I take in tailings sites, the ground being sluiced, and the races: what area is taken up at Kumara for these purposes?—The Teremakau is, say, twelve miles of country. The colony has paid about £4,000 in compensation there, in order to proclaim the low country a site for tailings. There is five miles back from this river which is required for mining purposes; then you take the race from Kawaka, another ten miles; then you have Holmes's race, and you go to the Christchurch Road, that is another seven miles. And as they go ahead they prove that there is payable sluicing-ground right down from Kumara to the beach.

44. What proportion of the area is required for the purpose of bringing in the water?—You cannot fix a definite proportion because the circumstances vary. Before the Government race was put there, the original prospectors covered an area of five square miles for four men. I say, with regard to Kumara, that the area taken is absolutely required, and unless taken the mining industry would be crippled. According to the area taken by the original prospectors it would be a mile per man.

45. It works out that something like 288 years are required to work this country out?—I have not said so. That is your calculation, not mine.

46. You stated in your evidence that these reserves were too small?—Yes.

47. Are you still of the same opinion?—The same.

48. And do you think it was contemplated by the contract that you should provide for 288 years ahead?—I consider that if the land was required now and for all time for mining purposes, and for purposes incidental or conducive thereto, the Government should reserve it.

49. Are auriferous leads irregular in form, and in patches?—The leads are not in patches; the gold is in patches.

50. Do you confirm Mr. Gordon that these blocks, admitting that they are true boundaries, are payably auriferous?—Portions; they only form part of the auriferous ground. Outside these blocks there are other payably auriferous lands which, if not fixed by the contract, would have been taken in larger areas.

51. Considerable stress has been laid on the expenditure on water-races?—Yes.

52. Do these water-races pay interest on capital?—The water-race brought in by the Government to Nelson Creek pays nothing, for this reason: that the ground being shallow has been nearly worked out—that is, at present commanded by the race. It requires further capital to extend the race for other ground to be worked, and unless the extension is made there will be a waste of money. At Callaghan's there would be a much larger population if they had the water there. The shallow ground at Hatter's and other places is nearly worked out, and if we could extend the race more men would be employed. It is not lost capital, because the original race when extended will command a large extent of country from the Ahaura River to No Town Creek. Some of the water-races pay a good percentage on the capital expended on their construction.

53. How much country is there at 560ft. above sea-level?—I do not know.

54. Take Lake Hochstetter, what is that above sea-level?—I do not know. I know the country the race will command. I may tell you, further, that I think I have a report from Mr. Lord in which he confirms me from actual survey that the race will command this ground.

55. Will the water command the ground above sluicing-level?—If you ask me if water will run up-hill, I say No.

56. You cannot work this land at the higher level?—You can pump the water by using the flow of the river as a motive-power. You could lift the water, in some instances, to the terraces by this means and make the ground pay for working.

57. In this district you think there is a certain amount of auriferous ground 560ft above sea-level not commanded by these water-races?—In the evidence I give now I only allude to the country below the race, and which it would command.

58. What timber is there?—What you get is small scrubby timber, with nothing but moss on it; and if you got the ground cleared it would cost over £5 an acre to merely cut down the timber, burn it, and sow grass-seed, and then would not feed a grasshopper. That is, the ground above the level of the race.

59. Why did you include it in the reserve?—You could not separate it. There are some places where the miners send the wash-drift down by a chute, and truck it to the water.

60. But that would only apply to very rich ground?—It would not require to be very rich. A pennyweight to the load would pay handsomely.

61. You say that the creeks act as sluice-boxes and are very rich in gold, and that the ground in these creek-beds is worked out?—The beds have not been worked out. When I first came on the diggings the miners would follow narrow gutters or old beds of streams, where the ground was richest, and left the poorer portion of the ground for a time. If they came to a richer patch they worked it, and then came back to these strips and blocks previously left by them along the creek-beds and in the valleys, but sometimes the men found that the Chinamen were before them.

62. With regard to the reserves, did you send out skeleton-plans to various bodies on the West Coast to mark what they thought ought to be made mining reserves?—That was done before I became a Minister. My predecessor went through the district. Each County Council was anxious to know about the making of these reserves, and wanted to have a say as to what land should be reserved. The Councils had representatives from the different ridings, and there was a general feeling that all should be consulted in the making of the reserves. The ground for allocation was fixed, and, after discussion, it was considered that the whole was not a third of the ground required, There were protests made by the counties that the area allotted was not sufficient. The Buller County wanted the whole of the ground. If we had followed the advice offered, instead of 750,000 acres I suppose we should have taken three times that area.

63. Were these several bodies informed as to the nature of the reserves it was contemplated to make, and were they informed that the reserves would not be available for settlement?—They were informed that the reserves were under the terms of the contract. I do not think that any of the Councils are not conversant with the terms of the contract.

64. Were any of the bodies in ignorance of the effects of the reserves?—I cannot say.

65. You have have seen the maps returned?—Yes, you have the map here.

66. Did they not mark the map in ignorance of the effects of the reserves?—They wanted the lands for mining.

67. Did not the Buller County desire that the reserves should not be as you proposed, but that they should be advertised?—I cannot tell you with regard to the Buller County, but that would be inconsistent with their desire to have the whole of the land reserved. They asked that the whole county should be reserved.

68. You sent these maps and asked opinions from, I believe, Mining Associations, Borough Councils, Schools of Mines, and various other bodies—what you might call responsible bodies?—Their constitution is such that I should consider advice given by them worthy of consideration, but should not consider myself bound to act upon it. They are simply advisory bodies.

69. Is it not a fact that the School of Mines and the Mining Associations are nominal bodies, with possibly one or two people interested only?—My experience has been that they are composed of intelligent men, and very careful in matters referred to them. I have known them to meet night after night to discuss them; and if you were present at and saw how they conduct their proceedings you would come to the conclusion that they are bodies whose recommendations must receive attention.

70. You asked, I think, the Borough of Brunner to report—are they gold-miners or colliers?—I should say there are gold-miners within the limits of Brunner.

71. What do you think they know about gold-mining? Did they give you evidence as to the gold-bearing district?—There are a lot of men employed there who have worked in gold-mines, and I know some whose experience I am quite prepared to take for either coal or gold.

72. Did you impress it upon the people that the land could not be used for settlement if you

reserved it?—I do not think there were any special instructions. I think they would be simply told the terms of the Midland Railway contract.

73. Without instructing or telling them that the land would be locked up from settlement?—It would follow, if I told them it was under the contract. I think the contract was largely distributed among the whole of the bodies, and I should say that all have a copy to read.

74. You know the contract very well, do you not?—By what you are making out now I know nothing about it.

75. Had you any doubt in your own mind that you can sell these lands for settlement if they are made mining reserves?—No doubt whatever.

76. Do you think any other people had a doubt about that?—I do not see how they could. Once it was made a mining reserve it was reserved for mining, and for purposes incidental or conducive thereto. You can take up occupation licenses, and residence areas, and agricultural leases, but you cannot get a freehold. I do not think any one could come to the conclusion that he could get the freehold of a mining reserve. But, as I have said, on one occasion after making a reserve, where it was found that some land was wanted by the company for a station at Jackson's, I said I would endeavour to get it as a special case to meet the convenience of the company. But it is a dangerous thing to do, and we shall have to take expert evidence.

77. If these lands were withdrawn from the reserves after they had been reserved, would they, in your opinion, go to the Government or to the company?—I should say they would go back for selection by the company. If withdrawn, B 1 would still stand good.

78. Then you still maintain that if these lands are once declared mining reserves they cannot be used for purposes of settlement?—Yes, except under the provisions of the law relating to mining for the time being.

79. If the reserves are made, the people on the West Coast will always get land for residence areas and business licenses?—There have not been any special instructions. Additional reserves would be made, if necessary, under the terms of the contract.

80. The reserves at Teremakau will come under the railway reserve, apart from any special reserve? That, of course, we shall get. It is an additional area you refer to?—Yes.

81. I should like the Committee to read the letters referred to the County Councils. The Grey County suggested that the best way would be not to make any reserves at all, but to advertise the applications. Did not this method work well before the area was declared for the company?—My answer to that is that it did not work well. It is a very dangerous thing, and to continue it would simply bring the Government and the miners into an incessant turmoil. The only men to profit by it would be the newspaper proprietors. An applicant would have to go to the County Council, who would have to appoint some one to investigate the application, and the applicant might be told, after going to considerable expense, that he could not have this land. Twelve months after this the man might think the County Council would be in his favour. He would again apply for the land; and this would go on from time to time, and would result in waste of time and money, and cause a great deal of bother, and I therefore say I think it is not advisable, and in doing so I express the opinions of the bodies interested.

82. That was the system adopted before you made the reserves?—If that system were adopted, we would not require the reserves at all. Under section 29 the reserves would not be wanted.

83. The point is this: the method of advertising these applications might have been adopted until the company had actually invited the selection of a block; and then would it not have been better for the Government to declare necessary reserves in the block, at the same time dealing with other lands by means of advertising? Would that not have been more conducive to settlement than locking up the lands from settlement?—First of all, the mining lands on the West Coast would have been depreciated 75 per cent., and no sane person would invest money in property if that were to be the case.

84. Has this different system caused any rush of capital?—It has caused increased confidence.

85. Has the population increased?—It has not affected population. There has been a greater yield of gold, and more capital invested, while the improved appliances have worked more ground.

86. Was not the greater return of gold due to an alteration in the taxation; and was not the gold kept back, pending the abolition of the gold duty?—No; we have made an ample allowance for gold being kept back, and there was still a considerable increase in the export of gold.

87. This increase of gold took place last year?—Yes.

88. Before these reserves were made?—No, some were made, and it was the intention of the Government that others should be made. There was a clearly defined intention two years ago; and indeed Mr. Larnach, when he was Minister, clearly showed the intention of the Government to take certain lands as mining reserves, before the present contract was signed.

89. With regard to the method of making the reserves, did you decide to take the whole area shown, and then get it subdivided into 10,000-acre blocks in the drawing office?—No.

90. Were the surveys made on the ground?—No.

91. They were cut up in the office?—The course adopted was to send down the Commissioners of Lands to the district, who are also the Chief Surveyors, and they instructed the District Surveyors to show where the auriferous lands were. Each of these officers, in marking off mining claims, have to go on the ground, and each is thoroughly conversant with the lay of the country, and whether it contains gold-bearing leads or auriferous drifts. They must, having the opinions of experts and those taking up claims, get a knowledge of the country. They were asked, "In your opinion, what land would be required under the Midland Railway contract?"—They sent back to the officer, that is, Mr. Browning, of Nelson, a report showing what should be blocked off. Then he reported to the Government, and, as I have said, their recommendations were not given effect to, as we have to keep below the 750,000 acres, and still to leave a margin unselected.

92. Was it not reported that it was impossible to define the land?—I should state broadly that they asked us to reserve the whole of the land.

93. Was that due to the difficulty of defining it, or of its being all auriferous?—Because of the amount required for dams, races, tailings sites, &c., so that the ground could be secure for working.

94. Was it not because they could not tell whether the land was payably auriferous? Would it have been possible for these surveyors with careful revision to have left out a certain area of land which would have been available for settlement?—I do not think so. I would rely upon them exercising discretion in taking land not required for mining purposes. I say no officer of the Government has been instructed to strain the mining reserves against the company.

95. And it is merely a matter of opinion, and not proof?—They have proofs. They have had experience in the department and in marking off the ground. If I had taken a stranger and asked him to mark off reserves your contention might have some weight. I say that the men, knowing the district, simply had it from proof.

96. Then these men, from a knowledge of the district, can say that all this land is payably auriferous?—They do not say it is payably auriferous. They say it is required for mining purposes, and for purposes incidental and conducive thereto.

97. Were they ever asked whether the reserves should be made or not?—The letter of instructions will speak for itself.

98. Is that put in?—Yes; if not, it will be put in.

99. Could you say whether the advice of these surveyors was asked or not?—I would take it that they were instructed. I do not think their advice was asked. I think they were instructed to state if such reserves in their opinion were required for mining purposes, or for purposes incidental or conducive thereto.

100. Their opinion as to the reserves being required or not was not asked?—They would be asked in that way. If you ask a man to say whether land is required for mining purposes, he has discretion, and answers. It would be a roundabout way for him to show you why in his opinion the land was required. He is simply asked for his opinion and he gives it.

101. If I asked a man to go and buy a pound of sugar he would not know whether it was required or not?—He would not bring you back a pound of treacle.

FRIDAY, 16TH SEPTEMBER, 1892.

Hon. R. J. SEDDON attended, and was examined.

Mr. Wilson: With a view of curtailing the details, and to avoid entering into the minutiæ of the evidence, I will merely take one or two of the leading points, so that we may be enabled to get through the work before the Committee. The most important question of the mining reserves must depend mainly on expert evidence, and there are other matters that involve points more or less of law, which it is not feasible for me to go into, and which must be dealt with by the legal people. I will therefore confine myself to one or two questions in the cross-examination to-day.

1. *Mr. Wilson.*] Was not the whole of the area along the line decided upon at one time—the reserves made and to be made—and cut up into convenient areas in the Survey Office, and not on the ground?—As far as I remember it was this: I think the instructions would be that the area should be laid off in such a way that one reserve should not be more than 10,000 acres, and that if necessary at any time thereafter it could be surveyed.

2. That was, of course, done in the Survey Office?—That would be, of course, done in the Survey Office.

3. Each block was not in detail?—Oh! yes; but no block was to exceed 10,000 acres.

4. Were not the reserves made within a short time of each other merely with the object of keeping within the strict terms of the contract?—No; they could not be made all at one time. You must have a description of the boundary, so that at any time a survey could be made from that description. A question might arise as to whether there were 10,000 acres in your selection, and it is absolutely necessary that the boundaries should be defined, and that takes time.

5. Were not the boundaries arranged before you began to declare the reserves. I am speaking now with regard to the reserves up the Grey Valley?—No. One of the maps forwarded here showed a much larger area than has since been made, and alterations had to be effected reducing the areas.

6. Do you think there is any practical difference between making the reserves at intervals, say, of two or three weeks, and making them under one proclamation?—There is a very material difference. By arrangement between yourself and Mr. Scott in Christchurch, I told you that we would take them in blocks under the contract, and each particular block should be submitted to you before it was proclaimed. Of course it would not be fair to you if we took the whole in one day. If, on receipt of notice of proclamation, you wanted to make further inquiries or disagreed with us in any way, it is only reasonable that we should give you an opportunity, by holding over the proclamation of the particular block, and I think that is one of the reasons why the blocks should be taken separately.

7. Do you think the course adopted shows a fair interpretation of the expression "from time to time," as used in the contract?—I do. If, a week after signing the contract, the Governor had sufficient information to justify him in proclaiming an area required for gold-mining purposes, I say he would have been acting clearly within the terms of the contract to have done so, and it was the intention at the time. The statements of Sir Harry Atkinson and your chairman of directors, and the correspondence sent by you, all tend to prove my contention as to this being the true intent and spirit of this clause of the contract.

8. Perhaps you are not aware that I was at all the Board meetings in London when this

question was discussed. I wish to give evidence as to this afterwards. Did you consult the law advisers of the Crown as to the legality of making these reserves?—Everything has been done with the approval of the law officers.

9. Did you draw attention to the interpretation clause in regard to these blocks?—I do not think it necessary to draw the attention of the Solicitor-General, Mr. Reid, to anything of that sort. He is a very careful man, and I should think it would be bordering on impertinence to do so.

10. It is quite possible that it might have been overlooked?—I do not think so.

11. You stated that the company had not protested against the reserves being made. Do you wish to modify that?—I do not know of any protests being made. There is some correspondence about the reserves at Blackball and Kumara; but in the case of the other blocks notices have been sent and no answer received. The company has been silent, and if there had been a protest it would be on record. [Letter of September 24/91, read. See Appendix, pages 21, 22.] I remember that letter.

12. Do you not consider that a protest?—Yes; so far as these particular blocks. I have said so. [Letter, October 29/92, read. See Appendix, page 23.] I have said in my evidence that these letters were in existence. The first one, of course, is a general protest; the second is the one I referred to as indicating a particular block at Kelly's Ridge. That is October last, and all the reserves in the south were made before that. I understood up to that time, as far as concerns the blocks south of Kumara, that there was no protest against them.

13. I think the correspondence will show that there was a protest?—I think you sent a general protest before I saw you in Christchurch.

14. You laid stress on the point that I had stated that I had no objection to the making of reserves around gold centres. I stated that I had no objection to a reasonable amount of reserves being made around known gold centres. Is that from your memory what I stated?—It would be in the evidence, and will speak for itself.

15. You said I did not object to mining reserves around good centres. I stated that I did not object to a reasonable amount around known gold centres?—I do not wish to put any interpretation on what you said which would be unreasonable, and I do not think the Government would wish it.

16. Mr. Gordon stated that none of the land near the railway would be fit for settlement, and you state that it would have been taken up long ago if open for sale?—I say again that there are some parts which speculators and other people would buy up with a view to levying black-mail. The land would have been taken up for that purpose, and the reason why the Land Boards would not sell it was because it was wanted for mining purposes.

17. Is it not a fact that some of these lands were put up by auction?—Some of the land has been applied for and advertised for sale by the Land Board. For instance, Dr. Dermott and a syndicate behind him applied to the Land Board for the Kumara Flat. That was nice flat land, and some parts were fit for cultivation. The prospectors working there—and they had been working there for some years—came to me and said it would be a sin for any person to buy that flat, and I went down to Hokitika and put a stop to the sale of it. Had Dr. Dermott got that flat—and there was only a little gold being got at the time it was wanted—the Kumara Goldfield, which is the best in the colony, would have been purchased by a syndicate. At one time it had a population of 3,000. Over a million pounds' worth of gold has been produced, and the yield of gold last year had a value of £54,558. From 1864 to 1876, whilst the miners were working within five miles, at Callaghan's and right across the other side of the river, numerous shafts had been sunk, and it stood from 1865 to 1877, and was considered a duffer flat; and, as I have said before, people with an eye to business wanted to buy it.

18. Do you confirm Mr. Gordon's statement that none of the land along this line is fit for settlement?—Yes, I do.

19. And all the land you said that would have been sold would be held for speculative mining purposes?—I do not say that all the land could be sold. People would not go and purchase land on the mountain-tops.

20. That is low-lying land from Reefton to Brunnerton—I quote your own evidence?—I have tried some of the low-lying land. I grubbed and stumped it and brought it into cultivation at a cost of £60 an acre, and twelve months after it would not feed a goat to the acre. It is true that miners have improved some of it, but it has cost from £70 to £80 an acre.

21. You have seen the evidence taken before a Royal Commission as to the quality of this land along the line?—You have to take the evidence tendered. If you ask me as to a particular locality I could reply. If the Commission had been asked to report on particular localities their report might have been different. To put a general question as you have put it would not be fair to the Committee, and is not fair to me. Ask me as to a particular locality and I will tell you at once.

22. Is there any land in the Arnold's district fit for settlement?—Some of that land has been cleared and grubbed and put into grass, and I undertake to say that any person who has done it is a very heavy loser, and has not received back what it has cost him.

23. Is it not a fact that on the company's lands at Stony Creek and Kutuku men have cleared a great deal of ground and are reputed to be doing very well?—Some of these settlers have done very well on the Totara Flat. The land was not wanted for gold-mining purposes and was taken up years ago. The people on the West Coast have an eye to business as well as those in other parts, and they took the lands suitable for settlement. I had some of the land, and you could have had it at the upset price for years. More recently some of the land has brought a fair price; but that is land on the flat, and the company had no right of selection over it because it was selected years ago.

24. You consider, then, that certain lands on the West Coast included in the reserves would

have been suitable for settlement had it not been required for gold mining?—I do not know of any suitable land for settlement that would not have been taken prior to the company's contract if it had been allowed to be sold.

25. If allowed to be sold it would have gone?—It would only have been taken by persons for the purpose of levying black-mail on the mining community. It would not have been taken up for *bonâ fide* settlement.

26. Do you think that applies to the seven hundred odd blocks applied for to the company?—The applications will speak for themselves. Immediately it was understood they could go and buy from the company there were a large number of applicants from different parts of the country. I happen to know, because I saw the applications when they were first sent in. I say the country was spotted, and the fact that there was spotting is quite clear. Many of these blocks were simply spotted and taken up with no intention of settlement.

27. Do you say that of the seven hundred odd applications?—My remarks only refer to the spotting that took place.

28. Do you say that any of this spotting was for settlement?—No; I should say it was more for speculative purposes than for settlement.

29. With regard to clause 33 of the contract and the regulations, will you tell me when the first discovery was made that there was no power to make regulations under clause 33, as asked for by the company?—From the first time that the late Government made inquiries about the regulations. I think some inquiries were made of the County Council of Westland.

30. About how long ago was that?—I should say I would be within the mark if I said within twelve months of the time I became a Minister.

31. Not before: I do not want to catch you on a date?—There were some papers on the subject sent down to Westland about the regulations, and I think I saw them first with Mr. Mueller, who was Commissioner of Lands at Hokitika, and I then interested myself to know if such regulations were possible under the contract.

32. Did you not write a letter to the company in which you stated that the regulations were before you, and that such modifications would be considered as were necessary as soon as the mining reserves were made?—You have got the letter. It speaks for itself.

33. Was it not a natural inference on the part of the company that if you had no power to make the regulations asked for by them, you would then have stated this?—Well, it was the word regulations that caused the difficulty. You can call them anything you like, but I should say the proper word would be agreement, as provided by clause 33. Whether agreement or regulation, the Government have maintained right through that the powers of the Minister and the Queen could not be delegated to the Commissioners of Lands as proposed by you. You were told this in the letter of the 29th August, 1890, the year before I came into office. In the face of that it would be impossible to say that the regulations could be agreed to, and you must read that with the letter I have sent.

34. Should we not have saved considerable time, otherwise wasted, if by chance you had informed us that it was impossible to make these regulations, so that we could have come to an agreement earlier?—I do not think it. I do not think you cared much. The amount involved in the way of these selections on the West Coast was so small as compared with what you were doing with the land earned on the East Coast, that I do not think the company were at all anxious about dealing with the applications on the West Coast. The amount involved was really very small.

35. Does not the correspondence show that we were very anxious to encourage settlement apart from any big profits the company might make?—No; if you said you were anxious about the timber regulations it would apply with greater force than to settlement.

36. Did we not state that we were anxious to deal with both?—If you had been anxious you would have sent in the applications as provided for in clause 33, and not stuck out for the regulations.

37. As a proof of the company's desire to promote settlement, did we not write that we could not waste time in waiting for the agreement, and should deal with the land under clause 33?—I say that you had been negotiating for over two years for regulations, and must have known all the time that you had the power to deal with the applications without regulations, and could have exercised it. When told straight that you could not get the regulations, you said, "We will deal with each application separately." Why did you not exercise that power during the previous two and a half years instead of asking for regulations?

38. If you do not know, I will tell you. The reason why the company endeavoured to make this agreement was because they wished to facilitate settlement, and avoid delays under this direct clause 33?—No, most decidedly not. You did deal with a number of applications separately from the first of the contract. The land was advertised and sold, and the titles given to the selectors; and had you continued on in the same way that you started—and of which I was cognisant—and which could have gone on, then all the delay about the regulations would have been avoided; and you knew it. The company were well aware that they could take any application, or any twenty applications. It was within their power to have applied immediately in each case separately, as had been done in others, and have put the people on the ground.

39. You are not aware that it took considerable time to put people on the land under clause 33, and that it was with the object of more rapidly facilitating dealing with the land that we wanted the regulations?—Clause 29 would operate, of course. This gives the Minister the power of veto, and so inquiries would have to be made.

40. Did you not write and state that the regulations would be considered as soon as the mining reserves were made?—The letter will speak for itself. You were told that the regulations as proposed could not be considered.

41. Did you practically refuse to consider the regulations until after the reserves were made?—How could that be when the correspondence has been going on for three years?

42. Did you deal with the regulations before the reserves were made?—No. The applications were no applications at all under the terms of the contract. They were preliminary notices merely, and you could call them anything you like. You had to say under the terms of the contract whether the land was to be disposed of for cash, on deferred payment, or perpetual lease, but all you said was that Smith, Brown, Jones, and Robinson notify that they will take the land and deal with it.

43. Did you notify the company that these applications were irregular until quite recently?—The Government told you before I came into office that they could not be assented to.

44. Because they were irregular in application?—I think the letter of Mr. Fergus must speak for itself.

45. Does the contract state, or in any way provide, that these applications shall not be dealt with before the reserves are made?—Yes, and no. If the land is wanted for mining, and applications came in for that land, then the Governor or Government would say you could not have it. Therefore that would apply to the meaning "until the reserves are made." After the reserves are made you cannot come in with these applications at all. And if you read the contract you will see that clause 29 gives the Minister this power of veto pending the making of the reserves, which must naturally take some time to select and declare. Pending the making of these reserves suppose the country was flooded by people such as these "spotters," then, to stop the auriferous lands being secured, clause 29 says that after giving notice the selection shall not take effect for two months. The intention of that was to enable the Government to stop this land being taken up. Once the land is proved to be auriferous it would naturally be included in a mining reserve. Once the company is told, under clause 29, that the land is auriferous, it must be reserved, and cannot be open to them or anyone else to apply for it.

46. Did you decide upon the reserves in consequence of the applications?—No. The reserves were decided upon from the commencement. The reserves were intended to be made, and I believe a number of applications were in under the old contract before the new contract was signed at all. People rushed the Land Office to put in applications, and wanted the thing dealt with right straight off.

47. When were the reserves decided to be made?—The reserves made will speak for themselves. Some of your applications were in before the contract was signed at all, under the alternate block system. I have a recollection of a large number of applications being before the Waste Lands Commissioner at Hokitika before the new contract was signed.

48. Is it not a fact that the company have, to their very best endeavour, tried to promote settlement on the West Coast?— No, they have not.

49. In the face of your statement, and in the face of the applications we have sent in, do you adhere to that?—I do.

50. Will you state how the company has interferred with settlement on the West Coast?—Because there have been *bonâ fide* applications coming in, and you have stuck £2 an acre on them. The applicants could have bought the land before you got the right of selection over it for £1 an acre. Charging that rate was not promoting settlement.

51. Was that price fixed by the assessment of the Land Commissioner in respect of the relative value of particular pieces as compared with the whole block?—Some was fixed, I believe, at £1 an acre, and the company got £3 for it.

52. If the Commissioner fixed it at £1 an acre, and the average value of the block was assessed on the B1 map at 10s., was it not on the assumption that some part of that block was not worth 10s.?—No; that would not follow, because you could not have got any land in Westland under £1 an acre. That was the amount fixed by statute. We have not the same regulations as Nelson, and you could not have bought any land under £1 an acre; consequently I take the land value as £1 an acre, and the land I am alluding to was well worth £1 an acre. I know that that sold to Mr. Kahmbach was open for £1 an acre.

53. If the minimum was £1 an acre, why were the company's blocks assessed at 10s.?—The minimum, as fixed by the Act, was 10s. At that time, when the Act was passed, a number of areas included mountain-tops (coloured white). When the B1 valuation was made, these mountain-tops were excluded from the blocks; therefore the company get the benefit of them. Under the alternate block system you would have taken mile for mile frontage with fifteen miles back. Under the new contract you can go anywhere you like, and it makes all the difference in value to the company.

54. The mountain-tops are not excluded from the value?—What is this country here? [Map referred to.]

55. That land was subsequently included; it was left out by a printer's error?—I am only going by the map attached to the contract.

56. Have you any correspondence relative to that?—I have not. I say that according to the certified map and plans handed to me, that land is excluded, just as you excluded the coalfield reserve. This is the map I have certified to, and it is the map which accompanied the contract. As to the correspondence, I have not read it up. Under the old contract, if that land came within the fifteen miles radius, you would have to take it. Then portions of land with the mile frontage to the railway might be level in front and go right up to the mountain-tops. Taking that into consideration, 10s. an acre would be a fair average. But under the B1 valuation you can select from the 7,000,000 acres, included in the area all the best lands, and there is sufficient there to satisfy your requirements without touching the mountain-tops or the bad lands at all.

57. The alternate blocks went back to the watershed from the one frontage, and not necessarily fifteen miles?—From the time you leave Bealey you would go sideways on.

58. The watershed of the valley must be taken?—You have got the one valley from Springfield to the Bealey.

59. Is it not a fact that under the contract and under clause 33 any piece of land which is applied for out of any block has to be assessed by the Government?—Yes.

60. Taking a block of 10,000 acres, if half of that were assessed at £1 would not the balance of the block be given to the company for nothing?—If the whole value were paid for one-half the other half would be left to the company for nothing.

61. Is it not a fact that the prices charged by the company for these blocks have been regulated by the assessment of the Government?—No; we simply say you can have the land at £1 an acre or 15s., whichever you agree to. You agree with a person as to what he has to pay you. I know some land at Kokatai for which you wanted £8 an acre. That land is very near a crossing.

62. There is a township reserve there?—Yes.

63. What is it valued to the company at?—I think £3.

64. It is valued to the company at £4.—Well, my information was given to me by a deputation which waited upon me in my position as a Minister. They told me that the amount you asked was £8; and all I can say is this, that for the adjoining land you have there I think you have been charged £1 an acre, and these people said you wanted double the value fixed by the Crown. I know that a whole host of complaints have been made by people at the Kokatai. The land was not required for mining and the applications would never have been objected to by the Government. It could have been, applied for from 1885, and you have never given the people a chance of buying it until about four months ago. I allude to Mr. Glass and several other applicants at the time; and I say that you kept that land in that valley back for five years.

65. Is it not a fact that the Government did not assess that land for the company to enable us to deal with it?—As far as I know the assessment was made by Mr. Mueller, the Commissioner of Crown Lands, and the company were told there was no objection to it. It could not be objected to as there is no mining within miles of it. You can get a copy of the *West Coast Times* and see the name of each of the applicants, and the complaints made with reference to the survey, and amounts charged in addition.

66. Did the Receiver of Revenue receive authority from the Government to accept deposits from these sales?—I cannot tell you that; I am not conversant with the details of the office at Hokitika. The valuations were made by the assessors.

67. Can you find out whether the Receivers did receive instructions to receive these deposits? I suppose the instructions go out from the head office at Wellington?—Certainly not.

68. The instructions to the Commissioners of Crown Lands relative to the Receivers?—The instructions go from the Chief Commissioner. There would be no written instructions—they would be verbal.

69. Have the Receivers declined to accept the deposits at the Kokatai?—I know of no general instructions.

70. May we take it that the Receivers have not received such instructions?—So far as I am aware.

71. And without these instructions these sales could not be completed?—My answer is this: Until the selections come to the Government under clause 33 of the contract, the Receivers are not able to and cannot receive the applications, or deposits on applications. The applications must come to the Governor, and it is not until after the Governor has ordered the assessment under clause 33 that the Receivers can receive the deposits or deal with the applications in any way. If the company or any person applied to the Receiver before this was done the application would be no application at all. If the company say the Receivers would not receive deposits, it must have been where the application has been made direct to the Receivers or the Commissioners of Lands. In that case the Receivers would be acting strictly within the law by refusing the deposits.

72. Were these applications sent to the Government?—I cannot tell you.

73. Is it not a fact that they were sent to the Goverment?—I should presume so.

74. After the applications were received by the Government did these Receivers get instructions to accept the deposits or not?—If the applications are not objected to then the Receivers would receive the deposits. But I say it was not promoting settlement to keep the applications in suspense from 1885 after you knew there would be no objection on the ground that the land was required for mining purposes, and then charging such rates as were required by the company. These people have complained bitterly to the Government; and I say that the company having these applications in, if they had been anxious to promote settlement, would have sent the applications direct to the Government, and asked that the land should be assessed in order to facilitate settlement.

75. Is it not a fact that several applications were dealt with completely and in accordance with clause 33, and that the applicants tendered their deposits to the Receivers, who refused them because they had not received instructions from the Government to accept them?—If the Receivers had not received instructions that the applications had been received in a formal manner, then the Receivers were quite right in so doing. I say that in each case, where the application is made in form, it must come down to be assessed.

76. Is it not a fact that certain applications were made and carried out in strict accordance with the contract under clause 33, and that when the applicants tendered their deposits in strict accordance with the contract they were not accepted by the Receivers because they had received no instructions from the Government to do so?—I would say, with regard to some of the applications in the Nelson district, that the Receivers of Revenue refused to accept any deposits, and for the reason that, as assumed from the correspondence, the Commissioners were told that the applications must come to the Government, and be dealt with by the Government and assessed. After

the assessment, notice is sent to the Commissioners to say that they are approved. Pending that notification nothing could be done. I should say the Receivers would not receive deposits until they knew that the Queen had assented to the applications.

77. What I want to know is this: You do not dispute that certain applications were made in strict accordance with clause 33 of the contract. We will take Nelson. These applications followed the course laid down under clause 33, and were before the Minister at the proper time. An applicant tendered his money to the Receiver, who replied that he had not received instructions from the Government to take the money, and he did not do so. Was the Receiver correct in making the statement, or had the Government given instructions?—I should say at once that the Receiver may have refused to deal with an outside person and would only deal with the company.

78. The contract does not say the company shall tender the deposits, but all the applicants shall tender the deposits?—I do not know anything with regard to a refusal at the Kokatai.

79. The value at Kokatai is £4 a section in the township?—Yes.

80. In relation to the deviation, you said that the tunnel line had been carefully defined and located on the ground. Are you not aware that the only survey made until I completed my plan was a preliminary one, and that it would have been impossible to construct the line in many places as shown on that plan?—I speak advisedly, from information obtained from the engineers, there would have been no difficulty in constructing the line as located.

81. From the 5-chain survey that was supplied to the company?—There might be some alterations required in that. I have made inquiries upon that head, and my informants say there was sufficient information furnished.

82. To construct the line on?—They were not the working plans, if that is what you allude to.

83. You laid particular stress on the point that the deviation round Lake Brunner was longer. Are you not aware that the total length from Springfield to Stillwater was a few chains shorter than the original line as surveyed?—I simply say this: You have taken the line at a lower level, owing to the beginning of the Abt system, and have thus gained on parts of the line. I take the deviation from point to point, from the Teremakau to Mitchell's, and I say it is a mile and a half longer than the original line from point to point.

84. Does my line not give me a few chains less from Stillwater to Springfield than the original line?—Well, of course the plans will show for themselves. I say that, as between the original line to Lake Brunner and the new line, which you claim to be shorter, when it came to be made it was found to be a mile and a half longer.

85. From defects in the plans supplied by the Government?—Certainly not. You produced your own plans. And it cost £700 more to make. That is admitted. With the alternative plan shown by the late Engineer-in-Chief, Mr. Blair, the line was shorter.

86. You spoke with confidence when you said that a better line than the new deviation was possible on the other side of the lake?—Yes.

87. Was another trial line ever made by the Government to give you this authority?—I have the authority of the late Engineer-in-Chief, Mr. Blair, for that.

88. Was Mr. Blair ever over that ground?—I cannot tell you.

89. I can answer it; he was not?—He is not here now. But he would not give the report he has upon this unless he had sufficient data to go upon.

90. When I tell you that we explored all the country before making the deviation, and that we found that the original line could not be located as shown owing to slips that had taken place after the original survey was made, you must give us credit for rather more information than even the Government possesses?—I have known men to be looking for work and not anxious to find it, and I do not think the company were anxious to find a route on that side of Lake Brunner.

91. Is it not a fact that I pointed out that the great advantage of the deviation would be obtained be reducing the ruling grade from Stillwater to Otira from 1 in 40 to 1 in 60, and that the saving in cost of working for all time was an important consideration?—On that point I join issue with you. When you made that application you had not sufficient data to say you would get a 1-in-60 grade between Otira and Jackson's, as you had not the consent to the Abt system, and without that your flattening the grades between Stillwater and Jackson's was no good to you at all. You had steeper grades between Stillwater and Brunnerton, and the same motive power would have done.

92. Did I not always state that it was with a view of obtaining a better line?—Suppose the Government had said they would not agree to the Abt system, your flattening the grades would have been no good to you. The question of flattening for a few miles is immaterial.

93. If that is so why were you anxious to have a reserve made round the rocks at Nelson to avoid the steep grade there?—If they had had a 1-in-50 grade at Nelson it would not be necessary to go round the rocks.

94. Then it is not immaterial?—Where the grade is only 1 in 50 we know that that is called a first-class line.

95. I presume you were not serious when you said that the cost of the steamer would absorb all the savings by the reduced grade?—I did not say the maintenance of the steamer would absorb all. I said you must take the interest on the cost as well as the working of the steamer on the lake.

96. I think it will make a difference of £3,000 or £4,000 on a traffic of 300,000 tons a year. Is it not a fact that the steamer on the lake is to be used only if the traffic necessitates it, and if so, that the steamer will pay for itself?—I do not know. You undertook to maintain it there.

97. You complain, in reference to the Abt system, that you did not get sufficient information for the engineers who were reporting on it. Is it not a fact that Mr. Rinecker, one of the

partners connected with the Abt system, was willing to give information on the part of the company if you had chosen to avail yourself of his evidence?—You said so, but, after consideration, I came to the conclusion that, as he was not one of the engineers of standing to whom the matter had been referred, it would be better to keep to the contract.

98. Are you aware that when Mr. Maxwell went over the ground from the Otira Gorge he was accompanied by Mr. Rinecker and myself, and that he had every possible facility for obtaining detailed information from Mr. Rinecker relative to the Abt system of traction?—I am not aware that Mr. Rinecker was with Mr. Maxwell. I do not doubt your statement. You state it as a fact; I say I am not aware of it. Officially the Government did not communicate with Mr. Rinecker, and would not do so supposing he were here again. We keep within the lines of the contract. We appoint two engineers, and it is a matter for them to deal with.

99. Did I not raise the question relative to the engineers' report, as to their keeping within the scope of the inquiry?—The correspondence will speak for itself.

100. I think we had an interview—yourself, Mr. Hilton (one of the directors of the company), and myself—relative to the difficulties in connection with administering the contract, and suggestions were made during the conversation as to a means of getting over these, and also for rapidly completing certain parts of the line. If I am not mistaken, I think it was on your suggestion that we formulated the proposals which we now lay before the Government as a means of overcoming the friction and difficuties of the past three or four years. And I think it was yourself who said that we should place these proposals in a concrete form for the Government to consider them?—Certainly. I did not suggest anything. I listened to all you and Mr. Hilton had to say, and I said it was for the company, if they had any proposals to make, to submit them in writing.

101. In concrete form?—Yes, but I suggested nothing. You put the position of the company before me, and my reply was, "If you have any proposals to make, submit them in a concrete form." You went into intricate financial proposals, and I said it was better to have them in writing in a concrete form.

102. You said, I think, that it was better to submit them to the Premier, as he had more cognisance of financial matters than yourself. That was the cause of the company bringing forward the proposals?—No; it was because the company were in financial trouble. That is what you told me. You were in a fix because you had not got the money. You said you had certain financial proposals to make, and I told you that it was a matter for the Premier more than for me, and that you should submit them in writing in a concrete form.

103. *Mr. Tanner.*] Did I understand you to say that the bulk of these applications put in were applications for pieces of land which may be described as "keys" to local positions and strategic pieces which would not become valuable in themselves, but only in relation to other pieces?—Yes, "spotting."

104. And that applications of this description formed the bulk of the applications?—Yes.

MONDAY, 19TH SEPTEMBER.

Hon. R. J. SEDDON in attendance and further examined.

Hon. Mr. Seddon: There is a question to which I should like to refer before any further questions are put to me. You will remember Mr. Wilson asking me a question with reference to the working of a steamer upon Lake Brunner, and in answer to which I said that the whole of the profits made by the deviation would be applied in the working of the steamer. Upon this Mr. C. Y. O'Connor gave us a statement on the 21st of February, 1891. He shows that the saving in working the line would be about £525 per annum on a traffic of 200,000 tons a year; so that when you take into account the working expenses of the steamer, the interest on the money expended, and the cost of the alterations before getting to Lake Brunner, it will be seen that I was not very far out.

1. *Hon. Sir J. Hall.*] That is on 200,000 tons?—Yes; that is supposing the traffic to be 200,000 tons per annum. This is the statement of Mr. C. Y. O'Connor, showing the saving that would be effected in working the line.

Mr. Wilson: I object to that, for my statement is not in. That refers to a saving between point and point. My statement refers to the whole cost from East to West Coast. I have always pointed out that this was a matter of great importance in connection with the deviation. My statement shows a much bigger saving than that.

Hon. Mr. Seddon: We must adhere to the deviation as it was proposed at the time the consent was given. It does not make any difference as to alterations made between Lake Brunner and Springfield. Mr. Wilson has said since, "We have shortened the line." I say that that has nothing to do with the question. The question was, what advantages would accrue by granting the deviation. That is the question. I said that, taking the deviation as compared with the original line, there was no benefit on working the deviation, putting all things together.

2. *Hon. Sir J. Hall.*] That is, including the costs of construction and the costs of working?—It costs £700 more to construct, and it is a mile and a half longer; at all events, Mr. O'Connor only shows a saving of £525.

Mr. Wilson: Is it expert evidence we have received from Mr. Seddon? If so, I decline to receive it as such. Is it not a fact that one of the conditions of running that steamer was that it should be run when the traffic necessitated it.

Hon. Mr. Seddon: The Act speaks for itself.

Mr. Wilson: And that the steamer would be used when the traffic required it, and in that case the steamer would be self-supporting; that the cost of working the steamer would not come off the saving in the cost of the deviation.

Hon. Mr. Seddon: My answer is, that I looked upon the working of the steamer as a portion of the railway.

Mr. Wilson: If the steamer is self-supporting, would the cost come off the deviation?

Hon. Mr. Seddon: If it were self-supporting the profits would go to the company.

Mr. Wilson: Would any of the profits of the deviation be required to maintain that steamer?

Hon. Mr. Seddon: Certainly not.

3. *The Chairman.*] I would like to ask you, Mr. Seddon, whether you were not one of those who originally advocated the construction of the East and West Coast Railway and the Nelson and West Coast Railway?—Yes.

4. Were you then of opinion that it was advisable that railway should be made?—Yes.

5. Have you altered your opinion since?—No.

6. You still think, in the interest of the colony and settlement, it is desirable that the railway should be completed?—Yes; more particularly in connection with mineral traffic.

7. You still think that if the mineral or mining reserves are held by the Government, and excluded out of the Midland Railway Company's area, it would be unadvisable to deal with the land on the West Coast in the manner indicated by the company?—My opinion is that it is in the best interests of the company that these reserves are made.

8. Do you not think that making these reserves in the form they have been made a very large percentage will include land that will never be required for mining?—I do not.

9. If it should be so, and it was afterwards discovered that they were required for mining purposes, could they not be resumed?—No; I will give you a case in point. In the early days there were what were known as Maori leases. There was an application made for a certain piece of land. The miners stated that a lead of gold-bearing drift would go through that land. It was a piece of flat land. The Waste Lands Board would not listen to the objections of the miners, and sold it. Now, what the miners said has come true. The Board turned a deaf ear to the miners' protest. The land was sold, and the total sum paid for same was £300. There was a little clearing done on it. For the last two years the owner of that land has been receiving £100 a week. The lead of that gold-bearing drift goes right through it. Eighty, fifty, and thirty ounces a week are obtained. He gets 33⅓ per cent. out of the gross yield of gold. I say that land should have been divided.

10. Is not that state of things brought about in consequence of the state of the law which was then in force—that no person could resume land for gold-mining if it had been sold?—No; the state of things was this: The miners protested against its being sold. The Land Board said there never would be any gold got there; that it was one of the low flats which would never be required for mining. The miners were right in saying that mining would go through there some day, and the people who sold this land were wrong.

11. Are you not now rather giving an illustration of the method in which the land law was at that time administered?—I am giving facts. The miners protested against the sale of the land, as it was a connecting link between two leads of auriferous drifts. The land was sold, and the results are as I have shown.

12. Could that state of affairs come about now under the present law if the land is sold?—It is mitigated, because power is taken to purchase or resume lands for gold-mining purposes. But you know what happens when, in order to resume land, you have to go to arbitration, more especially in the case of auriferous lands. My experience is that when a Government goes to arbitration it has to go to the wall.

13. Are you not aware that lands which have been sold since 1873 may be resumed for mining purposes, the Government having only to pay for the actual value?—That is not the law. The law is, at its selling value for the time being exclusive of the auriferous value of the land. There is a case in point: the Stark case, in Auckland, and other cases, which show the fate of a Government going to arbitration—that it always goes to the wall.

14. Have you ever known a case where the Government have applied to resume land for mining purposes, and they had to pay more then the bare value—I mean since 1873?—The late Government decided to proclaim the Maerewhenua River. That is a case in point. The people who had the land adjoining the river put in a claim for compensation for riparian rights, and got 30s. an acre as value of the depreciation of the land. It was simply a valuation of the stream. That will yet cost the colony £100,000. If the colony had never sold that land it would have been much better, or if they had sold it conditionally. Here is the result, even as the law now stands: The colony has to pay £10,000 and incur the expenses of litigation. There is the land at Teremakau and Arahura: the owners have received about £6,000. In some cases the owners get as much compensation as they could have sold the whole of the land for.

15. You must consider that there is a great difference in the consideration which a riparian holder would be entitled to as compared with that of the owner of the land?—No; it is all taken under the Public Works Act. I have been an Assessor, and I have always found that the Government goes to the wall.

16. As a matter of fact, you will admit that you know of no case of the Government having resumed land for gold-mining purposes?—I do not know of any but what the amount of compensation exceeded the value of the land.

17. How can you say that when the Government resume the land they always lose so much?—Because the amount of compensation payable is settled under the Public Works Act. The land is all taken under the Public Works Act when the Government decides to resume land for mining purposes.

18. Do you think, or do you know whether there is any reason why the line from Springfield to Greymouth and the line from Nelson to Greymouth should not proceed simultaneously?—I do not; there is the contract. I would simply say that a bargain is a bargain: both parties knew what they were doing.

19. Has nothing occurred since the contract was made in 1885 which warrants you in coming to the conclusion that it was more advisable to proceed with the Springfield and Greymouth line than the Nelson and Greymouth line?—I know of no such circumstance so far as the colony is concerned; the position is just the same as when the contract was signed.

20. You have read the proposal made by Mr. Wilson on behalf of the company, to give up the areas they are entitled to on the completion of the line, and the substitution of a guarantee of 3 per cent. on the cost of constructing the East and West Coast line and 3½ per cent. for the Nelson and West Coast line: have you any information to give the Committee as to whether or not modified proposals might be accepted in the interest of the colony?—I have no information to give.

21. What is your opinion with regard to the proposal to complete the East and West Coast line, the Government guaranteeing to the company 3 per cent. in consideration of receiving back the land?—I assume that if you gave a guarantee of 3 per cent. you could borrow at 4 per cent. If you made the line yourself it would only cost you 1 per cent. more. Then, of course, you would have the working of it yourself. All experience has taught me that where a guarantee is given, and the guarantor having no control in the working of the railway, he would have to pay the whole of the interest guaranteed.

22. Supposing a provision was made that on the completion of the line the colony were to have the management, would that meet the objection you have just put forward?—No; it would not.

23. Not the management?—No; there would still be the question of the cost of construction. You have it in evidence that there is only £600,000 gone in works; another £600,000 has gone somewhere else.

24. My question referred to management?—It would only partially meet the case.

25. Would not that meet one of your objections? You say you have two: one as regards the cost of construction, and the other management. If the question of management were modified so that the Government could have control of the line as soon as it is completed, would not this meet your second objection?—Under the terms of the contract you must pay cash if you take it over.

26. But my question does not suppose that you should take it over, but simply that the Government should act as manager?—That is not a part of the present proposal.

27. I am putting a case to you to meet your objection: whether in your opinion that would not be a sufficient guarantee on the question of working?—It would only partially be a reply to it: then there would be the question of taking over the rolling-stock; then there would be a guarantee for handing the line back at any future time in the same order and condition. It would be open to immense complications.

28. Is not that a small matter of dispute, whether an engine is handed over in the same condition that it was received?—There is the line.

29. I have not referred to the line?—No; it is not a small question—it is a very large question.

30. As to the question of construction, could anything be done to meet that by having it done under Government inspection?—Yes, if you were to abolish the company, its staff, and its officers. We have a staff already. It would mean a large daily expense going on. The company also have a very large staff.

31. Suppose the company are not able to come to any terms with the Government in regard to their proposals—suppose they were to say they were unable to proceed with the work—can you suggest to the Committee any way by which it is possible for the Government to complete the railway?—I have no suggestions to make.

32. Nor do you know how it could be done?—If such a state of things were to eventuate, and that day should arrive, I would say that sufficient for the day would be the evil thereof. We would doubtless have to meet it somehow.

33. I think you admit that it would be impossible for the Government to do the work without borrowing——

Mr. H. D. Bell: I would suggest that the circumstance referred to by Mr. Seddon has arisen, and I would also say that the day has arrived.

34. *The Chairman.*] You have made the statement that when the day arrived that the company, without some new proposal or without some modification of the contract, would be unable to proceed further with the construction of the line, and that such a state of things would have to be met. Can you suggest any way in which the work can be proceeded with?—Whenever something occurs to prevent the carrying on of an ordinary contract, the Government would then give notice to the sureties.

35. There are no sureties in this case?—No.

36. Then that would be a useless thing to do?—But I think there are mortgages by which some of the parties have secured themselves.

37. *Mr. Wilson.*] The debenture-holders, you mean?—Yes.

38. *The Chairman.*] What would you do with them?—That would be a matter of business, whether they would be prepared to arrange with the Government.

39. Do you suggest any way in which they could arrange with the Government?—No, I do not, at present. I have said it is not for me to suggest.

40. Are we to understand that, as the member of the House representing that district, you are not prepared with any method by which this difficulty could be got over?

Dr. Newman objected to the question put in this form.

41. *The Chairman.*] Can you, as a gentleman having an intimate knowledge of the district, and having a great desire to see this railway completed, not suggest any means by which this work can be proceeded with?—No, decidedly. The fact is that, when the present company started, their capital was too small (£250,000.) In the same way as with other companies I have known in my

time, it becomes a question of re-forming the company with additional capital. The present company, in the position as put by Mr. Bell, is dead. We are beginning to understand that there are debenture-holders connected with very wealthy men, by whom certain representations were made. Mr. Brodie Hoare was one of these gentlemen. I cannot believe that these representations were made on false premises. If so, then the colony has been misled grossly in that respect.

42. I am waiting for your answer to my question?—My answer is this: that it is for the company to re-form. They have got additional advantages—the Abt system, for instance, which saves them half a million. There can be no objection to a reasonable extension of time. With such advantages my opinion is that the company should endeavour to re-form.

43. Do you agree with me in this statement, that it would be a great advantage to the colony and the districts interested that the company should give up all right to its land grant; that the whole of the land should be revested in the Government to be disposed of according to the law for the time being in force?—Yes, if that had been the contract, it would certainly have been a great benefit both to the colony and the company.

44. Do you agree that it would be an advantage to the colony if that state of things were brought about?—Yes, I think it would.

45. Would it be for the interest of the colony if the land now locked up were thrown open for selection under the existing land law of the colony?—My answer is, most decidedly so.

46. *Dr. Newman.*] Do you think that any great harm would be done to the colony if this matter were hung up for another year?—Yes, I do. We do not live for ever. I think it is one of those things that require to be dealt with promptly one way or other.

47. Do you think, considering the wealthy names and the big financial institutions we hear of in connection with this undertaking, that it is quite impossible for the company to raise more money?—No, I do not.

48. Possibly with time it might be found?—I think so. I do not think, considering the large amount invested and the money lying idle there, and taking into view the circumstances altogether, that capital would be wanting to proceed with the work.

49. *Mr. Saunders.*] What did you mean in your reference to the Reefton line?—That is not giving any profit; it is bringing in no interest. A large sum has been expended by the company. There is nearly a million of money expended in one form or other; it is lying there dormant. I do not think a million of money would be allowed to lie there without an attempt, at all events, being made to turn it to some account. I am speaking for myself, and what I would look forward to if I were in this position. I think it would be quite unreasonable to allow this large sum to be idle without any advantage or profit being derived from it.

50. Is it probable that easier terms might be obtained next year?—In all probability things would be better. You should understand I do not blame the company or anyone else in endeavouring to get the best terms they can, and so improve their position. The proposal that is now submitted by the company might be a failure.

51. What you call the rigging of the market might change the position?—It is a failure, at all events.

52. *Mr. Shera.*] I understand that it will cost a little over a million to complete the connection between Christchurch and Greymouth. Do you think, in the interest of settlement, that this connection should be made?—Yes; I do say that, in the interest of the colony, this connection should be made.

53. As well as I recollect, there has been very little evidence adduced to show that there was land for settlement on the line of railway?—You must take the whole of the East Coast into view; it would not do to confine it to the mere land that is to be sold. You must take the line as joining together two communities; one side requiring everything that the other produces, and *vice versâ;* such a line could not fail to give a great impetus to both.

54. The mining interest would be taken into consideration?—Yes.

55. *Hon. Sir J. Hall.*] You are aware of the traffic estimates which were formed by the Royal Commission which the company took as the basis of their own calculation?—Yes.

56. Does your knowledge of the West Coast, with your experience as Minister of Works, induce you to think they are reasonable or unreasonable?—I am not prepared to say whether they are or not.

57. With regard to the land set apart as mining reserves, can the Government or any one else throw open the land contained in these reserves for settlement?—No, they are not open except to be taken up under the Mining Act—that is, either for mining for residence area or for sawmills.

58. Then it would be shut up against settlement?—It would be shut up as against freehold settlers.

59. Against perpetual lease?—You could get an agricultural lease under the Mining Act, or you could get an occupation lease; the agricultural lease is for seven years.

60. Can you tell me what would be the position of the debenture-holders at the end of the contract time, and the railway not completed?—If we take the case put by Mr. Wilson that they are mortgaged, the mortgagees being secured to the extent of the debentures, then I take it they would foreclose.

61. Secured—secured on what?—On the railway.

62. Not on the endowment?—No, not on the endowment.

63. The railway would become their property?—But still the Government might take it if they wanted it.

64. By paying for it?—Yes.

65. You have looked at those proposals made by the company for a guarantee?—Yes.

66. And the calculations of the company which they prepared to show that it would not involve any outlay on the part of the colony?—Yes, I have seen them.

67. Have you formed any opinion as to their correctness?—Yes.

68. What is that opinion?—That they will not be borne out by facts hereafter.

69. In what respects are they defective: is it in the amount of the traffic or in the expenses? I ask the question, because you are aware the Committee will have to pronounce an opinion on this?—I think I have given an answer that will cover the whole of that—in effect that, if you give a guarantee, and the work is to be done by the company, when the cost of the work is shown the traffic estimates will not come up to the mark.

70. You mean that the expenses will be larger?—Yes.

71. Could not that be got over by giving the Government a certain amount of control over the management?—I do not think it. I have met in my own experience cases where every kind of expedient was adopted to obtain control; supervisors have been appointed, and even then there was not sufficient control. The thing is simply unworkable. I have myself put supervisors in charge on behalf of parties interested, but it never worked out right; on the other hand, I have known some men who took the whole concern to themselves, and made a handsome profit out of it. The working out of these figures is the basis of the case as I put it. The whole thing is based upon the guarantee of £1,600,000—3 per cent. on that amount.

71A. Who would pay the interest during the construction?—The interest on the cost of construction is only payable when the Government determine to purchase. The petition refers to the 3-per-cent. interest, amounting to £48,000.

Mr. Bell: I did not understand the company to say that the cost should be a million, including interest, during construction. The company does not say that one million, with interest, during construction has to be paid.

The Chairman: The usual interest has to be paid.

Mr. Wilson: The £1,600,000 includes the cost of raising the money, and the £300,000, which is a covering fund, to guard the colony against having to provide any money during the time the railway is being constructed, and until the railway earns the interest itself.

Witness: There is no misconception of the matter so far as I am concerned. I still adhere to my first statement. It is unreasonable to ask for anything except the absolute cost of construction, which is one million. The company say they cannot do any more, and what they have already done is practically money sunk. That is their position, and they ask us to go back to their former condition when they will be fully prepared to go on with the work. They are asking for interest upon capital that is sunk, that is, according to their own showing, practically dead.

72. *Hon. Sir J. Hall.*] Do you mean that you should be prepared to recommend the guarantee of a million?—Oh, certainly not. I made no suggestion; I made no recommendation; I simply stated a proposal that might be considered reasonable—namely, to ask for a guarantee—to put it in the light that Mr. Wilson has put it.

73. You made a suggestion that the best remedy for the present difficulty that the company should be re-formed, I think?—I have made no suggestion.

74. How did you put it?—The question was put to me as to what was my opinion upon the situation. I said if I was in the position of those wealthy men at Home who have their money invested in this venture—those who have capital in the present company should go into liquidation or wind up—that those who have faith in the venture, and also their capital, should re-form the company and save what money they have already invested in the undertaking.

75. If they could take possession they could let it to somebody else?—No; the thing has arrived at this position: that it is no good to anybody as it stands.

76. Assuming, as far as the Jackson Section and Reefton line are concerned, the debenture-holders, by virtue of their mortgage, could take possession, surely they could let it to somebody to work?—They would be no better off.

77. Why not?—Because the line, before it would pay the capital expended on its construction, would have to be formed so as to carry the mineral traffic, as the small passenger traffic would not pay working expenses. The railway must be constructed so as to meet the mineral traffic. The passenger traffic on the line is small, as will be seen from the return of receipts. I look upon the expenditure as dead money. The line must be finished, or else the shareholders must lose their money.

78. I think you said, in answer to a question put by another member of the Committee, that you thought it would be very desirable if the colony could get possession of the lands which are now locked up by the company before the expiration of their contract?—Yes; I do think so. I think it would be better for all parties.

79. Have you considered the practicability of any arrangement by which that could be effected?—It could be effected easily enough.

80. In what way?—By the colony taking over the railway and finishing it.

81. Do you consider that practicable; you could not do that?—That would effectually release the land.

82. Is that what you call a practicable arrangement?—It is, perhaps, more than what it might be advisable for the colony to do at present.

83. I am asking you, have you considered anything that you think might be advisable for the colony to do for the purpose of getting this land before the expiration of three years during which the control has still to run?—Well, from the experience gained relative to this work, and in relation to other railways that have been made on the land-grant system, I simply say that in each case the colony has been very heavy losers.

84. You do not profess to call that an answer to my question, surely?—Yes; to my mind the system of construction by the Government is much preferable to the land-grant system.

85. I ask you whether you have considered any system which it might be advisable for the colony to adopt with the view of regaining these lands for settlement purposes before the expiration of the present contract—have you considered any system which it would be advisable for the colony to adopt to obtain possession of the lands, the contract having still three years to run?—The present position of the company, according to Mr. Bell's statement, renders it impossible for the company to raise any more capital.

86. That is not an answer to my question. I asked you whether any proposals have occurred to you, which it might be possible for the colony to agree to, by which the lands now in the possession of the company, and locked up for the next three years, could be released for the purpose of settlement, and, at the same time, the company to be assisted to progress with the work?—I cannot say as far as this company is concerned. After the statement made by Mr. Bell as to the present position of the company, unless some modification is made in the present contract, we cannot go on. The construction of a railway on the land-grant system gives the company the right of dealing with the land, and that, in my opinion, has been a mistake. It would have been much better if the Crown had set apart the land—had issued debentures in lieu of lands crip, and created a sinking fund. Had that been done in regard to the Manawatu Railway, the district railways, and also in the present case, my opinion is that it would have been better both for the companies and for the colony.

87. What you have just stated may be exceedingly interesting, but it is no answer to my question at all. This is the position in which we now find ourselves: we have a company in existence, and, under the contract, the lands are locked up for the next three years. I ask you whether in that position you have conceived any scheme which it might be advisable for the colony to adopt by which these lands could be released—taking things as they are, not as they might have been if the contract had been framed on a different footing?—I have not worked out any scheme, and I do not think the time has arrived for that. There are still two and a half years of the contract to run.

88. I understood you to say, in answer to Dr. Newman, that the subject was one that required to be promptly dealt with?—Yes; I think there should be no difficulty in dealing with it promptly.

89. In what way would you deal with it promptly?—Giving an extension of time on the conditions I have indicated, which are reasonable, including some modification as to the incline and the tunnel. There is nothing shown—no proof given—except Mr. Bell's statement; we have only his statement as to the position the company is in. I must say there is a grave doubt, in my mind, as to the position of the company.

90. You have heard Mr. Wilson's statement?—I have. There was no extension of time granted when the petition was made. Then there is the price of money in the money-market, and the difficulty with the Argentine Republic. There is a financial crisis in Australia. All these things make it difficult for any such company as this to raise capital at Home just now. If these difficulties were tided over and an easier state of things existing on the money-market, and with the modifications indicated—to which I see no objection—then, I think, the company should, of course, endeavour to raise capital, and, if it is able to do so, it would come to the colony again. That is the position.

91. What would you do then?—Of course we would know the position better than we do at the present time.

92. Practically the company has told us that the time has now come; and you say the company should be promptly dealt with?—My opinion is that I do not think the time has come. You have no detailed evidence given by the company as to what attempts have been made, when made, or under what circumstances they endeavoured to raise the capital to go on with. We have no information upon that.

93. If you were a company you would not detail these points surely: you would not reveal proceedings of that kind?—I think the colony has a right to know that the company is exhausting every effort. I do not think it has been shown—not to my satisfaction, at all events—that the company has exhausted its means to raise capital. That is the position I take up.

94. Then you have no suggestion to make by which the colony could get its land released at an early date, have you?—No, I have no suggestions.

95. With regard to the extension of time, what has the Government agreed upon that point? Have they agreed to any extension of time?—We have not agreed to anything at present; that is one of the matters now before us before we can come to any conclusion without, of course, clashing with the Committee. We would be quite willing to be advised by the Committee on any question like that. That is why I have given definite evidence on that point so as to get the advice of the Committee in regard to the question.

96. Substantially, you think it would be a reasonable thing to grant an extension of time?—Yes, under certain conditions.

97. *The Chairman.*] Supposing it were proposed now, as a modification of the contract, to carry out your suggestion that the ——?—I have made no suggestion.

98. Well, we will say it was Sir John Hall's suggestion—namely, that in consideration of the company giving up all its rights to its land grant, the colony should give to the company—to the debenture-holders—the usual rate of interest as an equivalent for the land they are entitled to get; do you see any objection to that, assuming that the company has exhausted all its means of getting further capital?—That would be less objectionable than the guarantee system. The only difficulty would be as to the calculation of the value of the debentures when compared with the value of the land.

Hon. Sir J. Hall: That is the price at which the Government should take the land.

99. *The Chairman.*] Then, I understand your answer generally to mean that you do not see any great difficulty in adopting that course?—I say that it is less objectionable and easier worked

than the guarantee system. Where is the company's capital? The whole thing hinges on that. That would be of very little service to them. They are supposed to take the land scrip or certificate as being at the marketable value, and they would not improve their position in that respect.

Hon. Sir J. Hall: It would not matter to you if the work were done.

100. *The Chairman.*]—The financial men at Home might be more willing to take the Government debentures with the guarantee of the colony attached to them than land, which might be looked upon as of problematical value?—Yes, there is the difficulty. My opinion, after a great deal of experience, is, that it would be a much more preferable system to either guarantees or land grants.

101. *Mr. Shera.*] If the mortgage-holder foreclosed, have the company sufficient time to complete the railway itself under the contract?—It would all depend on their capital; we will suppose the capital were raised to-morrow, it would take three years—this is the opinion of experts—it would take three years to finish the line after they have got the capital.

102. Supposing they did not foreclose until the time had lapsed for completing the contract, have the company any further time to complete?—No.

103. In that case would the line revert to the colony?—I do not think it. It has been taken for granted from beginning to end that the company is so strong that, in dealing with it, it has never been supposed for a moment that there would be a non-completion or breaking-down.

104. *Mr. Bell* (by permission of the Chairman).] I should like to ask you, Mr. Seddon, whether the powers of the Government are not contained in the Railways Construction and Land Act—I mean in regard to the East and West Coast Railway—in the Act of 1881?—If so, they would be mentioned in the Act or in the contract.

105. *Hon. Sir J. Hall:* The Act of 1881 has nothing to do with this particular line.

106. *Mr. Bell:* I am perfectly aware of that. The powers are contained in the Act of 1881, are they not, Mr. Seddon?—I think the whole must be read together.

107. What I want to know is, whether your attention has been called to the powers of the Governor?—You have no power to impose any penalty.

108. In the event of unreasonable or inexcusable delay does not the 123rd section of the Act give you power to complete the line?—Yes; that is the main power. After reading the contract with the Act I do not think myself that there are penalties.

109. This is the point I put to you: If the company does not go on with the work your only remedy is to complete the line, and you may work the two pieces at each end—you may work them and charge the company with the working-expenses, and pay them any profits?—No; we have another remedy.

110. What is the other remedy, may I ask?—To take the two pieces.

111. And pay the cost of them?—Yes; it would be much better than to give the required guarantee.

112. I do not know whether you have power to take the railway at any time?—Yes, we can take any section of it.

113. You say you have that power?—I think so.

114. You might take these two ends and complete the space between them; but if the railway is to be constructed you would not take these two ends, which you say are worthless, without making the line between them?—I think that would be a matter for consideration. You do not take into consideration this fact: that should the company do nothing under the contract there is such a thing as a Parliament in this country. I do not think Parliament, under these circumstances, would be dead altogether.

115. Are you not aware that this railway would be the property of the debenture-holders, and not the property of the contractors, and Parliament could not take the debenture-holders' property from them?—Whether it is taken by foreclosure or otherwise, it will always be subject to the law for the time being. This will apply to the company.

116. Do yo think *ex post facto* legislation would be passed by this Parliament to take the property of debenture-holders away?—I do not think it would be required for that purpose.

117. Then, I am to understand that this is the view you take of the present position of the Act as it stands?—I think the debenture-holders would be mighty glad to come to terms with the Government, and very easy terms. If they have dead money not paying interest, and not in the position of bringing anything in, they would be very glad to come to some arrangement. There is nothing to be feared from the debenture-holders; I do not fear them at all; they would be inclined to sell very cheap.

118. I was asking you as to the powers of the Government?—I have formed my own conclusions. I have not been advised upon that point. I have formed my own opinion on the question.

119. And you understand that that is the position; and perhaps you will say before the Committee that, if the views of the officers of the Government differ from your views, you will be able to support the proper view?—Yes; that is so.

120. *Mr. Wilson.*] With regard to your statement that it would be better for the colony to give the company the value of the land instead of a guarantee, have you carefully gone into this last proposal which I intimated to the Government, as contained in Enclosure No. 6, in which I offer, on behalf of the company, that if you will give them a guarantee of 3 per cent. on £1,600,000, the company will practically give back to the Government the whole of the land-grant value? You stated also that the estimate of traffic may be taken as fairly correct. You also stated that the cost of working would not come out as favourably as anticipated?—Yes, with certain modifications.

121. Have you looked into how the cost of working has been estimated?—Yes.

122. Then, you are aware that the estimate is based upon the figures given by Messrs. Higgin-

son and Maxwell, and, as it is not altered in any way from their estimates, is it not a fair assumption that Messrs. Higginson and Maxwell—especially Mr. Maxwell—is better acquainted with the cost of working the railways in New Zealand than any man in the country, including yourself?—Generally I should say this: that you can get the most reliable men, and still, strange to say, no two of them will work out the same estimates.

123. When Mr. Maxwell gives his definite opinion as to the cost of working, would you, as Minister, be inclined to accept that as sound advice, and not likely to be differed from in actual working?—I would take his working estimate. If Mr. Maxwell gave me an estimate, and he had the working of the line himself, I have no doubt it would come very near the actual cost; but it is a very different thing altogether for Mr. Maxwell to give me an estimate and then you to work the railway.

124. Will you reply to my question, Yes or No?—I would say "Yes" and "No." I would say "Yes" if Mr. Maxwell had to work it, and "No" if the company had to work it.

125. Are you aware of this fact, that, notwithstanding the disadvantages under which the company is at present working on the West Coast, the cost of working is a little below the Government cost?—Yes; but you forget a very important factor, that the Government have given much greater facilities for meeting the convenience of the public to what the company has been doing between Reefton and Greymouth. For instance, it was only the other day that the wagoners on the road began to take stuff up to Reefton in the wagons, as they did in the early days. There was only one train down, and the next day one train up. You can always work very cheaply at that rate. Giving the same convenience to the public as the Government give, then I do not think you would work it cheaper than the Government could do it.

126. Are you aware that it was at my instigation, and at my particular request, that certain fares and charges have been reduced on the West Coast to try and meet the public's wish?—I am not aware of that.

127. If you had been aware of that, would you have made the statement you have made just now?—I see no alteration whatever in it. It may perhaps have been that Mr. Maxwell had made certain estimates of working-expenses based upon a certain line.

128. Could the company reduce their tariff?—The company might say that by reducing the tariff they would increase the traffic.

129. Did you not infer a moment ago that the company's traffic was higher than that of the Government on the West Coast?—No, I did not; but I know that with regard to the Reefton and Greymouth tariff, the wagoners were going to put the wagons on the road again. That was mooted.

130. Was not that an insinuation that the company was charging too much?—Yes; it meant that they were either charging too much, or that the road traffic was cheaper. You have to take the goods to Greymouth, and then take them at 1s. a mile from Reefton, and shift them again. It is the handling of the goods that increases the cost of carriage.

131. Is it not a fact that goods are delivered at Reefton at less than one-third the price charged when the wagons were on the road?—The charges on the road before the railways were started were simply enormous; there is no doubt about that, and it was felt that there should be a reduction.

132. May I assume, for argument's sake, that the cost of working east to west is a fair basis to take?—Take Messrs. Higginson and Maxwell's basis, if they were to work it, I think it would come out pretty well right, but you cannot say what the company would do with a line like that.

133. Is it not a fact that a railway-line when it is being worked has to be maintained to a point of efficiency at all times?—The same would apply to district railways. You have a return showing the cost of keeping them in an efficient state. They were all supposed to be in an efficient state.

134. We assume that the company would hand over to the Government the constructed line completed. In that case the Government would be responsible for any inefficiency that took place during that period, would they not?—Certainly.

135. Therefore it would be the Government's fault if the lines were allowed to depreciate?—As I told you, at the "washing-up"—to use diggings parlance—it is almost inevitable that there would be a great deal to be done.

136. But that would be owing to the Government neglecting to maintain the line?—The Government would say they have done so; you say "No." If you go to arbitration of course the Government would get the worst of it. Of course, the Government can never do anything right; that is my experience.

137. *The Chairman.*] You mean past Governments?—Oh! it is all the same.

138. *Mr. Wilson*: The position has been shown to be this: The Government guarantee a sum of £1,600,000; £1,100,000 is the cost of the extension of the work; £200,000 is the discount for raising the capital; and £300,000 is the trust fund which has to be set apart to pay interest on the capital during the period of the construction, to prevent the Government having to pay the 3-per-cent. interest during that period. If the estimates of traffic are approximately correct, which you admit, and the cost of working is approximately correct, which you admit, then the calculation shows that the Government will not be called upon to pay anything towards the 3-per-cent. guarantee; consequently on the line, as constructed, the Government is not called upon to pay anything in the way of interest, as the figures work out. Then, in exchange for this mere nominal guarantee, the company are willing to surrender the whole of the land-grant which has to be earned, with all the accruing profits, and to throw open the whole of the now closed area. In addition, the proposal goes on to say that during fifteen years the Government have to pay in annual instalments or otherwise, as might be arranged, the £618,000, which is the waste-land value of the land set apart for use by ourselves; but the Government do not lose the actual payment, but it is accounted

for ; they were credited with it as a part payment for the line when they purchase from the company ; and, moreover, this money is to be annually used by the company for the specific purpose of reducing the £745,000 existing debentures, and by this means reducing still the liability of the Government to meet any guaranteed interest. Now, is not that a more profitable way for the colony than by giving the company the value of land which they will naturally expect to receive with the increase of value due to the construction of the railway, which was always held out to them as a temptation to construct the line ?—No ; after giving the matter the fullest consideration my answer is, No. First of all as to the £300,000 you set apart ; if you had had the cash you could have put down the £300,000, so that the interest on that money would be saved, and would meet the interest upon the cost of construction. The £300,000 could be set apart for the purpose, but you ask us to pay the guarantee upon that. It is included in the £1,600,000, as you have said three or four times.

139. I showed you in my proposal that the Government, by merely giving the nominal guarantee, enabled the company to raise this money. In this way the Government are liable, but will not in all probability be called upon to pay one single penny ?—Well, it may or it may not ; the chances are that it will.

140. On what grounds do you say that ?—Because I have never known a case that the Government have not had to pay. It seems to be a fatality that the Government have always to pay.

141. Did you not tell me that you were not a financier, and knew very little about it ?—I have told you, as I tell the Committee now, that I am not a financier, but I have a plain matter-of-fact way of putting things in my own way, and I come to a certain resolution, and generally I am not very far wrong. You say that of course we shall get this £618,000 back when the Government purchase the railway ; that you will allow that as part payment ?

Mr. Wilson : Yes.

Witness : But if we, on the other hand, simply issue debentures as we sell our land, we shall meet those debentures by the sale of our lands. I do not say that the value of the land should be fixed at £618,000, because you have sold all the best of your lands, and I do not think myself that that would be the amount. It would be a very long time, in all probability, before the colony would see its way to raise a loan to buy out and pay off the cost of the construction of this line, and in the meantime there is no limit ; you are paying your 3 per cent. without any limit at all. You have that contingency to meet.

142. *Mr. Wilson.*] You admit that the £300,000 is raised on the strength of the Government guaranteeing the 3-per-cent. interest ?—Yes.

143. Three hundred thousand pounds of the loan is placed in trust, and is only operated upon for the purpose of paying the interest of 3 per cent. during the construction of the work. It works out and shows that for the period required for construction and for a period afterwards that fund is never exhausted ; but after a period of about eleven years it begins gradually to increase from the interest which arises on the balance, and from the surplus of traffic. Therefore it seems to prove emphatically that the Government are practically freed from all chance of payment in the event of the traffic and the cost of working approaching anything like the estimates which I have framed. Admitting that the traffic and the costs of working reach the estimates the Government simply stand in this position : that they are nominally guaranteeing interest which they are never called upon to pay, and they have received back the whole value of their land-grant in exchange for the guarantee which costs the colony absolutely nothing. The £618,000 I calculate is paid back over a period of years ; certainly it will be paid back over fifteen years, in annual payments or otherwise, as the Government deals with the land. In exchange for the 3 per cent., which from the estimates the Government is very unlikely to be called upon to pay, the company offer the whole of its land-grant, which is estimated at the increased value of the land over that section of the line to be at least one million and a quarter in value. They practically offer the Government the value of one and a quarter million of land in exchange for the nominal guarantee of 3-per-cent. interest. Now, let us take the worst phase, and suppose that the company earned half the estimated traffic, and cost one-half as much again, and took your land-grant as being valued at one and a quarter million, and afterwards had to meet one-half of the amount guaranteed, that would be £24,000 a year, you would have against that nearly £40,000 a year as the value of the land-grant handed back to you in interest. So that this scheme actually covers the Government from loss, and offers the Government a profit over their original offer to the company. I wish, therefore, with all due respect——.

The Chairman : You are making more of a statement than asking a question.

144. *Mr. Wilson* (to witness).] In considering the view of the question as I have put it, are you still of opinion that the issuing of debentures on the land is a cheaper and better system for the colony ?—Yes ; I say still, keep clear of the guarantee, and know what you are doing.

TUESDAY, 20TH SEPTEMBER, 1892.

Hon. R. J. SEDDON attended and was cross-examined.

1. *Mr. Wilson.*] You stated that you have no proof that the company could not raise the money to finish the line ?—No.

2. Do you know that the company's debentures are quoted to-day at £77 per £100 stock ?—That is very low, certainly ; but it is only 3 per cent. less than when you floated the last money, according to your own showing.

3. I am speaking of the debentures ?—Oh, not the discounts ?

4. You will accept my statement that £77 is the quotation ?—I will take your assertion.

5. Are you aware that no new issue could be made above the price quoted for the same class of

stock?—That proves that if the Government wanted to take over the line they could get it pretty cheap.

6. If it were known on the Stock Exchange that the Government would have to buy the line the debentures would go up to par?—I do not think so, or they would be higher now.

7. Do you think you could keep such information from the Stock Exchange?—I should think the Stock Exchange is well versed in what is going on, and could not think there was much chance of the Government purchasing the line, or your stocks would have been higher.

8. As soon as the Stock Exchange got to know that the company's proposals had been declined—and they would ascertain this without the slightest doubt—and the effect of the refusal of the proposals on the company's prospects; and, assuming your proposition to be correct that the Government may have to purchase the line, the effect undoubtedly would be to put these debentures up to par value?—I have never said the Government would have to purchase the line.

9. I think in your evidence yesterday you stated that the outcome would be that the Government would have to purchase the debenture-interest in the line?—I never said that. The question was put to me as a suppositious case, what would eventuate supposing the Government could not agree to the proposals, seeing that the debenture-holders had a mortgage on the property. I said I thought they could be very easily dealt with. Then Mr. Bell raised the question that we could not take over a piece of the line, but would have to take over the whole of it. Then he called my attention to a letter on the subject; and I said, and say again, that if the company did not make the line, the people who held the debentures would lose their money. There would have to be a re-forming of the company and the debenture-holders would have to go into it or lose their money.

10. How do you mean lose their money when they have got the line existing?—I mean to say that on the two pieces of line constructed they would not get interest on their money, for it would simply take all they could get for working expenses.

11. If the proposals are not accepted, and the debenture-holders retain the sections of line unfinished, do you mean to say they would lose their money?—I mean to say it would be dead money. You have said yourself the line to Reefton is not paying working-expenses. That is the finished section from Reefton to Greymouth.

12. I did not say the line from Reefton to Greymouth was not paying working-expenses. I said it was not paying interest on cost?—I thought you said it was not paying working-expenses. Is it paying working-expenses?

13. It is paying working-expenses, and a margin?—Well, taking that statement to be correct, if there is a margin we should know it.

It is about £4,000: according to last year's balance-sheet it was £4,500.

The Chairman: Profit on last year's workings?

Mr. Wilson: Yes.

Mr. Seddon: The interest on your capital would be about 1 per cent.?

Mr. Wilson: Yes.

Mr. Seddon: Interest has been paid to the debenture-holders out of capital account?

Mr. Wilson: Out of capital and land sales.

Mr. Seddon: Very well, if the construction stops the land sales will stop, therefore there would be nothing to pay out of that, and if the capital were exhausted you could have nothing to pay out of capital. Then all you could get would be out of the Reefton line. And there is, of course, the cost of construction from Jackson's down to Brunnerton; and I have no hesitation at all in saying that that would not pay 1 per cent., after paying working-expenses, on cost of construction. If you take those two sections, there is only the passenger-traffic to Christchurch and a little timber trade, which would not pay working-expenses.

14. *Mr. Wilson.*] Not if the timber trade were started?—I do not think it myself, if the line were not carried further. It would be in the same position as the Reefton line. It would simply tap the Christchurch road-traffic.

15. And is that the basis on which you recommended the company to finish the line to the Cass and Jackson's?—No. I said before, with the one day's through journey, with the traffic of the coal at Castle Hill, and with the saving on construction of other portions, something might be done, but for through-goods traffic between the East and West Coast it must be a through line.

16. If the company constructed the line through to the Cass and Jackson's, who would get the benefit—would the coach proprietor be the only one to benefit?—I think the coach proprietor would rather have things remain as they are. Out of the land fund you would be able to get interest on cost of construction and keep things going.

17. I must return once more to the question of the debentures. From your experience of finance, I must ask you again, do you not think that when the Stock Exchange in London got to know the particulars of the contract and the fact that the Government, one day or other, would have to purchase the line, they would not hold up prices against you?—You still assume that the Government would have to purchase the line, and I say there is nothing whatever to indicate that.

18. Do you think the people on the West Coast and the people of Canterbury will be contented to sit down and look at the line partly finished between the two places, without insisting on the Government completing it?—Well, the people on the West Coast and the people of Canterbury are not the people of New Zealand, and this matter must be subject to the approval of the whole colony. With first the concessions under the original contract and then the concessions under the second contract, and then the second contract failing, and the demands made upon the colony now, I think Parliament would be very chary and wary of what they would do. It is this continual coming to Parliament which is against the promoting of the work, particularly after the assurance given the first and second time that nothing more would be heard of it if the concessions were granted, because the capital could be raised easily, and one of the strongest companies ever floated formed. And then to find the company, with only £600,000 spent on the works, and

coming, as now, simply to tell the colony that they cannot go any further unless further concessions are conceded, is calculated to raise opposition on the part of Parliament, and to paralyse its efforts after the large concessions which have been made.

19. What are the concessions made?—I have recounted them so often.

20. Will you kindly state them again?—First of all you had the alternate blocks.

21. I am speaking of the present contract?—Well, the abolition of these blocks.

22. That is not the present contract?—You had one contract. That contract was varied.

23. Are there any other concessions beyond the proposals made to the present Government?—I say you cannot go on if the concessions are made. We were informed if the conditions previously asked for were granted there would be no difficulty whatever. Now, you come again with the present proposals, which I told you were, in my opinion, fallacious. You call what you want a 3-per-cent. nominal guarantee; I say it is an actual guarantee, and I do not concur with the basis on which it is made.

24. Are you aware that the proposals are subject only to the company finding the money?—Of course I understand that. But you have put in proposals based on receipts so much under different headings, then you put expenditure at so much under different headings, and then the colony is asked to concur that the receipts are correct, and the expenditure is correct, and it is to give a guarantee. Then you go Home and ask for the money, and say this is on a Government guarantee. Those are your proposals. The receipts may or may not be correct. I do not know who gave the figures, but I should like the Committee to compare the figures with the figures that I will put in later on. You say the expenditure is so much, and that Mr. Maxwell agrees with the estimates. I say if Mr. Maxwell gave us the estimates we should be able to place greater reliance on them. Then you say we will allow you to appoint an officer to see that the works are being economically managed, and the accounts kept correctly, so that nothing may be charged that should not be charged. In the first place, I say that you would require to have a highly-paid officer whose cost would be added to the 3 per cent., and I say it is simply impossible for one officer to do the work. All these things, in my opinion, show that, instead of being a nominal guarantee, it would be an actual guarantee. That is my opinion of the guarantee system. I am not in favour of guarantees of this kind; and I may tell you this, that I am speaking the mind of the House on the matter. I remember the Meiggs proposal of a guarantee system, and if you look at the debate in reference to that you will see that the general opinion of Parliament was against a guarantee system.

25. Was not the Meiggs guarantee for interest as well as capital?—Yes; but it was still a guarantee. It is the principle I object to.

26. This is not a guarantee of principal, but a guarantee of interest?—Of course, these proposals are more rational and reasonable, but at the same time there is the principle of guarantee. I am only speaking for myself, and I simply say that my experience has taught me that guarantees are dangerous things.

27. What experience have you had of guarantees?—I have had a little privately and some publicly.

28. Will you give some of your experience?—My experience is that they are always considered nominal when you give them, but I have always found them to be actual when you come to the fact; and I think many others have come to the same conclusion.

29. You are speaking of personal guarantees?—I say that publicly and privately it comes to the same thing.

30. But if I tell you the figures are correct, and that therefore as far as possible there is no such contingency of loss?—You may say they are absolutely correct, but you base them on an estimated tonnage. Suppose something happened to block you for a considerable period, then the receipts would not come in, for you would not carry the goods or the passengers. That would disorganise your finance, and you would, perhaps, lose three-fourths of the year. If you lost, say, £15,000, it would come off the guarantee.

31. You seom to have forgotten the trust fund to meet contingencies of that kind?—Your trust fund is £300,000. It is finance, and that is all you can say of it.

32. Will you define what you mean?—It is very good on paper.

33. If you have a trust fund in hand to guard against contingencies, is it not against ordinary possibility that the Government will be called upon to pay?—There is so much risk. Suppose you carry coal; the consumption of coal will increase; but suppose some steamship company said, "We are not going to let the East and West Coast Railway take the coal; we will bring boats and facilitate its carriage." You could not compete with them; and if you did not carry the coal the guarantee comes in again. You have all these things to meet, and the risk falls on the Government.

34. Is it not a fact that when the company was formed a Royal Commission had reported on a certain traffic on the railway, and that by evidence produced by the Government, and Government officers, the company were induced to undertake the construction of the railway. Do you now infer that the Government wish to withdraw from the evidence taken at that time?—I say the Government do not withdraw from anything. The estimates of receipts from the carriage of goods were based on a normal state of things; but the company took the risk of an abnormal state of things occurring. Now you come to the Government and say, Give us a guarantee. That is the difference.

35. Are you not assuming conditions which you never assumed could have existed when you induced the company, on this evidence, to take up this line?—Certainly not. If you look at the evidence there you will find it was discussed that you could not carry on against steamboats; and the margin of the guarantee is not 50,000 tons a year. I say the Government took no risk. This is the normal state of things, and they give the returns taken at the time.

36. If the evidence taken by the Government, and which induced the company to take up the line, is absolutely false, has not the company some claim upon the Government?—I have not said the evidence taken by the Commission was false. The whole thing wss *bonâ fide* from beginning to end. So far as I am concerned, I took it for granted that the Commission had taken reliable evidence, and so far as circumstances have occured in relation to that evidence there is nothing to-day to alter that condition of affairs. I do not bind myself to their estimates.

37. Are the estimates I have submitted in these proposals reasonably near the estimates given by the Royal Commission?—I should have to look at them. I have not looked at them.

38. Do you consider these estimates of traffic that I have submitted reasonable?—I said on the basis of the Commission's report I considered them reasonable.

39. I say the estimates are within those taken in evidence by the Royal Commission. Do you consider them reasonable?—I have not altered my opinion. I must first satisfy myself by taking evidence.

40. On the assumption that the estimates are fairly correct, is not the system of guarantee proposed the cheapest for the colony?—No.

41. On what ground is it not the cheapest?—Simply because the Government will have to pay.

42. That is an assumption. You must accept the data. We start by saying that the traffics are reasonable, the expenses are reasonable, and the earnings are reasonable; would not the guarantee be the cheapest for the colony?—No.

43. Can you say what would be the cheapest way of making the railway?—I said before I have nothing to suggest.

44. Is it not a fact that under the proposal for 3 per cent.—the last proposal made covered in letter No. 7 in D 4, 1892—the company give back to the colony the whole of the value of the land-grant in exchange for the guarantee?—But they only give it back when the colony takes over the whole line. Now, of course, that is a very remote contingency, and in the meantime the company get the benefit of the six hundred and eighteen thousand pounds' worth of land that is given. It is only when we take over the whole of the line, according to Mr. Bell's contention; in the meantime we have been paying the guarantee of 3 per cent., that is if the receipts do not come in to cover it. There are so many contingencies; if the receipts are so much, if the working expenses are so much, then the Government will not be called upon to pay.

45. On the basis that the receipts are sufficient, are not the company offering to give the Government back the whole of their valuable land-grant, with all the increase in value accruing from the timber and coal; are we not offering to give all this back for a guarantee which, on the face of it, is not an actual payment of money on the part of the colony?—As I have said, there is the contingency, and I treat it that they would have to pay it. That is my opinion. You say it is a nominal guarantee, and I say it is an actual guarantee.

46. Are you an expert?—No, I am not an expert.

47. Then your opinion is only that of a private individual?—Only that of a private individual.

48. *The Chairman.*] These proposals of the company are based upon certain calculations and the Financial Statement here. Have you had them in any way examined or checked by any Government official who is competent to do so?—Yes.

49. Have you any report from that official upon them?—No.

50. Can you procure one?—My witness is in the room. I do not object to his being called: it is Mr. Blow. I said before that I would rather a thing of that sort should come from an expert than from the Government. Mr. Blow, as Under-Secretary for Public Works, had the papers submitted to him, and has examined them. I think it only right that any assistance of that kind should be given to the Committee. In these proposals the company ask to be exempted from local taxation: that is £6,000 a year. You know the condition of the local bodies on the West Coast. If that taxation is to be exempted then, of course, the local bodies will come upon the colony to make good what we exempt the company from; and they are clamouring now that there have been so many changes recently that they cannot carry on the functions of local government. Then, that is all in addition to the 3 per cent.

51. *Mr. Wilson.*] If the local taxation is taken off the company, there is £6,000 less in the likelihood of the Government paying at all?—Then we should have to find that money for the local bodies.

52. Is it not a fact that since the railway has been constructed the cost of maintaining roads and the responsibilities of the County Council have been materially reduced?—My answer is, Yes. The cost of maintaining the road between Reefton and Greymouth has been materially reduced to the local bodies, but not to the extent that this would mean.

53. Therefore the fact of the company's existence has been the cause of reducing the expenditure in the district?—But not to the extent of £6,000 of local taxation.

54. If the company had not been there the local taxation would have had to be found by somebody else?—No, they managed before the company came there to do what was wanted.

JAMES MILL MORRIS examined.

1. *Hon. Mr. Seddon.*] Your name is James Mill Morris?—Yes.

2. Miner?—Yes.

3. Where are you residing?—Nelson Creek, Grey Valley.

4. You have had considerable experience as a gold-miner?—Yes; since 1886, on the West Coast of New Zealand.

5. Are you well acquainted with the Grey Valley, and the gold-workings in that valley?—Thoroughly well acquainted.

6. How many years have you been in that locality?—Since 1869 I have been on that creek.

7. You have known the locality of the Grey Valley for some time?—Yes, since the end of 1868 or 1869.

8. Do you know anything about the Midland Railway contract?—Well, from reading, that is all I know about it. I know where the works are, and a little about the contract from reading.

9. Do you know anything about the mining reserves, or the land required under that contract? —Yes, I am thoroughly well acquainted with that.

10. How and by what means have you become aware of that?—From actual operation and acquaintance with so many of the different mining centres throughout the whole of the Grey Valley and a great portion of Reefton, and also Westland.

11. Are you a member of the Miners' Association there?—Yes. I do not know whether we are a mining association such as you mean. I do not know that we have been registered. The last properly recognised association was the Prospecting Association. I am secretary and treasurer, and have been so ever since the formation of the Prospecting Association at Nelson Creek.

12. How many years ago?—Seven or eight years ago; I cannot tell you exactly.

13. In that capacity was there any correspondence or interview as between yourself and Mr. Wilson or Mr. Scott in reference to mining reserves in any part of the Grey Valley?—Yes, I had an interview with Mr. Scott in Greymouth, and I had one or two letters from Mr. Wilson as chief of the Railway Company.

14. Will you relate to the Committee the purpose of your interview with the representative of the company; and, secondly, the result of that interview?—The purpose of my interview was the uncertainty which existed amongst the mining community as to the relations which existed between the mining community, the company, and the Government. There seemed to be no certainty as to whether we were living under the company as landlord, or the Government as landlord, and we wished that thing cleared up. What led immediately to my interview with Mr. Scott and my writing to Mr. Wilson, was a letter received by a party of miners in our district, ordering them to cease the operation of timber-cutting on a piece of land for which they actually held a certificate from the Warden, and at the same time were holders of miners' rights. They sent the letter to me at once, and I called a meeting. Mr. Algie, a sawmiller, also complained to me about certain conditions that the company desired that he should comply with, consequent upon his being permitted to carry on his operations as a sawmiller. That also was brought before that meeting. The letter to the miners was signed "Thomas Pavitt." It was laid before the meeting and considered, and I was then authorised to take any and every step that I deemed most advisable so as to have the vexed question settled, as to whether the miners were to apply to the company or to the Government. That is the reason why I took that very energetic step that time. Well, the result of the step was my interview with Mr. Scott in Greymouth. At that time I got a great deal of information concerning the company's operations and works, and what they would do, and what they might do, provided that they had to deal direct with the miners. Of course, Mr. Scott pointed out to me this: that we would be better served by the company than by the Government. We could not, however, see that. However, this eventuated in Mr. Scott asking me to map out the land we desired to have reserved by our association within the watershed at Nelson Creek. I did so, and Mr. Wilson seemed well inclined to let us have that and deal fairly with us. However, I found he had no authority or power to conclude an agreement with the Miners' Association; therefore the matter dropped off at that time. Mr. Fergus told us that the company could not conclude an arrangement with us, and that if we just held our tongue the Government would do better for us than the company were likely to do. Well, we were not inclined just to hold our tongue about it. The Hon. Mr. Fergus visited Nelson Creek and we had an interview with him, of course in reference to the mining reserves, and he told us what the Government intended to do for us, and impressed upon us the fact that the Government would deal better with us than the Midland Railway Company would do. We wanted it settled at once what we were going to get. We asked our representative to put a question on the Order Paper, when convenient, asking that a Proclamation should be made declaring the whole of the riding of Nelson Creek exempt from the operations of the Midland Railway Company. You will therefore see that we wanted the Government to reserve for the use of the mining population within the riding of Nelson Creek the whole of the riding. We did not go outside of that at that time; that was our request. Mr. Reeves asked the question in the House. There was a dispute as to the answer he got. Mr. Reeves says he got one answer; Mr. Fergus says he got another. Mr. Reeves telegraphed the answer to us, and when we came to overhaul Mr. Fergus about it he denied it. At all events, it did not matter much who was right in the answer. We did not get the Nelson Creek Riding as being exempt from the operations of the Railway Company. That I think, as briefly as possible, are the reasons. Perhaps it will be well to state that from the beginning the miners—in my district especially, and, I may say at once, the whole of the miners on the West Coast—were strenuously opposed to the granting of that land to the Midland Railway Company under any condition or pretence whatever. Any lands on the goldfields, any lands on the West Coast (there is land in the Marlborough Province we would not trouble about much) we opposed in the beginning, and as long as there was a reasonable hope of preventing the Government giving away the country. Since the grant was made we have been quiet. Mr. Pavitt stopped the miners working at Nelson Creek; and in continuation I may say that probably it would look to the members of this Committee as if we were extremely greedy to want the whole of the lands reserved for mining purposes. Now, there are several gentlemen here who are pretty well acquainted with mining operations, and who know how very desirable it is that we should have all this land reserved if the gold-mining operations are to be allowed to continue in prosperity. There may be a little at the very extreme north-east of Nelson Creek which might not come in for mining for many years. That is only "might" however. There is Bell Hill in the centre, with gold-mining all round it, and therefore we want a reserve

over the whole lot. What a man really goes for as a mining claim proper—that is, the ground from which he is extracting the gold—is a mere nothing compared with what he requires to enable him to work the claim. As an example of what I mean, I may be permitted to say that in my own claim I only own under 4 acres at present as a mining claim. Along with that I hold with a good title 34 acres for a dam site. I hold also with a perfectly good title 5 acres as a tailings site, and with a perfectly good title about 2½ miles 20ft. wide for race rights. Then, I have 20ft. wide and 70 chains connecting with the Government race. All these things are held by me to enable me to profitably work a claim of 4 acres. In addition, I hold a right to the water that may fall on an area of some 800 or 1,000 acres. I have no right whatever to that except to the water that falls thereon. What I have mentioned I hold with as good a title as any farmer does his farm. The other is a mere nominal title that any one can take—that is, except the water over the 800 acres in extent. That gives you an idea of the amazing quantity of country required to keep the mining going. It might be surmised that for the sake of working 4 acres a person might not be entitled to such an enormous amount. That same amount outside the four acres has enabled me and others who held the rights previous to my getting hold of them to work the ground. We have up to date worked 40 acres of ground, although under 4 acres is my present holding. That represents my rights.

15. *Mr. Wilson.*] In how many years?—I have been at it about fourteen years with the present water-rights. There were some before I started it.

16. *Hon. Mr. Seddon.*] Looking at the map there, and seeing the block marked yellow, do you think there is only a small portion of Nelson Creek reserved for mining?—There is a very small portion reserved now.

17. Is that portion reserved, in your opinion, required for mining or for purposes incidental or conducive thereto?—Most decidedly so.

18. And that is only a small portion of what the company agreed with you in Greymouth that they would not object to?—What the company said they would not object to.

19. You said the Hon. Mr. Fergus told you to hold your tongue?—Yes, to leave it alone.

20. Was anything said by the company's representatives to the effect that if the Nelson Creek Riding were reserved you were not to interfere with anything outside that riding?—We did not ask for the whole riding to be reserved—nothing at all like the whole riding. I think about thirty-five thousand acres were asked of the company, and that would have finally settled the question with us, the Mining Association. Had that been done, we, as a mining association, would have had no further necessity to go into the matter.

21. Since these reserves have been made, have you been told by Mr. Scott or any other representative of the company that the land so reserved was not required for mining purposes or for purposes incidental or conducive thereto?—I have not been informed by Mr. Scott or any other representative of the Midland Railway Company of any such matter.

21. This is Mr. Scott's evidence:—

"You see a piece marked on the map near Nelson Creek. Did you interview a person connected with the Miners' Association in regard to that, and did he give you an opinion?—Yes; the "Miners' Association" may not be the correct title, but a man came down upon the subject, and saw me before any mining reserves were made. He said, 'I would like to come to some arrangement on behalf of my mining friends in this district as to the particular lands you are going to take for the company. If you will undertake on behalf of the company not to deal with land between Callaghan's and Red Jack's Creeks, you may, as far as the Miners' Association is concerned, deal with all the rest of the land in the Nelson Creek Riding. We will not object to your dealing with any of the land outside these limits without reference to us; and as to the land within this area I mention, if you will refer to us, we will give each case fair consideration for it.'"

—First of all, is the land mentioned between Red Jack's and Callaghan's marked as a reserve?—This interview between Mr. Scott and myself took place two or three years ago, before the reserves were made, and we were perfectly willing not to put anything in the way of the company. The piece of land he refers to is at Kangaroo Creek. There was a piece they might have had there for timber which did not interfere with mining operations. That is years ago, and not since these reserves were made. I may say that I said the Nelson Creek people would not interfere with the company outside of our own riding or dominion, as we were pleased to call it.

22. If that statement is correct, what was your reason for saying so?—My reason was simply as I have already said, that we were most desirous of having settlement, and of interfering with the Midland Railway Company as little as possible. We were perfectly willing to part with every inch of ground that was reasonable so as to get settlement.

23. Then the land you refer to in the question was not within the Nelson Creek Riding?—Even if it was, we were of opinion that the Government would investigate the matter and stop the company getting it, provided it was found to be auriferous land.

24. You know the reserves that have been made?—Yes.

25. Is that land so reserved, from your experience as a miner, what you would in fairness to the company and to the gold industry—in fairness to all—would say was required for mining and for purposes incidental and conducive thereto?—My opinion simply is that not only are the reserves you have already made actually required for *bonâ fide* mining purposes and things incidental thereto, but they require to be added to. The mining population on the West Coast require the whole of the west side of the main Grey River. The whole of the land which has not been alienated from the Crown is required for actual mining purposes and things incidental thereto. That is, the whole of the land on the western side of the main Grey Valley, away up in the Blackball and Moonlight Ranges.

26. Now we come to the Nelson Creek side?—On the eastern side of the main Grey Valley all the low-lying lands that are of any service as farm-lands have already been taken up, and in several cases the miners are hampered now. We have no room to work, so that we do not only require all that has been reserved, but we require every foot as a reservation that has not been parted from

the Crown. We know that we cannot get it all, but we require all if we can get it. We require outlets to the river for the purpose of carrying away the debris; we require the whole of the side-streams as tail-races; and there is one thing that we require the low-lying ground more especially for. We have already, under what is called the operation of mining, run over the shallow portions of these creeks and taken out what was easiest got. We were perfectly well aware that every one of these creeks have run their deposits of gold into deeper portions of the valley, so that we require the whole width on each side of the creeks as actual mining claims as well as tailings sites and other things incidental to mining operations. The tailings sites have been used and will be turned over and used as actual mining claims. We know the gold is there, and with better appliances it will be taken out. That is one thing we want particularly—we want the outlets to rivers and creeks included in the mining reserves. We have a great trouble just now with the few acres that have been parted with by the Crown. We have been hampered two or three times, and the whole of the operations have been stopped because of the few acres parted with by the Crown. Your Committee will therefore easily see why we are so anxious to have the reserves over all the outlets and low-lying flats. I have already stated why we want the terrace land. That is what we call the actual working ground. So that we want the flats for one purpose and the terraces for another—we simply want it all. I am well aware that we cannot get it.

27. Then you say there have been some disputes between the miners and the owners of some of the low-lying land?—Oh yes; continual disputes.

28. In your opinion it has not been a wise policy, in the interests of settlement and the mining industry, that these lands should have been sold?—There is no room for both classes of industry on the West Coast. Farmers and graziers should perhaps be permitted to make the best of the land until it is wanted for *bonâ fide* mining purposes; but by settling them there, and giving them a right to it you shut out the miners. There is no room for both in the same locality.

29. At all events Mr. Fergus said, "Hold your tongue, and the Government will do better for you than the company"?—It has been so often repeated by me that I can almost recollect Mr. Fergus's words. At all events, I can give the substance of them to the Committee. I wanted it one way, and Mr. Fergus of course declined. He said, "If you listen I will show you my plan, which is this: We will let the company select the blocks of land, and we will cause a strict inquiry to be made forthwith as to whether each block so selected is auriferous, or otherwise. If it proves to be auriferous, you will have it; and the company will have to select something else. That is the way we intend to deal with the mining reserves on the West Coast."

30. How long ago is that?—I do not recollect the date. It was the last visit Mr. Fergus paid to the Coast as Minister of Mines. It might have been his first too.

31. When the company stopped the miners cutting the timber, had the company any right to the ground?—I do not know whether they had a right to it or not.

32. They stopped them cutting it?—The letter stated that they were to take notice that they should not proceed any further with the operation of timber-cutting until they had agreed with the Midland Railway Company to pay certain rents, and a royalty at per hundred feet. Algie got a printed form showing rates of payment required by the company.

33. Would that interfere with the mining industry?—We could not tolerate that. No; it would not be conducive to the mining industry to interfere with the timber.

34. What effect has the making of the reserves had amongst the miners of the Grey Valley?—I do not know that it has had much effect yet. I do not know that there is any assurance that the mining reserves will be proclaimed in our district yet. If made it will give renewed confidence to the whole mining industry, and an impetus to the district. We shall know who we have to deal with and who to respect, and mining operations will spring ahead livelier than they have been doing for some time. That is to say, that there are several companies which are ready to start.

35. Is any of this high land which you have been alluding to, where operations have been carried on, fit for farming or pastoral operations?—There is an acre here and there, but you cannot get fifty acres fit for settlement.

36. What would it take to clear it and make it fit for agricultural or pastoral purposes?—On my folly—I mean my garden—I have expended £120, and I have not finished with it yet. I have got an acre, and am preparing it for fruit-growing.

37. You call it your "folly"?—Yes.

38. What induced you to go to this expense?—The possession of the water-rights, and knowing that I had plenty of ground to operate on as a mining claim so long as I existed, even if I lived to an old age, and to leave to a grandson to operate on as a mining claim.

39. Could you give an estimate of what it would take to fall the timber and grub the ground—to leave the stumps in?—I have had very little experience. The only information that I could give is what I have gathered in the Courts. I heard Mr. Drannen state that it took £15 an acre to clear, without touching the trees at all. No doubt it would take another £15 for these trees. As for stumping and grubbing, that would cost nearly as much as my garden.

40. Suppose any private individual had applied for the freehold of this land in your riding, would it or would it not have been granted?—I think under the mining law we had a chance of opposing it, and would have opposed it, unless it was for little patches in the north and east of the riding.

41. If any private individual had applied to purchase the land, you would have objected just the same as in the case of the company?—Yes; all the land to the westward of the Government dam would have been objected to.

42. What would be the grounds of objection?—That they were required for *bonâ fide* mining purposes, and that would be the ground for every acre lying between the Government dam and the river.

43. If the company left out Bell Hill, is that land suitable for settlement?—I do not say it is

suitable for settlement, but I say it is ground we might require. I do not know whether it is good for settlement; there is a good deal of it—some thousands of acres.

44. Evidence has been tendered as to the sinking of shafts in the early days, and that this country has been thoroughly prospected—is that so?—In our district.

45. No?—With the exception of a few chains in front, the terraces, and one or two places where tunnels have been put in—the furthest, I think, about 1,250ft.—with that exception there is scarcely any prospecting done in our riding, or anywhere else that I have been on the West Coast. For instance, on the deep ground lying at the outlets of these creeks and on these flats there have been several attempts at prospecting, but merely attempts. So far they have been failures. The only way of working them is by the improved mode of hydraulics.

46. That is, to create an artificial fall for the tailings?—Yes. We have only one going at Nelson Creek as yet. There would have been more going only for the uncertainty and the trouble with these small farms.

47. Then it would be no criterion, supposing the shafts had been sunk some years ago, that the country had been prospected?—Not at all. Where we have a proper mode of working on anything like an extensive scale we do not trouble ourselves in the least about prospecting. I have turned over acres of ground which might be prospected and not get the colour in it. Then I have had to live out of it and pay wages.

48. Would it do all that was required for the mining industry in your district to take a little strip and reserve that for mining?—Not at all. We are hampered enough already. We should simply have to leave if hampered in that way. We could not get along at all.

49. Which, in your opinion, the mining industry or settlement caused by the company, would promote most the interests of the railway itself?—There need be no difficulty in answering that question. A district settled through the mining industry is thickly settled with an energetic and persevering people, which require everything brought to them. Our export is gold, which we take out of the ground, and is not a bulky one; but our imports are large, and we are wasteful and very ready to travel when we have got the means. We are a sober people also.

50. You say the miners would travel as passengers on the railway more than farmers?—What I say is that a block of 10,000 acres settled as a mining centre would be more conducive to passenger traffic than a block of 10,000 acres settled as a farming centre. That is my opinion. As to goods traffic, the farming district would be better. Farmers would require to have their stuff taken away, but the passenger traffic of the miners would pay best. This applies especially to the coal industry, where a hive of workers settle down.

51. Coming to the timber question, would it be advisable, in your opinion, that the company should have the sole right to the timber?—No; we cannot do without lots of timber. We want the timber reserved as well as the surface-soil. If the company want the timber, then move us out of the country, for we cannot do without it.

52. Is it a necessary requirement?—There is certainly a lot of it. Some regulation might be made as to what should be left for us. But we require a large quantity. Any person going over the West Coast must have noticed that round what are called old workings there is scarcely a tree to be seen anywhere. It has been used up for one purpose or another.

53. Compare the ground that the miners are working now with what they worked when you first came to the Coast; will you state if there is any difference?—In the quantity of gold obtained. In the early days they looked for a prospect, and had no intention of going to any expenditure unless they found one. What we called a prospect then was two or three grains or half a pennyweight to the dish. What we look for now is water, and water prospects. We are contented now if we see two or three colours, and it might require four dishfuls of dirt to make one grain.

54. In other words, you work for £1 10s. a week as against £1 a day in the early days?—Yes, the improved way of working making the difference. There are mining companies which profess to put through a great lot of stuff. About 850 cubic yards a week go through my race when in working order. That work is done by a man and a half. There are not two men regularly employed. One man is at it all the time, and another half the time.

WEDNESDAY, 21ST SEPTEMBER, 1892.

JAMES MILL MORRIS attended and was further examined.

1. *Hon. Mr. Seddon.*] Would it be conducive to quartz-mining if the company were to have the surface of the land, and the claim-owners what was underneath?—Certainly not. The surface of a quartz claim is as necessary for carrying on operations as the underground portion. There are dams, water-races, tailings sites, machine sites, and other things necessary for carrying on the works to be provided for. Besides, if there should be an acre or two of ground within a quartz-mining claim that is fit for settlement of any kind, the workmen require residence sites; so that the surface is as much required as the underground portion to successfully carry on quartz-mining.

2. As a rule, the area has always been larger for quartz-mines than for ordinary alluvial drifts?—Much larger. There are what we call special alluvial claims, and there are cases where the holders of these occupy an area within the pegs of as much ground as a quartz-claim. But these are very few.

3. You referred to Mr. Reeves having asked a question in the House in reference to these reserves. Is this what you refer to [*Hansard*, 5th June, 1888, page 435]: "Mr. R. J. Reeves asked the Minister of Mines and Lands, When the Crown lands situated with the Riding of Nelson Creek, County of Grey, will be proclaimed exempted from the operation of the Midland Railway Company, the same being a well-known goldfield? After the reply to the last question he could only ask the Minister if there was any likelihood of these lands being exempted from the operations of the Midland Railway Act?"—Yes.

4. *Mr. Wilson.*] What was the date of Algie's complaint against the company for interfering with timber-cutting?—I have not got the date, unfortunately. All these things are written down in the minute-book, and I have not got it here.

5. About what time?—Perhaps Mr. Eliott, Under-Secretary, Mines Department, could give you the date. It was within a few weeks of Mr. Fergus visiting Nelson Creek.

6. Was it at the same time that you had the interview with Mr. Scott?—It was previous to that.

7. Was it two years previous?—Not two years.

8. Are you sure?—I could not be sure as to dates.

9. Approximately?—I cannot keep dates in mind, when I have written them down.

10. If I told you it was two years, would you deny it?—No.

11. Was the interference on the part of the company explained at once?—Yes; but not until I had taken all this trouble and action in the matter.

12. You mean seeing Mr. Scott?—I think I had the explanation first with Mr. Pavitt, and at my interview with Mr. Scott the matter was talked over again.

13. That is, the interference of two years previous was talked over again?—No. It might have been mentioned at my interview with Mr. Scott, but we did not allow any time to elapse before we took action.

14. Have there been any other interferences with the miners on the part of the company?—Not that I know of.

15. Do the miners, as a rule, cut their own timber or buy it from the sawmillers?- Of our timber at Nelson Creek 80 per cent. has come from the sawmills.

16. What has been the effect of the company carrying timber at a lower rate? Has it improved the supply of timber to the miners, and reduced the cost to them?—Yes, to a certain extent. If you want a very large quantity at one time you can get it a little cheaper now than you could previously to the Midland Railway being inaugurated. If you require a small quantity, or about the usual quantity used by miners, it is much about the same price. For instance, we cannot get a small quantity at Callaghan's sawmill—that is, near us; we cannot take other than a large quantity, so now consequently nearly all the miners get their timber at the end of the Ahaura Bridge. We get that carried by road—not by rail.

17. The fact of the railway being there has reduced the price at the mills?—It has shut Mr. Algie up.

18. During the currency of the contract have there been any restrictions upon the taking up of mining claims—any difference from what prevailed before?—No; I have known no difficulty in getting mining claims.

19. You referred to your own claim. You said it was 4 acres, and that you employed a man and a half. How long will it take you to work out that claim at the rate you are going?—That particular portion I referred to as being 4 acres, supposing the man and a half mentioned were employed, would take us three and a half or four years to work out.

20. What claim did you refer to when you said it would take forty years to work it out?—That is the whole of the ground lying about my water-rights.

21. What area would that be?—More than 100 acres, perhaps.

22. Then, it would take you eighty years to work it out?—Yes; there is eighty years' work there.

23. What is your opinion as to the method of dealing with these reserves, with reference to mining and settlement? Supposing a Board was constituted of experienced men in mining like yourself, would it be possible for such a Board to consider all applications for lands for settlement, with a view of allowing them to be taken up, unless the mining districts said they would interfere with mining? Would it be possible to arrive at fair conclusions as regards lands for settlement?—It would be possible; that is all. But miners as a rule are against the multiplication of local bodies, and we have perfect faith in the Government and Wardens to deal fairly with us in all applications; and we would rather your applications for agricultural and pastoral holdings should go before the Wardens than before a Board. Then we should have a chance of objecting in a legal way.

24. Then, if the applications were brought before the Warden, whom you say you trust thoroughly, would it be possible for the Warden to arrive at conclusions to place people on the lands without interfering with mining?—Perfectly clear; it would be possible.

25. I think you stated that there are pieces of ground in your district that would come in suitable for settlement without interfering practically with mining?—I did not say ground suitable for settlement. I said there was ground not required for mining at present.

26. You have been on the coast for a considerable number of years?—Yes, since 1866. I have been in the Grey Valley since the end of 1868.

27. Has the population increased materially within the last few years on the goldfields?—The population has increased, but by means of women and children.

28. You have more women and children, not more miners?—No, not more miners.

29. Has any opinion been expressed—perhaps you have heard it in your district—that much of this land reserved would not pay to work if the water was got free?—I have no doubt there is land in the district that would not pay with free water; but I have no personal experience of it.

30. From your experience would you say it was possible for any person to define the lands which are payably auriferous, and define them in large areas such as are made for these reserves?—Perfectly possible, Sir. There are three well-defined lines of gold-bearing lands running through the Grey Valley; that is, all the land running south and north—the lands lying between the south and the north—are required for purposes incidental to mining. It is quite easy to define this long line of proved continuous auriferous land running from Ross to Reefton.

31. What width would you say that was, taking the length of each one?—The proved auri-

ferous drifts on the Blackball side are ten or twelve miles wide, two miles from the intersection of the Grey Valley up to Blackball.

32. The width of the drift, I mean?—The width of the drift is two or three hundred miles, as far as we know; certainly fifty or sixty miles. I call the width across the drift or gold-bearing country. You know the Blackball Creek, and you know the intersection of the Grey Valley where it climbs up into the ranges. The run of the Blackball Creek is what I call the width of that run of auriferous drifts. What I call the length is the south and north lay—the coast-line lay—as the coast runs and as the river runs. It is proved gold-bearing from two miles from the intersection of the Grey Valley to the very top of the range, a distance of about ten miles.

33. Is it five miles from the bottom of the river to the top of the range?—I have just said it is over ten miles.

34. Then, on the Nelson Creek side: Mr. Gordon said there is a river-bed there running down to Red Jack's, what depth is that deep lead?—About 30 chains wide; I think so.

35. And are these other drifts like that drift?—No. That is one of the cross-cuts. The drift is formation, drifted in through and from the long continuous lines running parallel with the coast-line. That is, underground workings of about 35 chains wide. That is only a portion running through Nelson Creek.

36. Is it possible to define the leads with reference to the Grey Valley?—Perfectly easy, because it is proved auriferous all along the line. It is defined at Noble's, and proved auriferous. It is proved at Granville's, Orwell Creek, German Creek, Nelson Creek, Kangaroo, Arnold's, Maori Gully, New River, and proved at Kumara. It is clearly proved at Kumara, down to Waimea, Hokitika; right down to Ross it is perfectly clearly proved. There is no difficulty in defining that.

37. Do you think that any expert miner could swear that it was the same drift all the way down?—I think there would be no difficulty in swearing that it is the same line of drift.

38. The same river-bed?—I did not say river-bed. My opinion is that it is the old coast-line.

39. You and Mr. Gordon differ?—We might differ. We do not differ as to the drift being there, I hope.

40. If this drift is in such a large quantity, can you tell the Committee how it is that there are so few people working there?—I do not say it is in paying quantities there; but I say that if we were relieved from the incubus of the company, there would be a great many more miners there; with the improved appliances we have there would be, if not interfered with by the company.

41. You said there had been no more restrictions or any difficulty as to mining claims since the company came there than before?—It is the uncertainty of the position.

42. Do you say the position is more uncertain now than before?—Yes; it is much more uncertain. We do not know the day when the whole of the low lands will be blocked up on us. Therefore, the granting of the mining claims is of no earthly use unless we have the low-lying lands along them.

43. Have not the Midland Railway Company always said that, in the event of their selecting a block of land on the West Coast, they would offer the miners the same facilities as they have at present?—They have said that distinctly; but the miners would rather deal with the Government.

44. Then, in your opinion, the whole of this country ought to be taken back by the Government for mining purposes?—The whole of the West Coast should be taken back by the Government if they desire to encourage mining operations.

45. And, in your opinion, the West Coast lands never ought to have been included in the area of the grant to the Midland Railway Company?—That was my opinion from the beginning.

46. And, when included in the railway company's reserves, there was as much knowledge existing as to the auriferous character of the lands as now?—Yes; and a great effort was made by the miners to have these lands excluded from the grant. We knew the danger then as we do now.

47. Did the miners protest against these lands being included in the area when the Midland contract was being drawn up?—We did.

48. And your opinions were not considered of any value by the Government?—There was a majority against us. We offered every kind of protest, but the navvies and coal-miners of Greymouth and Reefton were too numerous for our protests to carry the weight they would have done otherwise with the Government.

49. Then the coal-miners and navvies and people desirous of settlement opposed the wishes of the gold-miners?—I do not know; but they petitioned the Government to push on the railway at any cost. We petitioned the Government to reserve our lands.

50. You said it was impossible for settlement and mining to develop together. Do you still maintain that?—I maintain that. Our wonderfully sad experience goes that way.

51. Is it not a fact that Kumara was developed in the first instance by settlement, and that it started on that field in the form of an illicit distillery?—I am not aware of it, Sir; but I will take your word for that.

52. I ask you if it is not true that, where you have a small settlement on a goldfield, the settlers will occupy a considerable part of their time in what you call fossicking after gold?—There are a few that fossick after gold; that is, after they have found that they have made a mistake in taking up a small part for farms.

53. In a goldfield which is comparatively poor, would it not be a satisfactory combination to have people settled on small areas who could devote part of their time during favourable seasons to pastoral purposes, and in other seasons work these gold claims?—Supposing that the claims belonged to one and the same party. If the gold-miner owned also a little patch of agricultural land as well as his claim. It would not do if one man owned a small piece of agricultural land and another owned a mining claim. The two cannot exist together.

54. Would it not be possible to arrange that a man could take up a piece of land for settlement and have a small gold claim at the same time?—The Mining Act provides for that already.

55. Would that be conducive to the development of the gold industry as well as settlement?—I do not think you can call it settlement. The miner could fill in his time. It is already done in some places.

56. Would there be an opening for small people to make a fair living on the West Coast?—Always understanding that one and the same party held the same claim—no division.

57. If you had the railway to bring in stores and the necessaries of life at a cheap rate, that would still further tend to development?—Yes, when they had it. They have not had it yet. We are worse off with the Midland Railway at our doors than we were when we had to go to Brunner for everything.

58. Then you prefer to pay £6 a ton for the transit of goods rather than 30s.?—I could get goods from Brunnerton for £2, and they would be carefully protected. It costs me now something like 30s. or £2, and I have no certainty of protection in the Midland railway-shed.

59. Have you sent a formal complaint to that effect?—I have not. I have had so little to do with it; but other people have. There is another thing—we are not half so well off so far as travelling is concerned. Previously to your coming up there, we had the coach going and coming back every night. Now, when we go, we have five or six miles to walk at night.

60. You stated that for quartz-mining you required a larger surface area than for sluicing?—I did not say they required it. I say they get it; that is, except under what we call special claims. Some of the special claims are larger than quartz claims: we have some of 56 acres.

61. You stated that there are little patches of land suitable for settlement in the mining district which are required for miners to live on?—You make a mistake. I say that if there are any small patches on the surface of quartz claims suitable for settlement, they are required for residence sites for working-men. I did not say there actually were these spots. I have not found any I would care to settle on, but I have no doubt there are spots.

62. *The Chairman.*] Can you tell the Committee whether it would be in the interest of settlement, if the area as reserved for the company was resumed and dealt with by the Government?—Yes, I can inform the Committee without fear of successful contradiction from any quarter that it would give a great impetus to the West Coast, if it were settled to-morrow that the Government had again taken over the whole of the West Coast—that they had relieved the company from any further trouble, that the whole Coast was open for mining and settlement purposes. It would be just the making of the West Coast.

63. Then, in your opinion, the state of affairs existing now—that is, with regard to the large area set aside for selection by the Midland Railway Company—has the effect of retarding settlement and preventing gold-mining?—I have no desire to find fault with the company. It is a fair company; but it is the uncertainty existing: we are not able to deal with anybody. I think I am speaking the mind of the miners when I say that it would suit us better if the state of uncertainty were removed by the Government retaking the whole of the land, and relieving the Midland Railway Company, as I have stated.

64. You think it would be beneficial to the miners and the colony generally that the Government should take the land from the company?—I do not say the colony generally. It might cost too much to retake it—it might cost more than the colony would like to suffer. Beneficial to us it would be.

65. I am sure the miners would not ask anything detrimental to the interests of the colony as a whole, although it might advance theirs?—Well, I believe they would.

66. I do not think you speak on behalf of the general body of miners; you speak individually?—Let it be individually, then. We want them certainly cleared away.

67. Is that what you meant when, in answer to one of the questions, you said it is the incubus of the company that tended to prevent mining operations?—Yes; it has a great deal to do with it.

68. The incubus you refer to is the uncertainty in dealing with the land?—Yes; not that we desire to find fault with the company.

69. You mentioned that the miners had objected to lands on the West Coast being reserved for the Midland Company as portion of their area?—Yes, in the early days.

70. I want to ask you how the miners did object to this; what form—public petition, public meetings, or how?—Public meeting on my part, and I think a petition was also got up. I recollect the petition you referred to, and the result of it.

71. Where do you say the public meetings were held, and when?—There was one at Nelson Creek and another at No Town; but, as I have already said, the public in Greymouth and Reefton were against us.

72. When was that—in 1884 or 1885?—I think that was before you were a member of Parliament. The miners got up an agitation and tried to prevent the lands being included.

73. Which is the fact, are the coach-fares cheaper than the railway, say to Greymouth, taking the whole through rate—the total cost, then and now?—It would be, I suppose, 12s.: 10s. coach and 2s. return ticket by the railway. It would be the same then as now, I suppose.

74. What is it now?—To get to Hatters' it is between 7s. and 8s.

75. The coach and railway fare before the company started was 12s.; now it is 7s. or 8s.—Yes.

76. Well, the fares for travelling have been reduced?—The fares are slightly reduced, but it is the inconvenience I speak of.

77. Do you consider it more convenient to travel by coach than rapidly by railway?—It is more convenient if the coach goes by your door. There is no regular running now—it is an uncertainty. You have more trouble to get away now if you have anything to take, and it costs more than the actual cost of the fare by railway.

78. *Hon. Mr. Seddon.*] You have given it in your evidence that the miners were stopped cutting timber, and that Algie was interfered with. Was Algie cutting sleepers?—I think he was cutting everything required for the goldfields at that time.

79. What timbers were the miners cutting?—I think they were cutting sleepers for some of the contractors there, and firewood.

80. You say 80 per cent. of the miners get their timber from the sawmills. Where do the blocks come from?—When at any distance from a sawmill the miners saw them themselves. But the Ahaura mill is now providing them.

81. These blocks of timber are used solely for mining purposes?—All for mining purposes.

82. You say the railway has closed Algie's mill?—Perhaps I made a mistake. It has been completely closed since the railway got the timber from the other sawmill.

83. You are aware that under the contract the sawmillers were to be protected? Has Algie had any difficulty in getting any timber to your knowledge?—I do not think he has had any more difficulty in getting timber, except so far as the interference with rents and royalties. The bush has not been much interfered with.

84. You said there was no difficulty in getting claims at the present time, but you were interrupted when you were about to say something about residence areas. Has there been any difficulty about the miners getting residence areas?—There was a difficulty when I left home.

85. There is a difficulty in getting an area on which to live?—That might apply only to the ground at the foot of Nelson Creek; but there have been applications for areas not dealt with, and there was an application for completing a site in Hatters' town a week before I left to come here, and the parties could not even get that.

86. That is right in the centre of the diggings?—Yes. It has been a township for some time, but there appears to be a difficulty about it. This party was in the township and could not get a site to build a house.

87. There is no surveyed township at Ngahere?—Not that I know of.

88. *The Chairman.*] Do you know if the Warden refused to grant them under instructions from the Government?— I know the Warden did refuse them, but I do not know under whose instructions.

89. *Hon. Mr. Seddon.*] You are quite satisfied with the Warden if he should act under the law. You were referring to him acting under the Mining Act?—Of course, under the Mining Act.

90. And, if so, that would give you the right to object?—Yes.

91. If the land required for use was in the mining area?—Quite so.

92. You cannot sell land which is granted by the Warden?—I am perfectly well aware of that.

93. And it is where applications were made under the Mining Act, such as Algie's, apply?—Yes. Where lands are under under the Mining Act we have the privilege and power to object.

94. You do not wish to infer for a moment that the Warden should have power to sell the land?—Not at all. Under the Act the Warden has no power to sell.

95. You said there was some land in the district not at present required for mining. Does that refer to land adjacent to the present workings or away from the present workings?—There is a large lump of country—what we call Bell Hill—which lies between Red Jack's Point and Bell Hill Flat, which I say we do not require at present for mining purposes. That is about 10 miles inland, or 12 miles from the main Grey Valley Road. Then there is a portion of land lying to the north-east of the Government dam—that is, land lying between the head waters and the Ahaura River. There are some thousands of acres in there I do not think you could claim for mining purposes.

96. Your remarks would not apply to the lands marked yellow on the map?—Not at all. I have said that we want the whole of the country to the westward of the Government dam for mining purposes, and a little to the north-east and south of the Government dam. That away to the eastward the company might have, if you could mark off Bell Hill.

97. That is the land you referred to in answer to Mr. Wilson's question, and not to any of the land marked yellow?—No, none of that.

98. Under the original contract there was what was known as the alternate-block system, with a mile frontage and fifteen miles back. Each alternate block was reserved for the Government. Was that preferable to giving the company the right to select any area?—Most preferable to the company.

99. If we had no right to make mining reserves such as are now made it would really be preferable to the company as it stood?—Yes, because they would have the gold-bearing ground on the alternate blocks.

100. Then the Government would have no benefit at all by doing away with the alternate-block system unless for these reserves?—No.

101. Has the making of the reserves to some extent restored confidence?—Yes, from the first. It began to restore confidence months before they were made—when the Government made the small reserves at Hokitika. It was the Government that began to restore confidence when it came into power. It is the first Government the West Coast has ever had.

102. You say that as far as the mining industry is concerned, and those engaged therein, the making of these reserves has to some extent restored confidence?—It has, and most decidedly.

103. What is the area outside this dyke known as the deep lead, taking the main Grey River as a base-line? What is the width of what is known as payably auriferous drift?—Of course I do not take the deep drift as one of the runs I allude to. That is only a cut through it. The width of the run at Nelson Creek—we have proved it from below Try Again to Owen's Lookout—is between six and seven miles. That is the width of the lead right all along that line.

104. Now, taking the length of the coast-line, you say there are two or three hundred miles?—I have no doubt it is. I have no doubt that it runs through Blenheim and Marlborough myself. I have not the slightest doubt.

105. Take from Charleston to Karamea—that is about three hundred miles?—Yes, that one line is proved at short distances along the whole line.

106. Take the coast-line as a base-line, going back towards the ranges; what width as an average is the auriferous country?—There is a small portion that we may call blank—what is occupied by barren hills, where it has been washed off. Then the nearest point that would be easily understood would be the point at Marsden.

108. What distance is that back?—I think about four or five miles. There is a clearly proved run there at Marsden, Irishman's, and the new rush, and the lower end of the Kumara diggings towards the sea. I fancy that the higher end of the Kumara diggings belongs to the run that Nelson Creek belongs to. That is seven or eight miles back to the sea. At Nelson Creek the coast-line takes a bend, and it is not easy to keep the coast-line as a base. That would be about fourteen miles as the crow flies from Nelson Creek. That, I think, is the run, with Kumara, Dungaville, New River, Arnold, and No Town; Half Ounce, Granville, and the upper workings of Noble's Creek—that is the middle run. Along the back, and further inland, there is another run.

109. Are you aware that very large sums of money have been spent in the construction of Government water-races on the West Coast?—Perfectly well aware.

110. Will the Government race at Nelson Creek command any portion of the ground mentioned in your evidence?—It commands easily the whole of the water that falls into the Ahaura River to the westward of the ground I have mentioned that the Midland Railway Company might get. It commands the whole country from Blacksand Creek to the Grey River. That includes a great lot of country which has been prospected and is known to be payably auriferous provided the supply of water was there; and it would also command all the unworked ground round the head waters of Kangaroo Creek and Red Jack's Creek. There is some very valuable auriferous drift at Kangaroo Creek ready for operation when the water can be brought there. There is, for instance, Fenian Creek, with very high terraces and very valuable sluicing ground. The water-race would also command the head waters of Red Jack's. The race would command then, to speak generally, the No Town Riding, which is entirely out of the Nelson Creek Riding. To extend it further would perhaps entail a large cost, but to extend it to the places I have mentioned is practicable.

111. Then, if the land were to be alienated from the Crown it would entail loss upon the colony? Would the race be of any value?—No value at all. Its only value would be to the claims already taken up; and the owners now are contending with the farmers.

112. If the land were alienated from the Crown, or selected by the company, what would be the effect?—It is very easy to answer that question. The money now sunk in the race to a large extent would be valueless, unless arrangements could be come to with the company, or whoever got the land, to bring the race on to it with the water. As I have already said, the miners would rather see the land and race remain the property of the Government. It would be unsatisfactory, I think, to alienate the land.

113. You have said there was uncertainty prior to the reserves being made; would it, in your opinion, be conducive to mining to allow that uncertainty to remain?—It would not; we have had enough already. We want that removed, whoever takes it up.

114. Would it be advisable for a company or the Government to put the race in repair, or extend it, if that state of things continued to exist?—I think it would be advisable for the Government to expend more money on the race; and I believe it would pay a company to do it if the land was resumed.

115. Is that contingent on the reserves being made or proposed to be made?—Contingent on the reserves being made—that the same company which gets the reserves gets the race.

116. *The Chairman.*] Are you aware that this race is, at the present time, valueless?—I am perfectly aware of it—rendered valueless because of the uncertainty.

117. I want to know whether, in your opinion, the water-race is perfectly valueless or not?—To a certain extent it is. There are a few claim-holders making a fair living by reason of the water-race being there. It is valueless as far as the Government are concerned. That state of things has come about through the uncertainty. There would be plenty of claims working to-day but for the uncertainty as to whom to deal with.

118. Has there ever been a single dispute amongst the miners as to whom they got the mining lands from?—No dispute about the mining lands pure and simple, but trouble about the outlets and low-lying lands.

119. Are you not aware that the Government have let the races for a period of two years at a peppercorn rental?—I am aware of that. I did not know the rental.

120. Is it or is it not a fact that the race has been let by the Government because it is in such a condition of repair that it is impolitic for the Government to take the risk of maintaining it, and keeping it in working-order?—I believe that is so.

121. Has the uncertainty in making the reserves had anything to do with rendering the race in a dilapidated condition?—I think it had something to do with it.

122. Are you not aware that it will require a very large sum of money to be expended in order to put the race in good working order?—£16,000 I calculate would be required to put it in order.

123. Can you give the Committee any information as to what it would take to extend it so that you could work the auriferous land you have described near the Ahaura River?—That would not cost much. Some £7,000 or £8,000 would take it there.

124. In addition to the £16,000?—Another race. It is a different branch. It would be a different line of race from that which carries the water along the Nelson Creek watershed.

125. What would it cost to construct that branch?—£7,000 or £8,000. I think the estimate has been made, and is in the hands of the Government.

126. Do you know what it would cost to take the race over to Red Jack's and No Town?—No. The calculation I made to bring it down between the Government dam and Try Again would be £16,000, to make it carry as much water as it did at first.

127. *Mr. Wilson.*] Is it a fact that the ground commanded by this race is worked out, and that it will have to be extended to be of use again?—It is not a fact. There is plenty of ground to be worked by the water-race. There is all the Try Again flat, and the new claims held by the New Bendigo Company; and there is the deep ground which I mentioned yesterday, lying below these claims. There is Noonan and party, who took up a claim below Bendigo; and all that ground can be worked by the Government race if it is only repaired.

128. If the ground was so richly payable, would it not in your opinion be profitable to repair that race?—Profitable to whom?

129. Profitable to the Government?—I do not know if it would be profitable to the Government. It would be profitable to our district, very profitable indeed.

130. Do you think, if this land was so payably auriferous, that the Government would allow so large an amount of money to lie dormant, when by a further expenditure they would get a large return from it?—I do not know what the Government would do. The fact is that the ground is highly auriferous, and if the race were in repair water for that ground would be available.

131. What was the reason for allowing the race to get into an unsatisfactory condition?—A great deal has been owing to the uncertainty of the holdings on the goldfields. People have left the fields, and gone in for other things.

132. Did they leave the goldfields because the ground would not pay?—Well, I suppose some of them must have left because their claims would not pay.

133. And, consequent upon that, the water-race has been allowed to get into disrepair, because it was not paying interest?—I know that it could not have returned much during the last year or two.

134. Is this the evidence on which you base your statement that this is payable ground?—The evidence upon the ground is my own personal knowledge of the ground that it is highly auriferous.

135. Then the Government did not accept your evidence as conclusive, or sufficiently good to induce them to repair that race?—The Government have never had my evidence before in the matter.

136. Turn to the reserve at Kopara, do you know anything about that flat country there?—I know the south-west side of the river, and I just know the north-east side, and that is all.

137. Would you consider that country as coming under the same category as Bell Hill?—I think some of it might be good for mining.

138. Some might be included for mining?—I have said so already. I would not interfere with mining operations at present. I have carefully examined all the reserves in the county office before I came up here; therefore, I do not want to go over them again.

139. Have you any idea what amount of this land in the reserves commanded by the water-race is over 500ft. above sea-level?—I do not know what it would be. There is none of the ground that I know of included in the reserves that would be too high for mining operations, or that would make it inaccessible for mining claims.

140. *Hon. Mr. Seddon.*] With the uncertainty that there might be no reserves for mining, would it be possible to get any company to take over the race from the Government and to extend it?—No company would think of taking the race unless they got a large amount of ground alongside it.

Mr. Robert Hyndman examined.

141. *Hon. Mr. Seddon.*] What is your name?—Robert Hyndman.

142. What are you?—Miner.

143. What experience have you had?—Well, I have had experience since I was twelve years old at mining—that is, about eighteen years.

144. You are a practical gold-miner of eighteen years' experience?—Yes, Sir.

145. Where has your experience been—on the West Coast?—Yes.

146. What part of the West Coast are you intimately acquainted with?—From Martin's Bay up to Kumara.

147. Have you done any prospecting in different parts, and where?—Nearly all over it.

148. What is your experience in this prospecting?—My experience of Westland is that it is all auriferous country, from Martin's Bay up to Kumara—as far as I have travelled over.

149. Have you seen these reserves which have been made on the map?—I have seen a few.

150. Do you know the reserves about Kumara?—Yes, quite well.

151. Is there any land in these reserves which is not required for *bonâ fide* mining?—They are all required for *bonâ fide* mining.

152. It has been said here that shafts have been sunk in the early days—numerous shafts have been sunk—on the coast-line running along the Grey River down to Ross, and that this fact shows that the ground has been thoroughly prospected. As a practical miner, can you say if you would consider it so?—They have not prospected the ground.

153. Can you explain?—From my own experience I can give an illustration. A shaft was sunk by Smith and party, about a mile from Stanton's corner, on the Loop-line Road. It was sunk to a depth of 128ft., and not bottomed. The party in sinking the shaft found a thin layer of wash going 1½dwt. to the load, or thereabouts. That shaft was not bottomed, like a great many more that have been sunk on the West Coast, through the water coming in and driving the men out. They had not power enough to beat the water down. I have known other shafts to be sunk along the West Coast, where they found a little gold from the surface down, but not sufficient to pay for driving purposes. Sinking shafts in these reserves is just like a man looking for a needle in a haystack; because one shaft, two shafts, or a dozen shafts are no criterion to go by. In the large flats there you might be within 20ft. of the gold, and then leave rich ground behind you. Someone else might think there was gold there and say, "I will give it a trial." That is the first thing they would do. It is all a matter of opinion where gold is likely to be found on the West Coast.

154. You say "give a trial." You mean driving?—Yes, from a shaft.
155. Have you known experienced people leave good ground by not driving from a shaft?—I have known them.
156. I ask where you are working?—Callaghan's.
157. Were shafts sunk there in the early days?—Yes, and got good gold.
158. You have a claim there. Is that an old shaft?—No, I went and was told that gold existed there if we could contend with the water. I got a party, and we sank a shaft to a depth of 144ft. We found payable gold when we got 110ft. from the surface—gold that would go 2gr. to the dish out of one face. At 130ft., we drove westward 60ft., and found payable gold there that would go 1gr. to the dish out of the face.
159. Were there any old shafts close to this shaft?—Yes, right alongside of it, where they had been beaten out by the water.
160. You would not say that because that shaft was sunk some years ago that that was prospecting the ground?—Not at all.
161. Have you abandoned this ground or are you working it; and, if so, by what means?—We have not abandoned it. We have driven a tunnel. It is now in 1,400ft., and it will be 3,000ft. in length when completed. And by the tunnel being there we prospect most of the auriferous ground at Callaghan's.
162. That means that you drain a large extent of country?—Yes.
163. That land has been open for selection by the company. Would it be advisable to let it go?—No.
164. Why?—Because if granted to the company we should be interfered with for timber royalties, and so on, and we should be interfered with by the settlers.
165. You know the application that was made by William Morris for land in this locality?—Yes, well.
166. Would it have been in the interest of mining to allow that selection to be made?—It would not.
167. How would it interfere with it?—In the first place the miners want the timber to mine with; and another thing is, that if Morris had got the land we might have been stopped prospecting in this same block of land.
168. Then this shaft you sank is close to where Morris's land was applied for?—It was the very same land.
169. Then, you say that the land which was refused Morris is land required for mining purposes?—Yes. There is only one shaft of 128ft. in depth sunk on this land. Anywhere on the banks of the creek you can get a small prospect. There are always a few colours to the dish. There are not more than 30 or 40 chains from this block of land to my claim.
170. And mining operations in that locality would have been hampered if this land had been alienated?—Most decidedly.
171. And if the land at Callaghan's is not reserved for mining purposes, you say it should be at once reserved as being payable ground?—Yes, as payable ground.
172. Do you know anything about the mining near Jackson's, on the Christchurch Road?—I know a little about it.
173. Would it have been advisable to alienate land from the Government in that locality?—I think it is advisable not to alienate land in that locality, because I believe the whole of Westland is the best part of New Zealand.
174. *Mr. Wilson.*] From your experience—I take it from the evidence you have given—you find it impossible to say where paying gold is or is not on the Coast?—From my experience you cannot tell on what day you will find payable gold.
175. Is it your opinion that when you sink a shaft it is a toss-up, practically speaking, whether you get gold or not?—Yes, it is an uncertainty.
176. Does that apply to all the reserves made and proposed to be made?—My experience of Westland is that it is all a gold-bearing country.
177. Is it very doubtful what should be made reserves, and what should not?—I think the whole of Westland should be made a reserve for mining purposes.
178. It is so uncertain that it is impossible to say what should be reserved?—Yes.
179. And therefore the whole should be reserved?—Yes.
180. *Hon. Mr. Seddon.*] What is your opinion as to the length of the alluvial drifts?—My opinion, from the distance I have been—that is, from Martin's Bay up to Kumara—is that it is all auriferous right through.
182. What is the depth back?—It varies. The further you go south the gold-bearing country gets right into the sea. As you go to Milford it gets narrower.
182. Take the widest and narrowest?—It would go from seven to eight miles from the sea, inland. That is about the widest. The narrowest would be about two and a half miles.
183. What extent of that country is wanted for actual mining, and for purposes connected with mining, such as water-rights, and timber?—It is all required for mining.
184. *Mr. Wilson.*] Do you say that it is all required for mining, or that it is so uncertain that it is impossible to select what is required?—It is all required. All the West Coast is required for mining purposes.

MONDAY, 26TH SEPTEMBER, 1892.

Mr. J. A. MONTGOMERIE examined.

1. *Hon. Mr. Seddon.*] What is your name?—John Ainslie Montgomerie.
2. You are a district surveyor?—Yes, for the Reefton District.

3. Are you well acquainted with the country in and around Reefton?—Yes.
4. How many years have you been stationed in that part of the country?—About fourteen years.
5. During that period what has been your business or work principally?—Surveying and laying off quartz mines.
6. Have you a general knowledge of the run of the reefs in that district?—Just from the ground surveys.
7. And from the mining claims taken up which you have surveyed?—Yes.
8. Are you acquainted with the Midland Railway Contract and the question of laying off mining reserves under that contract?—I have not studied it much. I only got it a month or so ago.
9. As far as the contract is concerned you do not know much about it?—No.
10. Do you know anything about the laying off of the mining reserves in connection with it?—Yes.
11. Relative to the marking off of the mining reserves, when were you first notified on this question—were you asked in 1886 to mark off certain lands for mining purposes?—I cannot state on what date I was instructed.
12. Do you remember any map being sent down, known as Larnach's reserves?—Yes.
13. Have you seen any map, coloured, showing the reserves in that district prior to the letter of instructions?—Yes.
14. Will you look at this map [Mr. Larnach's map produced]?—I have seen a similar map before.
15. From your knowledge of the locality, the known workings, and the position of the mining claims marked off, what is your opinion in respect of that land reserved?—The maps were sent down in 1891 to the different societies there, and the reserves were marked off by a number of experts, also the County Council. I only placed them on the map.
16. Then these reserves as marked on the map were placed there by you, acting under the advice of the experts and local bodies?—Yes.
17. In your opinion, are they too large or too small?—I do not think they are too large.
18. Are they, as marked on this map [map referred to], marked to the best advantage?—There are quartz and alluvial workings right down to the boundaries of the block where they have been searching for gold, towards the road. I do work in connection with quartz-mining; very little alluvial.
19. And you say they are properly marked off, and show the workings of both quartz and alluvial?—Yes.
20. Would it be feasible, or in the interest of the mining industry, to simply follow out the creeks and streams, and to reserve portion of the land on each side of them?—No, I do not think so.
21. Will you state to the Committee your objections?—In the district I am in there are one or two creeks—for instance, Boatman's Creek—where they cannot be worked by alluvial miners on account of the land having been sold, and therefore there are always complaints with regard to the taking-up of creeks, as land is required for tailings sites, battery sites, and so on.
22. Then, to follow out such a system as that would be of no service?—With regard to the lower portions of the flats, it is hard to say whether there is payable gold there or not. That is, the flats towards the railway.
23. Has the country that is shown on these plans been surveyed by triangulation?—Yes, it is all triangulated.
24. Then you could, if required, mark off all these blocks shown on the plan—you could lay them off?—Yes, from the description.
25. Has due care been taken in laying off these blocks so as not to exceed 10,000 acres in any one block?—Yes, I think so.
26. Would it be possible, in any block so laid off and described, to say that it contained 3,000 acres more than stated?—I did not lay them off. They were laid off in the Survey Office at Nelson.
27. You gave the description?—I only gave the description along the road as near as I could judge it.
28. Have you gone into the question of these blocks?—No.
29. From the country being triangulated, it would be impossible to get so far out as mentioned—3,000 acres in one block—it would be almost impossible?—Almost. They would, no doubt, check it in the office as well.
30. On the question of triangulation, what distance are the trigs. apart?—About three miles.
31. Then, as they are only three miles apart, it would be almost impossible for a man to get so far wrong as indicated?—You could not get wrong. Of course you might have a slight error.
32. How many years do you say you have been in the district?—Thirteen or fourteen years.
33. Have you known any cases where the surface has been held for one purpose, and the underground portion held for mining, or is the whole held by one company?—By one company.
34. Would it lead to complications if the surface were held by one party, and the ground beneath were held by another?—Yes; it would lead to litigation, and so forth.
35. What are the areas of alluvial and quartz—has the quartz always been the larger area?—Always.
36. An acre per man for quartz-mining would not be much?—No.
37. As to the direction of the reefs and the bearings, how do they run?—They average north and south. There are some east and west.
38. Would it be possible to run a narrow strip and say that should be reserved—would that be conducive to mining?—No.

39. Why?—Because there are a number of reefs. There might be seven or eight reefs in the short distance of a mile. It is impossible to say where the reefs are; the ground is so heavily timbered, that it would not be possible to find them without going to great expense.

40. If the reefs run to the east or to the west, what direction would be the underlay?—Southerly or northerly.

41. It would be necessary to provide for the underlay so as to have a greater width?—Yes.

42. You know the Merrijigs country?—Yes.

43. What formation is it, well-defined reefs or what?—The top of the range is a kind of conglomerate. Gold runs right through it. It is impossible to say what gold there is in it in any particular part. [Merrijigs country pointed out on the map as Block 59.]

44. Now they work conglomerate of that kind by quarrying it out in a face?—Yes.

45. Which of these blocks of country are you more particularly acquainted with?—Blocks 51 to 63.

46. If you were to receive instructions to-morrow to reserve the land which, in your opinion, was required for mining purposes, and purposes incidental and conducive thereto, where would you mark it?—It is impossible to lay it off—that is, between payable and non-payable, I suppose you mean.

47. I simply say, suppose you got instructions to go and lay it off?—Well, the whole of it is more or less auriferous; you could not lay it off. At least, I would not like the job.

48. What would you say as to laying the blocks off on the maps?—That it is all more or less auriferous, and required for mining purposes. [Blocks 51 to 63 referred to.]

49. From your knowledge of the mining interests, are these lands marked on the plan required for mining purposes, and for purposes incidental and conducive thereto?—Yes, I should think so; and they have been mentioned by a number of experts who know the district more than I do, because they have been prospecting portions of it.

50. As given to you, was the area small as compared with the requirements for mining purposes?—They were larger.

51. What they gave you was much larger than that actually reserved?—Yes.

52. Can you give the names of any of these persons?—The Chairman of the Inangahua County Council, Mr. Irving; Mr. Trennery, Mr. Bell, Mr. Casley, Mr. Collings, sharebroker, and several others whom I have forgotten now.

53. These are well-known experts?—Well-known.

54. Long resident in the district, and investors in mining-claims, owners of mines, and mine-managers?—Yes.

55. It has been stated that the Inangahua County Council considered that the reserves should not be made at all. With the statement you have made just now which would be correct?—They did not want the reserves when the plans went down at first. They wanted to advertise the same as mining leases, a copy of the applications to be sent in to the County Council, and the applications to be granted if the land was not auriferous. That was for settlement purposes. Then, subsequently, I believe they changed their minds.

56. And went through these reserves with you?—We did not go through them together as they are now. They were marked off on my plan—that is, in survey blocks.

57. Touching the district of Reefton: which is the paramount industry, coal or gold-mining?—Gold-mining.

58. There is little coal there, is there not?—Yes, a lot of coal.

59. Is it a fact that coal and gold have been found in the same claim?—Yes.

60. And, in these instances, which in your opinion is paramount, coal or gold?—Gold.

61. Then it would be against the public interest, and against the interest of the district, to refuse gold-mining claims for the purpose of letting anyone take up a coal lease?—That would depend upon the prospects.

62. Yes, but in cases within your own knowledge, where application has been made?—One application was made for gold and taken up for coal. The gold was not payable, I was informed by the men working there.

63. Are there any more cases that you know of?—That is the only case I know of.

64. The gold was there?—Yes, at one time. There was a claim working right on it. That is, creek claims.

65. Have you seen a lithographed map in the hands of the Midland Railway Company showing the reserves made some time ago?—That is the map I am alluding to. It is in my office.

66. From the company?—No; it was issued to me from the Government.

67. Have you gone into the question of the reserves with either Mr. Scott or Mr. Wilson at any time?—No.

68. They have been to Reefton many times when you were there?—Yes.

69. Did they never come to see you on this question?—Not with regard to the blocks.

70. What has been the effect of making these reserves in the district?—I have heard hardly anything about it as yet.

71. In your opinion, what would be the effect—would it be beneficial or otherwise?—I cannot say.

72. Can you say whether it will promote or injure the mining interest?—If the company held the ground it would all depend upon how they treated the miners—whether the regulations would be the same as heretofore. I dare say they could get on just the same.

73. What is your opinion as to the result of simply keeping the mining lands as they were before?—To keep them open for the miners, not to block them up or to sell them.

74. That would be in the interest of the district—that is your opinion?—Yes.

75. In your opinion, is the land in these blocks on the map required for mining purposes?—Yes, it is all more or less auriferous. It is impossible to say where the gold is.

76. What would be the effect if the timber was allowed to be disposed of—that is, on these lands?—Well, that would not do. They are carting timber now about twenty miles—that is, from Reefton to the Big River.

77. Is the timber an essential in working these mining-lands?—They could not do without it.

78. Then, the conserving of the timber would be conducive to the miners?—It is necessary to them.

79. Is there much land, or any land, there that could be granted for settlement?—No, only along the flats where the railway-line is going. The other land is no good for settlement—it is all rock.

80. The only lands suitable for settlement are the flats?—Well, say, a mile from the railway.

81. The rest are all rocks?—All rocks except a little along the river-beds.

82. Would it be conducive to mining, or against the mining interest, to allow the flat land to be alienated—would it be wise to dispose of that flat land?—Probably it would not, because we do not know whether there is any gold there. It has never been prospected. There are some portions of the flats fit for agriculture, but at a large expense to clear it. It might turn out eventually to be auriferous, and, therefore, it would be advisable to reserve that as well.

83. Does the timber grow on the flat lands?—The timber is principally on the flat lands.

84. Do you consider that the timber is required for mining purposes?—Yes.

85. You think the whole of this timber is required for mining, looking a reasonable distance ahead, and at present requirements?—Well, I think it would be.

86. You stated at the commencement of your evidence that there are some of those flats where the gold has been traced into them. Is that so?—Yes.

87. You also said that in working the higher ground the *débris* goes down into the flats?—Yes.

88. Well, if the flats were alienated the owners would stop all this?—Yes. They have at one place—Boatman's Creek—and the miners cannot work the creek.

89. The flat lands have been sold there?—Yes.

90. And the owners are stopping the workings?—Yes. The miners cannot work, because they probably may encroach upon the freehold.

91. You do not think it would be a wise thing to alienate these flats?—No; not all of them.

92. As an investor going to purchase, what would you consider the value of the land?—Where the timber is of value I should put on the timber about £1 an acre, and when cleared the land would probably be worth about 15s. to £1 an acre.

93. What would it cost to clear per acre?—In some parts it would costs hundreds of pounds—from £100 to £200; in other cases from £50 to £60. That is, for stumping.

94. To fell the bush, burn it off, and lay down in grass, what per acre?—I cannot say; there has been very little done in my district. It is only done by farmers—those who clear a little now and again.

95. Is there much settlement going on in the district?—Not very much.

96. Would there be a very great deal of settlement supposing the whole of the land was open for selection—say free trade?—There have been a number of applications put in, and I know several who intended to work on it if they could have got the land granted at that time; but they would not have been a great number.

97. How many acres would the applications cover, roughly?—A few have been before me—probably about twenty applications.

98. What is the average acreage of the applications you have seen?—The few that came through me—probably about twenty—would cover 500 or 600 acres.

99. Do you know anything about Callaghan's district?—No.

100. Do you know anything about the Ahaura district?—Very little.

101. You have only been there a very short time?—That is all.

102. *Mr. Wilson.*] You said in your remarks that it would be impossible to make a mistake in the survey. Do you mean with regard to the trigonometrical blocks or the boundaries of any individual block?—The boundaries of blocks as laid out and described.

103. Then you think the Survey Office is infallible?—No, I do not think it is infallible. Of course there would be a certain amount of error.

104. Is it not possible to make a mistake in one or two small blocks in roughly plotting on the blocks?—I do not know how they took them out.

105. Is it possible to make a mistake?—I suppose it would be possible, but it could be checked.

106. Suppose it has been said that an error has been made by a competent surveyor, would you not say it was possible to make a mistake?—Of course, it might be.

107. You say that these maps sent down to you were marked differently by the experts in the district, and you gave several names. What is Mr. Irving by employment?—He is a share-broker and mining agent, and deals in mines principally.

108. Is he a practical geologist or miner?—A practical miner.

109. What is Mr. Trennery?—He is just the same. He is not a sharebroker, but an expert in mining.

110. In what sense?—He understands quartz-mining, which is the principal in the district. I do not know whether he understands alluvial.

111. And Mr. Bell?—I do not know much of him. He is up in the Hampden district.

112. Is he an expert in mining?—I could not say.

113. What is Mr. Collings?—A sharebroker.

114. With what experience?—He is experienced in alluvial workings.

115. You cannot say definitely that they are expert miners?—I presume they are expert miners. They have been there for many years.

116. Were they not asked to plot the reserves out because they held certain positions in the County Council?—The County Councillors and sharebrokers were invited up.

117. And sharebrokers, because they were interested in the mines?—They are all more or less interested in mining.

118. Would you say these men have sufficient scientific knowledge to give a definite opinion as to whether the country is payably auriferous or otherwise?—Not without prospecting.

119. You stated that a lot of this country never had been prospected?—I believe so.

120. Then these reserves have been made in the district without the country having been prospected?—These men who laid off the blocks knew more about it than I do.

121. You stated that the district had been prospected?—Not all.

122. Were these reserves made from guess?—I do not think so.

123. How did they ascertain, if the lands had not been prospected, that they were required for mining?—I cannot say.

124. Then it was guess?—I cannot say. It was these people who marked it out, and I marked off the survey blocks.

125. Did they present any evidence that the land was auriferous?—No; not that I know of.

126. Then the reserves were made on the opinion of people in the district without any actual knowledge of the nature of the country?—I cannot say myself. They may have known it.

127. Has the country been thoroughly prospected?—I do not think it can have been; not all through it.

128. You stated that the Inangahua County did not want the reserves at first?—Yes.

129. Is it not a fact that this opinion was based upon a desire that the applications should be advertised, and that only lands which were known to be payable auriferous, or that were likely to be required for workings on such land, should be used for mining purposes?—That was it, I believe.

130. Was it not the idea of the County Connecil that it would be better to encourage settlement together with mining?—I think it was. I am not certain about it.

131. Did the County Council and the district change its opinion after Mr. Seddon's visit?—It was some time after—I do not know how long.

132. Within your knowledge, did several people on the County Council state that they could sell the land if the reserves were made?—I think there was something to that effect, but I am not certain about it.

133. Were you asked to give your opinion as to these blocks reserved for mining?—Yes. I had an instruction some time before this one (1891) to lay off the auriferous country, but I omitted to do so.

134. You stated that it was impossible to say where the gold is in the district. Do you adhere to that?—Yes; that is, where it is payable.

135. In your opinion it would be impossible to take out of these blocks that are made, certain lands which would be useful and suitable for settlement, and which would not interfere with mining?—There may be portions, but it is hard to say where the gold is on the Coast. They may or may not in our time ever be worked for gold.

136. Is there sufficient information relative to the district to enable you to say definitely?—Not sufficient information to say now.

137. Then these reserves have been made without sufficient knowledge as to the actual nature of the country?—Well, the country has been prospected in places, and it is presumed there will be leads between the places prospected where gold will be found.

138. Is that an assumption?—I have never prospected the country.

139. From your knowledge of the people may we take that as a general statement of the case?—I have asked very little about it.

140. What part of the land do you allude to as being fit for settlement within a mile of the railway, and the rest of it as rock?—In Blocks 51, 53, 54, 59, and 63, which contain about a mile of flat, and the rest mountains. It is all covered with timber.

141. You stated there was a considerable amount of coal at Reefton?—Yes.

142. Is that good coal?—Yes.

143. Is it a fact that a man applied for a gold claim to work a coal claim?—Yes, I believe so.

144. Had it come to your knowledge that a gold claim was applied for for the purposes of working the coal?—Yes.

145. Are there other people who got gold claims for working coal?—It is hard to say what they took it up for.

146. Is that land very richly auriferous which is overlying the coal?—In the early days it was very rich.

147. Has it been worked out?—They have given it best.

148. As not being payable?—Yes.

149. Do you know the application made by Perrotti?—Yes.

150. What is your opinion with regard to the country applied for by Perrotti?—I have never been in that country. I do not know that it has ever been tried for gold.

151. Is it the general opinion that it is not auriferous?—I think so. I think that is the general opinion.

152. Would you consider Warden Kenny an expert, and that he knew something about that district?—I do not think he pretended to be an expert.

153. Would you consider a man like Warden Kenny would be an expert in a mining country?—I should not think so.

154. Would you consider a Warden a man who would give an opinion as to what reserves

should be made in the district from general knowledge got from miners?—It would not be from his own knowledge, but from what he got from the miners of his district.

155. Would he accumulate facts likely to bear on a question like this?—I think he would.

156. You have seen Warden Kenny's letter to the Government regarding these reserves?—No, I have not.

157. Would it surprise you to find from his letter that he was averse to making the blocks reserved in this district?—I do not know what his opinion would be.

158. From your opinion of the district and the conditions of the country generally, would it have been possible to deal with this question of mining and settlement by advertising the applications for land for settlement, and submitting these to competent men who have full knowledge of the mining requirements of the district and conditions of the country?—I think so.

159. *The Chairman.*] This is what Warden Kenny writes from his office on 23rd March, 1891 [letter read]: "I find that the Inangahua County Council has finally decided that it would be better for the Government at present not to make reserves from lands which the Midland Railway Company can select. I find that this is also the opinion of Messrs. Montgomerie and Snodgrass." Does that correctly state your opinion?—Yes.

160. "The practical difficulties in the way of marking a reserved area on the maps, so as to secure a result satisfactory to the public mind, are, in truth, enormous, and, I believe, insuperable." Do you agree with that?—Yes.

161. "I would therefore beg leave respectfully to suggest that the plan (or some modification of the plan) proposed in the letter of Mr. R. Wilson, manager of the Midland Railway Company, to the Chairman of the Inangahua County Council, dated 6th February, 1891, might advantageously be adopted." Do you agree with that?—I perfectly agreed with that.

162. That the Council should decide whether the reserves should be made or not?—It was the opinion of the majority of the people about there at the time that that was the best manner of dealing with it.

163. Did Warden Kenny consult with you before he sent that report?—He just sent the plan in to me, and I mentioned that I was going to ask the Council and others to come up to the office and select, and he said he would leave it until the next time he came there.

164. Did he consult with you again?—I do not think so.

165. *Mr. J. Mills.*] I heard the witness say he valued the timber at £1 and the land at £1. I did not quite gather whether he referred to the valley or to a particular block?—That would be on the flat land. The timber £1, and the land also £1. When you get back from the railway-line the land is useless.

166. About what area of this land would you value at £2 an acre—would there be 50,000 acres?—I could not say. I do not think there would be 20,000 acres in the area I am acquainted with.

167. How much, approximately, do you think would be worth £2 an acre?—Portion of it only, starting from Larry's Creek down to the Big Grey. Between 10,000 and 15,000 acres.

168. How do you arrive at the value: £1 for the timber and £1 for the and after the bush is off it?—Simply to grow grass.

169. You think it would net £1 for the bush after the cost of clearing it away?—Yes; in some parts the timber is much thicker than in others. The average would probably be about £1.

170. Then your value of the land is based on an estimate of what it would pay a man to take it up?—Yes, and to grow grass for stock.

171. That is on the assumption that the line would go on?—Yes; not at the present moment.

172. What is your opinion about the land outside the narrow strip you referred to?—That is all covered with timber, but it is just upon the rock.

173. The timber has a value?—Yes, for the mines.

174. Would it not be valuable for market on this second-grade land?—Very little valuable for market. It is only fit for mining.

175. Is the whole of the timber required in this area?—The miners use an immense amount of timber. They have cut all the timber off their claims, and have to go further afield for timber for mining purposes.

176. You cannot speak of the flat country south of the Big Grey?—It is all pretty well taken up as freehold.

177. You cannot speak of the country marked yellow?—No.

178. You spoke of the coal up at Reefton as being good coal?—Yes.

179. How does it compare with the better quality of coal now being got from the Grey?—It is good as domestic coal only. It is house coal.

180. And you look upon it as a first-class household coal?—First class.

181. How does it compare with the coal at Blackball?—The Blackball coal is better for other purposes than this.

182. Is that coal like the coal at Brunner and other places?—Yes.

183. *Hon. Sir J. Hall.*] I understood you to say that mining at Boatman's had to be discontinued on account of the land having been sold?—Yes, the owner of the land will not allow the miners to work on his land. It has been prospected by a company who were going to take it up, and the prospects were very good. Miners have made applications to work the creek itself, but it is impossible because there is no reserve of banks on which to place machinery.

184. Does his land go right down to the creek?—Yes; there was no reserve made.

185. Has he acquired his land since 1873?—Yes, I think so.

186. There are rights given to miners by the Act of 1873?—Yes, I think there were.

187. Is he not bound to allow the miners to go on on certain terms?—I do not know. I took charge in 1877. I do not know whether he took the land up before 1873 or after.

188. Of course, if he took it up before 1873 the miners could have the ground on certain conditions?—Yes, on certain conditions.

189. Does it appear likely, as he has stopped them, that he did acquire the land before 1873?—It might be that the miners could not agree with him. He might want too much from them.

190. Well, if taken before 1873, he could not impose upon them?—It must have been taken after.

191. I think you stated that it was impossible to take the payable from the non-payable auriferous lands?—Impossible, because the whole of the West Coast is auriferous.

192. Where do you say is the payably auriferous?—You could not say where it is.

193. *Mr. Tanner.*] You have been asked a question relating to the ability of the men suggested to give a decision on the subject of these reserves. Are these men fairly well acquainted with the country—if not personally, by opinions gathered from other people?—Yes.

194. Are they not as well qualified to give an opinion on this difficult question as anybody on the Coast?—I think they should be.

195. Are they the most likely men whose opinion could be relied upon?—Yes.

196. You said that land had been sold at Boatman's which is now known to be gold-bearing?—Yes.

197. And you say that that cannot be worked in consequence of the objections of the owner?—I suppose so. I have not heard anything more about it.

198. I suppose it was not known to be gold-bearing before it was sold?—No.

199. Will you apply that to the land now reserved? Does that in any sense justify the reservations now made?—Well, some portions of the reservations are away from the creeks. It is only along the creeks where the prospecting has been done. We do not know how far.

200. That means that the prospecting has been done at places easy of access?—Yes.

201. Does that prove that there is no gold where there has been no prospecting, or only superficial prospecting?—Oh, no.

202. You say that gold exists more or less all over the coast?—All over the coast.

203. *Hon. Mr. Seddon*: Where are the sawmills—are they on the flat land?—Yes.

204. Where does the timber go which the sawmills cut?—To the mines, principally.

205. Is that not wanted for mining purposes?—Of course they can cut it very much cheaper than the miners can by hand-sawing.

206. Then, if the land were sold, the sawmillers already there would not be able to cut the timber?—It is principally all freehold where the sawmills are going, except at Perrotti's.

207. When they have cut the timber where would they go for the next—would they have to go on Crown lands?—Of course they would have to go on the Crown lands.

208. Supposing the mining industry progresses, will that timber be required for sawmilling for business licenses and mining purposes?—It will be required for all purposes.

209. None is being exported?—It has not been exported. It has been sent down as far as Greymouth.

210. Is it wanted for sawmilling industries in existence?—Yes.

211. It would not be advisable in the interest of the mining industry to sell the timber?—No, it would be required for that purpose.

212. You said there were some 10,000 or 15,000 acres from Larry's Creek down to the Big Grey worth £2 an acre. Would you be prepared to modify or enlarge your views with regard to that?—That is only very roughly given.

213. Do you mean the whole of that is worth £2 an acre?—I could not say that without going through it thoroughly. I would not like to.

214. The trig. stations being four or five miles apart, from the descriptions could you close the boundaries?—Yes, with slight error.

215. Has your experience of the Survey Department been that mistakes are frequent, or are they very careful?—Very careful.

216. And another surveyor is as likely to be mistaken as a member of the department?—Yes, and it might require a third party to settle the difference.

217. You said there were four or five other experts consulted besides those you stated?—Yes.

218. Was Mr. Casley one?—I think so.

219. Is he a mine manager?—Yes.

220. And an old resident of the district?—Yes.

221. Supposing the Government said to you, "Procure for us the opinion of mining experts in the district," would these men be those you would go to for this advice?—Yes; and I might ask a few more.

222. These men were not antagonistic to the company, and did not give you opinions to mislead you?—No, they were not.

223. You would be prepared to say that you received these opinions from a reliable source, and from reliable men?—Very reliable men. They were mainly at that time favourable to the company.

224. And you say the experts recommended larger areas?—They did. I think some two hundred thousand odd in the Inanguha district alone.

225. And what is the area that has been taken?—It was originally 834,250 acres; 235,370 were deducted, leaving 598,880 acres.

226. The larger area was recommended?—Yes, and we made a reduction of nearly 250,000 acres.

227. The total area of the reserves on the whole of the West Coast is only about half a million, so there will be a still further reduction?—I do not know about Westland. There was also an application for another area.

228. Where was that?—Round about Reefton, outside Block 54.

229. You said you did not think the whole of the country had been prospected. Will you explain what you mean?—By shafts and tunnels.

230. Has this country been worked down at points and at different places?—Yes. You find in going over the country the miners have been prospecting in different places.

231. Are they taking up land now owing to the cheaper modes of working it, and are discoveries being made on ground that was previously abandoned?—That applies more to the alluvial. It is all new ground that we have got in quartz mining.

232. Are they extending?—Yes.

233. You said you had instructions to lay off reserves some time ago?—Yes, previous to the one received August, 1891. I telegraphed to my clerk to get the copy, but could not.

234. You received instructions before you got instructions from me, and you told the Committee you shelved the question?—I had a plan prepared and everything ready to go on, but when I came to look into the matter I did not care to; in fact, I shelved it, as I did not like to take the onus upon my shoulders. I should have asked for further information.

235. You say you marked a map?—I marked a map where the surveys had been made, where the quartz mining was. It would average about from two to three miles wide, to take it from Larry's to the Big River.

236. That was the first thing you did?—Yes.

237. You have seen the blocks marked off, and what has been recommended by the experts. Do you think they are reasonable on these recommendations?—I think so.

238. On this question of Perrotti's application—is that in the valley at the junction of two or three creeks?—There are one or two creeks.

239. Are there gold workings on the creeks?—I cannot say; I have not been up there.

240. When you said, in answer to Mr. Wilson about Perrotti's land, that there were no workings, you were speaking from want of knowledge?—I said I knew of no workings.

241. If you were told that there were workings there, you would say, "I do not know?"—I do not know anything about it.

242. Now, about Warden Kenny and this letter. Mr Kenny was not long on the West Coast as a Warden?—Only a few months, I think.

243. Had he then much experience of the country himself?—I do not think so.

244. Under this letter of the 23rd March he mentioned the Buller County. He also says, "I find that the Inangahua County Council has finally decided that it would be better for the Government at present not to make reserves from lands which the Midland Railway Company can select." You say the Council has altered its opinion since that?—Yes, I think they have.

245. Then Warden Kenny in writing that letter was acting on the express wish of the Council?—Yes, at that time, when these reserves were made. That was the time Warden Kenny would reply.

246. At the same time Warden Kenny took the advice of others, including yourself?—I could not say that. He consulted with me, and I mentioned that I was going to the Council to ask them and others to come to the office and lay off the blocks in the way they required them.

247. When Warden Kenny made that reply, was it or was it not the opinion of the experts you consulted?—I think it must have been. I must have seen Warden Kenny after. Then he might have seen the County people himself.

248. Were they in favour of the blocks being reserved, or being left open?—In favour of leaving them open.

249. Have they altered their opinion since?—Yes.

250. Were these people the same that you consulted on both occasions?—I did not consult them the last time. I did not lay off the blocks.

251. You are positive of that?—It is only from hearsay that I have heard that they express themselves in favour of the block system now.

252. But what was the total area shown on the map? Warden Kenny here says that there should be a modification. What was the area then proposed to be taken?—I think some 200,000 acres in the Inangahua County.

253. There is a much less area taken?—Yes, much less.

254. That would be a modification, would it not?—Certainly.

255. *The Chairman.*] With regard to this change of opinion at Reefton. Has it come under the notice of the County Council that it would be better to have the reserves in order that they may have some say in the making of them?—I do not know.

256. Do you mean that all the timber near Reefton should be kept from sale except to the gold-miners?—It would be principally used for mining alone. They could not send it away.

257. Should it be kept from sale except to the gold miners?—No.

258. Would you say it must be kept for the gold miners if, say, the railway was open to Christchurch?—Not all, only that required for gold mining.

259. With regard to the freeholds. If these freeholds known to be payably auriferous are not worked, is it a fair inference that the settlement land is more valuable than the mining?—I do not say so, if they are payably auriferous.

260. You said the miners were not allowed to work it?—Not allowed to work the creek.

261. If a piece of freehold is known to be auriferous and is not worked, is it an inference that it is more profitable to keep it for agricultural purposes?—To look at it in that light it is; of course it is a question of prospecting. If the gold is there it would soon be worked.

262. If the ground were more valuable for gold-mining purposes than for agricultural purposes, is it fair to assume that it would be worked for gold?—Yes.

263. Then conversely?—Yes. If the gold is there and is payable, it would be better to work

the gold; but if there is no prospect of it being payable, it is better to keep it for agriculture. It is a very difficult question to decide either way.

TUESDAY, 27TH SEPTEMBER, 1892.

Mr. SNODGRASS sworn and examined.

1. *Hon. Mr. Seddon*: Your name is ——?—John Snodgrass.
2. What are you?—District Surveyor at Westport.
3. Are you well acquainted with Westland and the Nelson and South-west Goldfields?—I am.
4. How many years have you been on the West Coast?—I have been there twenty-seven years.
5. In what part of the district have you been located?—I have been fourteen years in the Westport district, and thirteen years in the Westland district.
6. Have you any knowledge of mining?—I have.
7. You have been a miner yourself?—Yes.
8. Do you know anything of the lands reserved for mining purposes both in the Westland and Nelson districts?—I know the reserves in the Westport district, but not the land reserved in the Westland district.
9. You have at least seen the plan of the lands reserved in the Westland district?—Yes.
10. Have you an intimate knowledge of the mining lands in the Westport district?—I have.
11. Well, with your knowledge, if you were asked to lay off such lands as would be required for *bonâ fide* mining and the purposes incidental and conducive thereto, where would you make such reserves?—I selected the land for the reserves in the Westland district.
12. From your experience and knowledge, then, you say that these lands are required for these purposes?—Most certainly.
13. Now, is the area so reserved too much or too little, in your opinion?—It is too little; further reserves will have to be taken very shortly.
14. For what reason?—Because there has been a good lead of gold found lately outside one of these reserves.
15. Would it be possible, having due regard to the mining industry, to simply take the water-courses and reserve them?—No; decidedly not.
16. Would you explain why, in your opinion, this would not meet the case?—My experience of goldfields extends over thirty-three years; and I have never known or seen freehold land in a mining district that has not been opposed sooner or later to the gold-mining interests.
17. What was the acreage of the lands that were originally selected?—163,990 acres.
18. And what was it reduced to?—To 118,490 acres.
19. Are the lands so reserved in your opinion auriferous?—Certainly they are.
20. And required for mining?—Yes.
21. There may be some portion of these lands that do not carry payable gold, but would be otherwise required for mining?—There are small creeks intersecting these blocks, the banks of which may not be auriferous, but they are required for depositing tailings on, and for working the higher lands adjoining.
22. Now in what way does the conflict between freehold and mining arise?—Well, the mine-owner requires to cut a head-race and also a tail-race, and requires low lands to run the tailings over, and of course he has to pay for this if on freehold land.
23. Can you give to the Committee any instance of a conflict between miners and property-owners?—There are several. Between Westport and Charleston a settler at Croninville took up some land through which ran a small stream. A lead of gold was found at the head of this stream, and when the miners ran tailings upon the land, he objected, and ultimately took the matter into the Supreme Court and obtained an injunction against the miners.
24. Coming now to the question of timber: would it be advisable to alienate the timber lands?—No, it would not be advisable; for they will have to import timber shortly. It is getting very low now.
25. Do you know of any other conflict between the owners of a mining claim and freeholders?—I know a case where the miners on a terrace ran the tailings down on the freehold land below, which they afterwards had to purchase at an exorbitant price. There are many other cases which I cannot call to mind at present.
26. This, then, has been of frequent occurrence?—Yes.
27. You have been over most of this country?—I have not been over the Grey Valley.
28. Inside of the mining reserves, is there any land fit for settlement?—Very little, if any.
29. Is settlement retarded by making these reserves?—Certainly not.
30. Now, coming to the Lyell and Mokihinui Blocks: what have you to say about these?—Well, if the timber was taken off that country, it would not be worth sixpence an acre.
31. Have you any knowledge of Inangahua?—I have been up the Inangahua River as far as Reefton, but I do not know much about the country.
32. Well, look at the land in the Westland district, where you have had thirteen years' experience, and taking the blocks numbered from 1 to 12: now, from your knowledge of the country, and as an expert miner and surveyor, are these blocks, in your opinion, required for mining and the purposes incidental and conducive thereto?—I should say so.
33. Have the workings been going on for some years?—For twenty-seven years.
34. Would you consider an acre of land to be sufficient for a mining claim and all its purposes?—Certainly not.
35. What is required beyond the ground actually worked?—If a miner has a five-acre claim, he may want 500 acres of land. It is not like coal-mining. He has got to cut a head-race

and tail-race, and must have low land to run his tailings upon. When he starts, he really does not know what land he will require.

36. Do you know anything about the Grey Valley?—No.

37. Have you had any experience in clearing these lands? Do you know how much it would cost to clear the land, say, for pastoral purposes?—You can get ordinary bush land cleared for about £1 15s. or £2 per acre; and £2 10s. would put it in grass.

38. And what is the result if this is done?—The rushes grow up.

39. It is not good, then, for pastoral purposes?—No.

40. What proportion of the value of the land would the timber be where the locality is fairly well timbered?—It all depends whether the timber is accessible or not. About Westport they have been giving £1 per acre.

41. And if the timber is taken off, is the land worth much?—No; there is some land about Westport where the yellow pine grows, which is unfit for settlement. If it is near the sea, where the red pine and totara grow, the land is worth £1 per acre, or taking the average, about £1 10s.

42. Is there much of this class of open land in the reserves that have been marked off?—There are 20,000 acres of treeless plain in these reserves.

43. Now you have heard some names mentioned—Trennery, Casley, Bell, and Collings. Now, are you acquainted with these gentlemen?—I knew Trennery some time ago, but I do not know the others.

44. Now when you marked off these reserves was there any expert evidence given in respect to their position?—All that I heard was that I did not make sufficient reserves.

45. From the Buller County Council?—One of the councillors brought a plan to me and stated that I had not taken sufficient land back from the sea coast. The County Chairman also came and wanted me to include some coal lands; but he considered the whole county was auriferous.

46. Now, in reference to these reserves, are they required for *bonâ fide* mining purposes?—Certainly they are.

47. *Mr. Wilson.*] Did you reserve Block No. 1?—I did.

48. Was there not a narrow strip on the coast and an auriferous strip on the terrace?—It is auriferous all over.

49. Does the railway run over it?—It runs over a part.

50. Are there not some stations of that railway there?—Yes.

51. Is it a fact that the block, or part of it, was surveyed by the Government for settlement purposes?—Yes, about fifteen years ago.

52. Has there been any gold discovered since?—Yes.

53. Where have these discoveries been?—It has been discovered on the block and on the sea coast.

54. Were these sections ever offered for sale by the Government?—They were.

55. Have these reserves been made lately?—Yes. They were made lately, because the block was auriferous.

56. Was any of it bought when first offered for sale?—I could not say. There has not been 10 per cent. of the block sold, though it has been open for years.

57. Referring to Blocks 13 to 16—that is, 36,000 acres, do you know the country well?—Yes.

58. Do you know the reef that runs there?—Well, there are so many reefs there. There is the Red Queen Reef, the Nile Reef, and many others.

59. One of them has been prospected?—Three thousand pounds was got the first crushing from the Red Queen Reef.

60. It is almost vertical?—It underlies 1ft. in 20ft.

61. Do you think it is necessary to cover an area of four miles across to meet the requirements of that reef?—No, I do not.

62. Is it not a hard country?—It is.

63. Was there a report that it would not be payable in consequence?—I am not aware that there was.

64. If a small reef is in a rocky country, is it difficult to work?—Of course; the harder the country the more expensive is the working.

65. Does the reef branch out in several directions?—No.

66. Did the people who originally worked it lose heavy sums of money?—No; I do not think they did.

67. You said just now that a claim of five acres required a considerable amount of ground?—All claims would not.

68. In your experience have you ever found claims pegged out close to each other in groups, so that the boundary-lines touched each other?—Yes.

69. And how are they going to get 500 acres? A group of fifty would want 5,000 acres?—You might want as much for one claim as for a group.

70. Now, if one of these blocks of 10,000 acres was all auriferous ground, how are you going to get the requisite ground to work it?—We have never known that yet. It is not known for a whole block to be auriferous, or any very large area.

71. Well, you have had long experience in the advertising system of dealing with these lands: Now, in your opinion, is it possible or impossible to deal with these lands by advertising them as fit for settlement?—Well, all my experience has been that, where land has been sold in these blocks, it conflicted with the mining industry.

72. Then mining and settlement cannot exist together?—No.

73. Then in your opinion it is inexpedient to have any settlement on the West Coast?—I do not say that. The settlement should be on non auriferous land.

74. Then can the system of advertising overcome this difficulty?—It has not done so.

75. Is it the only way by which it might be overcome?—I fail to understand your question.

76. Is it possible by advertising pieces of land to bring settlement and mining together?—It would be a wrong method to adopt. There is not one single section sold in these blocks that has not conflicted with the mining interests. The section on the Totara River was advertised in the usual way. No one objected; but it was afterwards found that the ground was required for mining.

77. You said just now that the blocks reserved were not large enough?—Other blocks will have to be taken.

78. When the County Councillors agreed to these reserves being made, were they informed that this ground could not be used for settlement, but for mining?—I am not aware. They had a copy of the plan.

79. Were the Buller County Council in favour of advertising the lands for settlement?—I am not aware of that. I never heard it.

80. Were the Council informed that these reserves would be made whether they wished or not?—I never heard that they were.

81. Do you consider that making these reserves is to the benefit of the miners or the local bodies?—I consider it is to the benefit of both.

82. If it prevents settlement, how can it benefit the local bodies?—The reserves do not prevent settlement; and the county paid £200 to buy out the settler on Totara River.

83. How have you dealt with applications for settlement?—All applications on these blocks are reported to the Government.

84. You said that several persons told you that the reserves already made were not large enough?—Two, not several.

86. And you were also asked to make coal reserves?—The County Chairman came to me and said that certain land should be reserved; but I told him that I could only take reserves for gold mining.

86. And the people that came to you, did they want reserves made because there were not enough?—There were only two who came to me.

87. In your opinion, do you consider that these men knew sufficient about the country and its gold-bearing qualities to advise you?—The County Councillor who spoke to me is a miner of thirty years' experience; and the Chairman was a miner for a long time.

88. And he wanted this coal land reserved?—He said that if it was not reserved the Midland Company would seize it. I said that it would be well if the company did, and worked it.

89. Then you think these people were conversant with the contract?—I have not seen the contract, and I do not think they had.

90. Have you, as an officer for the Government, never seen the contract?—No; all I knew was that 750,000 acres could be taken—of course I had a general knowledge of the contract.

91. Do you mean to inform me that you have been dealing with these reserves and have never seen the contract?—I do.

92. Were you informed that 750,000 acres were to be taken?—I was. I had an order sent to me to select these lands.

93. Then you were not conversant with the conditions of the contract limiting the method and way by which these lands were to be reserved?—I knew that 750,000 acres could be taken and reserved.

94. You were judging from mere hearsay?—No; it was marked on the Midland Railway map, and my instructions were to select the reserves for gold-mining purposes.

95. *Hon. Mr. Seddon.*] There is some slight conflict, Mr. Snodgrass, as to what you mean about the 750,000 acres. On reading the contract, the total amount was this?—Yes; I understand that.

96. You said that you originally reserved 163,990 acres?—Yes.

97. Well, then, it could not be that you had laid off 750,000 acres?—No; that was for the whole of the West Coast.

98. The total area, then, was 163,990, which you afterwards reduced?—I reduced that by 45,500 acres, leaving 118,490 acres.

99. You say you never saw the contract?—Yes.

100. But as an experienced miner, being District Surveyor, and knowing the district, if you were asked by any one to lay off lands required for mining purposes in the district, would you lay them off as it is now reserved?—Certainly I would. I had to report to the Government to refuse applications made for settlement, and the whole of these blocks were reserved. I refer to Blocks 1, 2, 3, 4, and part of 5 in Buller County. I had instructions to be very careful after the Croninville difficulty; and I reported on four applications for land on the Totara River, and they were refused.

101. Well, I will put this question to you: If any person had applied to purchase any of the lands out of these blocks that you have reserved in the Westport district, and it had been referred to you as to whether it was advisable to alienate or otherwise, what would you advise?—Well, I would advise the Government to refuse the application.

102. Well, looking at the map, we come to Blocks 14, 15, and 16. If an application had been made for them, what would be your report?—Well, to speak plainly, I do not think any man would be insane enough to purchase that land.

103. *Mr. Wilson.*] The witness stated that it was impossible to reserve the lands in the creeks; did he advise that a strip of land should be reserved up the Buller, Matakitaki, and Maruia Rivers?—I advised the Government to make them as far up as the mouth of the Maruia. I do not know the other lands mentioned by Mr. Wilson.

Mr. HENRY A. GORDON, Inspecting Engineer, Mines Department, in attendance, and read the following statement:—

Mines Department, Wellington, 26th September, 1892.

MEMORANDUM for the Hon. MINISTER of MINES *re* MIDLAND RAILWAY COMPANY.

ANALYSIS of Midland Railway Company's statement of estimated traffic and expense of working the railway when completed:—

Coal Traffic.

The maximum quantity of coal that can ever be carried by railway from the West to the East Coast can never exceed more than about one quarter of the quantity of coal raised on the West Coast after deducting the coal used for local consumption, inasmuch that this railway cannot carry any coal from the Westport or Mokihinui mines; and it would be entirely out of the question to suppose that this coal, which is considered the best in the colony, will ever be forced out of the Canterbury market by Grey coal. The total output of coal from all the mines on the West Coast last year was 351,535 tons—namely, Westport, 206,184 tons; Greymouth, 145,351: total, 351,535 tons.

Of this quantity, about one-eighth of it is consumed locally, and used for fuel for steamers carrying coal—namely, 43,942 tons, leaving 307,593 tons for distribution at Onehunga, New Plymouth, Wanganui, Napier, Wellington, Nelson, Picton, Lyttelton, and Dunedin. About one-fourth of this quantity is landed at Lyttelton—namely, 76,898 tons per annum. This basis of distribution may be taken as correct. The Secretary of the Lyttelton Harbour Board, in a telegram sent me a few days ago, states that the actual quantity of New Zealand coal landed there for the year ending the 31st December last was 81,611 tons, and for the year ending the 30th June last 75,461 tons.

It may be assumed that it will yet take five years to complete the railway, and in that time the population will increase in the Canterbury district, and new industries may spring up requiring more fuel; but this would affect the output from the coal-mines in the district more than the mines on the West Coast. Even admitting that there will be more bituminous coal consumed in Canterbury than at present the increased consumption will not be great.

Taking the present proportion of the output of coal from the mines on the West Coast about 59 per cent. of it comes from Westport, which is not affected by the Midland Railway. It must also be borne in mind that it is said that the Union Steam Shipping Company are shareholders in the coal-mines at Brunnerton, and therefore seeing that there will always be the most of the goods and merchandise taken to Greymouth by sea, as the freight at the present time is less than one-third of that proposed to be charged by railway, the Union Company is not likely to let any of the coal from the Brunner mines to be carried by rail. Assuming, then, that the coal traffic ten years hence will be 35,000 tons per annum at 8s. 7d. per ton as shown in their statement, it would bring in a revenue of £15,021, in lieu of £49,351, as shown in the company's estimate, thus leaving a deficiency under this head of £34,330.

Timber Traffic.

The timber traffic will depend entirely on the quantity used in the northern portion of the Canterbury district, and this quantity can be very closely ascertained by the quantity carried inwards by the Hurunui–Bluff Railway northwards from Albury Station. It would be reasonable to assume that in course of time a large portion of the timber trade will come from the West Coast, and that the Midland Railway Company will have a large share in the carriage of the timber, at the same time they cannot calculate on having the whole of it. The total quantity brought or carried inwards by rail into Canterbury, north of Albury, including the quantity of timber sawn and cut in that portion of the district for the last five years, is as follows:—

	Tons.	Sup. ft.
For the year ending the 31st March, 1888 ...	28,742·6	= 13,796,448
" " 1889 ...	29,228·8	= 14,029,824
" " 1890 ...	37,664·35	= 18,078,888
" " 1891 ...	32,959·4	= 15,820,512
" " 1892 ...	31,038·65	= 14,898,552
Total		76,624,224

Then, $\frac{76,624,224}{5}$ = an average of 15,324,845 superfical feet. If it is assumed that in ten years hence the quantity of timber used will be increased to, say, 19,000,000 superficial feet, and to allow one-half of this quantity to be carried from the West Coast by the railway, which is the probable maximum quantity that will be carried, inasmuch that there is a considerable quantity of kauri and totara timber comes from the North Island, and also timber from the Pelorus and other parts of the West Coast, which will always be conveyed by sea; therefore, taking 9,500,000 superficial feet as the maximum, it would equal 19,792 tons, or 95,000 c.m.b. at 2s. 2d; the rate shown in statement would be £10,292, instead of £16,250 as estimated by the company, leaving a deficiency under this head of £5,958.

Sleeper Traffic.

The quantity of sleepers required on the east side of the range will be in proportion to the number of miles of railway constructed, which can be closely ascertained by the quantity at present used on the Hurunui–Bluff Railway. The following is the number used for the last five years:—

	Tons.		Sup. ft.
For the year ending the 31st March, 1888 ...	72,767	=	1,600,874
" " 1889 ...	64,588	=	1,420,870
" " 1890 ...	83,829	=	1,844,238
" " 1891 ...	77,677	=	1,708,894
" " 1892 ...	80,483	=	1,770,626
Total	379,344	=	8,345,502

and $\frac{379,444}{5}$ = an average of 75,869 per annum, or 1,669,100 superficial feet. Sleepers, however, could only be delivered by railway economically on a certain portion of the lines—that is, those north of Timaru. Admitting that it is possible for 30,000 sleepers to be carried per annum by the Midland Railway, this would be equal to 1,375 tons or 6,600 c.m.b. at 2s. 2d. is equal to £715 instead of £1,083, thus leaving a deficiency under this head of £368.

Building-stone.

This item may be altogether eliminated from any estimate of traffic; building-stone could never be carried from the West Coast to compete with stone from Mount Somers and elsewhere.

Merchandise.

The whole of the traffic under this head, including the Classes A, B, and C, may be considered together, and an average rate deducted from that shown in the statement. Mr. Wilson estimates that 10,000 tons will be carried per annum, which will bring in a revenue of £24,255, which is an average rate of £2 8s. 6·12d. per ton. The present freight of goods from Lyttelton is only 15s. per ton to the West Coast; and, were there opposition in the trade the freights would possibl ycome down to 10s. per ton; therefore, people would never pay £2 8s. 6d. per ton for goods to be carri ed by rail, which they can land at Greymouth for 15s., and the Midland Company can never expect to deliver goods of this character, at the rates mentioned in their statement, at any place near the seaboard, unless in small quantities, urgently required; but they will be able to deliver a certain quantity from each side along the line, and this quantity may be set down as being equal to a maximum of 2,500 tons of through-traffic, which, at the rate of £2 8s. 6·12d. per ton, would be £6,064, in lieu of £24,255, as per estimate, leaving a deficiency under this head of £18,191.

Grain Traffic.

There is a considerable quantity of grain comes into the West Coast from Canterbury and Otago. According to the statistics of last census—1891—the total number of horses in the Inangahua, Grey, and Westland Counties was 3,054, of which number at least the one-half is grass-fed; and there is a certain quantity of horse-feed grown on the West Coast. The total area of land held as freehold and leasehold in these three counties are as follows:—

Inangahua ...	... 19,471 acres freehold and	17,231 acres leasehold.
Grey	... 20,794 " "	12,856 " "
Westland ...	... 23,763 " "	11,417 " "
Total ...	... 64,028	41,504

This area is held by 763 different people, some of whom have portions of the land cultivated and portions sown in grass. If it is assumed that the Midland Railway Company can supply, or command the traffic for supplying, one-fourth of the oats, maize, and bran required for horses on the West Coast, that may safely be taken as the maximum; then, assuming that each horse requires 160lb. of grain per week, it would equal $\frac{763 \times 52 \times 160}{2240}$ = 2,834 tons; or even allowing that they were to carry in round numbers 3,000 tons, at 14s. 8d. per ton, is £2,200, instead of £4,400, as shown in estimate.

Agricultural, Hay, &c.

The same remarks apply to the carriage of hay and chaff as that mentioned under the head of grain. There will be a small traffic in wool, which may be taken as coming under this head, and allowing, as in the case of the grain traffic, that the maximum traffic under this head can never be more than one-half of estimated amount—which is extremely doubtful if ever it will be realised—then 4,000 tons at 9s. 3d. per ton equals £1,850, instead of £3,700 shown in Mr Wilson's estimate.

Parcels and Sundries.

The question of revenue under this head can be closely ascertained from the revenue derived from the carriage of parcels, &c., by the New Zealand Railways. The total revenue derived from the Government Railways under this head was £41,795 3s. 7d.; and the number of train-miles run with passengers—mixed and goods trains—was 3,010,489, therefore $\frac{£41,795\ 3s.\ 7d.}{3,010,489}$ = 0·277s. per train-mile. Taking the most favourable view of the traffic, and assuming that two trains leave each end per day, the total distance being ninety-four miles, then the number of train-miles per annum would be 94 × 4 × 312 × 0·277s. = £1,625, to which has to be added 25 per cent.—viz., £406—making the revenue under this head £2,031, in lieu of £3,000, as shown in statement, leaving a deficiency under this head of £969.

Cattle and Sheep Traffic.

The traffic under this head will probably be realised—viz., 5,000 cattle, and 16,000 sheep, which can be taken at the weight and rate as per statement—viz., 900 tons cattle, £1,322; and

980 tons sheep, £595. I think the last item is wrongly calculated, but the figures in the statement are merely quoted.

Passenger Traffic.

The passenger traffic for the next ten years on this line cannot exceed the average amount earned per train-mile by the New Zealand Railways last year. The total revenue derived from passengers and luggage last year was £364,616 17s. 9d., and the number of train-miles run, carrying passengers, was 2,696,314. (See D.–2, Return No. 5.) Then $\frac{£364,616\ 17s.\ 9d.}{2,696,314}$ = 2·7s. per train-miles; therefore, taking two trains each way per day would be 94 × 4 × 312 = 117,317 train-miles per annum, which, multiplied by 2·7s., amounts to £15,838, to which must be added 25 per cent.—viz, £3,949, making the revenue under this head £19,787, instead of £24,460, thus showing a deficiency of £4,673. I have only set down 7,000 tons as the weight of this traffic, in place of 29,000 tons as estimated by Mr. Wilson, which will show the most favourable result when entering into the cost of maintenance and working-expenses.

Cost of Working and Maintenance.

The cost of working any railway-line in any new country sparsely populated will always be considerably more than in older countries where there are a large population. Therefore the working-expenses per train will not only be more on account of the difference of the price of labour, but the trains running sometimes nearly empty, instead of being always full, will increase the cost of working-expenses and maintenance considerably. One thing is certain, that it cannot be worked and maintained cheaper than the New Zealand Railways, and there is a great probability of it costing considerably more. Taking the cost of working-expenses of the New Zealand Railways (*vide* parliamentary paper D.–2, Return No. 8), it amounted to 2d. per ton mileage. This may seem high in comparing it with the cost of working some mineral lines in Great Britain, where the working-expense is under ½d. per ton mileage; but such favourable results cannot be expected in a new colony for the reasons previously given.

Assuming, therefore, that the cost of working and maintenance will be 2d. per ton mileage, the following table will show the result of working on this basis; but seeing that there are nine miles of an incline, which will cost more than double that of the adhesive portion, at least nine miles will have to be added to the correct distance to make the average of 2d. per ton mileage—that is, the ton mileage has to be calculated on the basis of a distance of 103 miles:—

Description of Traffic.	Weight of Carriage in Tons.	Unit.	Quantity.	Rate.	Amount of Receipts.	Working-expenses and Maintenance.
					£	£
Coal	35,000	Tons	35,000	8/7	15,021	30,042
Timber—sawn and logs	19,792	C.M.B.	95,000	2/2	10,292	16,988
Sleepers	1,375	"	6,600	2/2	715	1,180
Merchandise, A, B, and C	2,500	Tons	2,500	48/$\frac{6}{12}$	6,064	2,146
Grain	3,000	"	3,000	14/8	2,200	2,575
Hay, chaff, and wool	4,000	"	4,000	9/3	1,850	3,433
Cattle	900	Trucks	417	63/5	1,322	773
Sheep	980	"	160	74/4	595	841
Parcels	200	Tons	200	Lump	2,031	172
Passengers and luggage	7,000	"	7,000	...	19,787	6,008
	74,747				59,877	64,158

The working-expenses are calculated as follows: $\frac{74,747 \times 103 \times 2}{240}$ = £64,158. They are calculated on this basis in every line in order to show what is not payable rates. The above statement shows a direct loss on the working of £4,281. On any basis that the working-expenses and maintenance can be calculated on by comparison with the New Zealand Railways, the line cannot be worked for 52 per cent. of the revenue. By referring to the parliamentary paper D.–2, Return No. 7, you will see that expenditure on working the Government Railways last year absorbed 63·34 per cent. of the revenue, and none of these has so expensive a portion to work and maintain as the proposed incline over Arthur's Pass, which will be covered with snow for a portion of the year. The cost of working and maintaining this portion, according to Mr. Wilson's own showing, is 3·37 times more expensive to work than the adhesive portion of the line, whereas I have only calculated it as twice the cost.

Proposals of Company.

Taking the estimated revenue and expenditure on the working of this line in the most favourable light, for the first twenty years the revenue will be all required to cover the cost of maintenance and working-expenses, therefore a guarantee of 3 per cent. on £1,600,000 really means the colony paying £48,000 for a period of twenty years. This amount, capitalised at 3 per cent., amounts to £1,261,200; but, in addition to this, Mr. Wilson requires the Government to pay the value of the land the company are entitled to receive on completion of their contract—namely, £618,000 in ten annual payments, commencing five years hence; such payments may be made in Government stock, bearing interest at the rate of 3½ per cent. This £618,000 is to be calculated as part payment of the purchase-money should the Government decide at any time to take the

railway over. However, should the Government find that such purchase was not advantageous to the colony, then its position would be as follows:—

Three per cent. on £1,600,000 for a period of twenty years capitalised	£1,262,400
Payment of £618,000 in ten annual payments, at 3½ per cent. ...	736,965
	£1,999,365
Value of land released	618,000
Loss to the colony	£1,381,365

The payment of the £618,000 is calculated on the basis that ten annual payments can be made out of the consolidated revenue; but if money had to be borrowed to pay these amounts, the expense of raising a loan, and discount on stock (if any) would have to be added; or, if payments were made in Government stock, it would mean an annual liability of £21,630 in addition to the interest guaranteed. Even should the Government at any future time deem it advisable to purchase the railway, it would be better off to pay the £618,000 and have nothing to do with the guarantee of 3-per-cent. interest.

HENRY A. GORDON, Inspecting Engineer.

WEDNESDAY, 28TH SEPTEMBER.

Mr. H. A. GORDON, in attendance and examined.

1. *Mr. Wilson.*] Have you ever constructed or been in charge of working railways?—I have been in charge of the construction, and the laying out of railways, but not of working railways.

2. Do you consider yourself an expert on this subject?—No; I do not consider myself as an expert on the working of railways. I made out my statement, which I have given to the Committee, from what I knew of Canterbury, and of the quantity of timber, coal, and other things likely to be carried by the railway, also taking into account the quantity of Westport coal, which is not affected by the construction of this railway, as it cannot be carried by rail, but must be taken by sea. The cost of maintenance I have deduced from the cost of working the New Zealand Railways, taken from parliamentary papers furnished by the Commissioners of Railways.

3. Then, as you are not an expert, I shall not cross-question you upon this branch of the subject; but you have had considerable experience in coal and other mining on the West Coast?—Yes.

4. You have said that the future increase in the consumption of brown coal in Canterbury would affect largely the eastern mines, more than the bituminous coal: what did you mean?—I mean that it would affect the consumption of coal within the northern portion of Canterbury outside Lyttelton.

5. But if the people there get bituminous coal, would they not use it in preference?—Yes; but they will get other coal for household purposes, which is very much cheaper.

6. Is the use of the brown coal increasing in Canterbury?—It has remained about the same for the last six years; if anything, slightly increasing.

7. Not in proportion to the bituminous coal, which will go further?—No doubt bituminous coal will go farthest; it is much better than the brown coal.

8. If people can purchase bituminous coal nearly as cheaply as brown, would bituminous coal be used in preference?—If both were sold at nearly the same price, bituminous coal would be used in preference.

9. Do you know the Black Ball Mine?—I do.

10. How does that compare with the Brunner: with the Westport coal for household purposes?—It is a very good coal for steaming purposes.

11. Is it a good household coal?—I could not say that, but think it is a fairly good coal for that purpose.

12. Do you know that those who have tried it prefer it?—Possibly; I could not tell.

13. If that could be delivered in Christchurch cheaper than the Westport coal, would it be bought instead?—I do not think it can be delivered cheaper.

14. But if it can?—It would not put the Westport coal out of the market.

15. Not if it could be delivered cheaper?—No, I do not think so.

16. Do you say there is so much difference that it would not be used?—I do not think it would be used in preference to the Westport coal.

17. Do you not know that the Westport coal is too fierce for household purposes unless it is mixed with some other coal?—Well, it is mixed with other coal in many instances; it is a very clean coal.

18. Now, if the Black Ball coal could be delivered in Christchurch cheaper than the Westport coal is it not probable that it would be bought in preference?—I do not think so; it would have to be delivered at a cheaper rate than from Westport.

19. How much cheaper?—I do not think the Black Ball coal would put the Westport coal out of the market if it were sold at a shilling cheaper per ton.

20. Why?—I take the Westport coal to be a better household coal; it is as a household coal it would be bought to a large extent in Canterbury.

21. Have you ever tried the Black Ball coal?—No, I have not.

22. Do you know anything about it?—I have seen the analysis of the coal.

23. But you have never had any experience in using it as a household coal?—No.

24. If the Black Ball coal could be purchased in Christchurch at a much less price than the

Westport coal, which you say is now used in Canterbury, would the Westport coal cease to be used?—No it would not; I will tell you the reason, and show that it could not possibly be so. The Westport coal, even if you could deliver the Black Ball coal in Canterbury as cheap or cheaper by railway (which I do not admit), but assuming you could do so, still the Westport coal would be taken for marine purposes in Lyttelton; you would not have the cost of carrying the Westport coal to Christchurch, you would only have the cost of bringing it to Lyttelton.

25. If the Black Ball coal is better than the Westport coal, and can be sold cheaper, would it not get the market?—If it is better it would undoubtedly.

26. You say in your statement that the Brunner Mine partly belongs to the Union Steamship Company?—I have amended that statement by saying, "It is said to be"—that the Union Steam Shipping Company are shareholders, and I believe them to be so.

27. If the Brunner Company could sell their coal, carried by railway, cheaper at Christchurch than the Westport coal can be sold at Lyttelton, do you think they would refuse to supply it?—I do not think they would refuse to sell it at Christchurch, but I think you never can carry the Brunner coal as cheaply as by steamer, for this reason: there is always a certain amount of merchandise, grain, and other produce which comes back to the West Coast, which they can carry at one-third of the rate which you propose to carry goods over the range. There would always be vessels to bring back this merchandise and produce, and have a certain amount of back-loading.

28. Do you mean that more steamers would go to Westport or Greymouth: if the coal-carrying trade did not pay, would many steamers go there?—What I meant was that vessels would have back rates.

29. But if the steamers did not pay they would not go there?—No, if they did not pay.

30. The coal trade is a trade by itself, and this trade from Lyttelton to Greymouth would be a coal trade?—Yes.

31. Do you know anything of the supply of timber from the Canterbury district? Do you know that the supply is nearly exhausted?—The only thing I can go by is the quantity of timber brought inwards to Canterbury from Albury northwards. The Return No. 11, parliamentary paper D.-2, 1892, shows this, including the timber cut in that portion of the district.

32. With regard to freight, are you aware that, in addition to the ordinary sea-freight, there is a railway charge from Brunnerton to Greymouth for local coal—a railway freight from Lyttelton to Christchurch, and other charges for trimming and handling, amounting altogether to 9s.?—No; I am not aware that it has ever amounted to that sum. I think it is 5s. 4d.

33. What is the effect of handling coal; do you know? Is not the Westport coal what you would call a "tender" coal—that is, it is easily damaged—breaks up easily?—It breaks up to a certain extent. The Black Ball coal is not so friable.

34. Is not the effect of handling in loading and unloading coal to deteriorate it to a certain extent by breaking it down into dust?—Yes; to some extent it is so.

35. *Mr. Saunders.*] Can you give us some idea as to what coal is likely to be picked up on the line on the Canterbury side of the range?—There is coal on the Canterbury side of the range near Castle Hill, but to what extent I cannot say. I believe the coal area is a considerable extent.

36. *Hon. Sir J. Hall.*] The question is, what is the quality?—It is brown coal, similar to the coal in Canterbury: it is a little better, I think, than the Springfield coal.

37. *Mr. Saunders.*] Do you think you could get a true coal on the Canterbury side of the range?—I have never seen it.

38. You do not contemplate picking up coal by the railway any nearer than Westport?—I calculate that they will carry a certain amount of coal from Castle Hill. I took that into consideration when making my statement on the amount of coal they would be likely to carry. It would be equal to 35,000 tons of through-traffic per annum. They would carry a portion of that from somewhere near Castle Hill.

39. *Hon. Sir J. Hall.*] You have given us your opinion of the relative merits of the brown coal and the Wesport coal: have you used either of these coals yourself?—Yes.

40. Which—the Westport coal?—Yes; I have seen the other used, but I have never used it myself.

41. For what purpose?—For household purposes.

42. Did you not find that the Westport coal burnt the bars of your grate?—Not to any extent.

43. Did you not find that it makes a very hot fire, and very fierce; would not the effect of that be to burn the bars?—Not necessarily. The question of burning the bars depends greatly on the percentage of sulphur in the coal.

44. *Mr. Saunders.*] Do you say there is no sulphur in it?—Yes; there is a little, but very little.

45. *Hon. Sir J. Hall.*] With regard to the brown coal, do you say that the consumption of it is increasing in Canterbury?—I think so. I do not think it has been decreasing for some years.

46. What evidence have you of that?—I could not tell you without the reports; I cannot carry the figures in my head.

47. Where is it supplied from?—From White Cliffs and Malvern, from Springfield and other places.

48. The White Cliffs?—Yes; the White Cliffs. I am speaking from the data supplied annually in the returns which we get from the mines.

49. Take the White Cliffs—the Glentunnel Mine: can you give us the figures referring to that mine for the last two or three years?—I could do so if I had the mine reports.

50. As to the White Cliffs, do you know that the output has fallen off largely indeed?—I could not tell.

51. Would you be surprised if you were told it had?—No, I would not.

52. What reason have you to suppose that the output from the Glentunnel Mine has increased?

—I cannot go into the particulars of the output from either mines without having the figures before me.

53. Do you know that the number of men in the Glentunnel Mine has been reduced?—I could not tell from memory.

54. If they had been so reduced would you be surprised?—No, I would not.

55. What is the increase?—I will give the actual figures when correcting my evidence. The local consumption for the last six years has been as follows:—

STATEMENT showing the Output of Coal from the Mines in North Canterbury for the last Six Years.

Name of Mine.	For the Year 1886.	For the Year 1887.	For the Year 1888.	For the Year 1889.	For the Year 1890.	For the Year 1891.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Springfield, Springfield	3,739	2,202	2,033	2,182	2,683	1,960
Duke's, Kakahu	...	...	...	300	...	600
Canterbury, Sheffield	142	1,290	1,406	1,254	2,040	1,250
Barron's, Sheffield	168	...	...	...	...	...
Homebush, Glentunnel	1,929	2,825	3,546	3,807	3,048	4,000
Dalethorpe, Springfield	167	273	...	...	...	...
Hartley, White Cliffs	2,682	131	...	...	...	...
White Cliffs, White Cliffs	1,304	1,362	2,796	2,064	4,177	4,200
St. Helen's (No. 1), White Cliffs ...	3,531	...	...	...	...	...
St. Helen's (No. 2), White Cliffs ...	70	1,900	...	...	...	...
Snowdon, Rakaia Gorge	40	50	50	50	50	50
Acheron, Lake Coleridge	30	25	40	...	30	...
Stobwood, Rockwood	100	243	150	350	...	300
Mount Somers, Mount Somers ...	170	1,380	2,610	2,187	3,055	2,415
Totals	14,082	11,681	12,631	12,194	15,083	14,775

56. *The Chairman.*] Is it increasing?—I could not tell you from memory. It is increasing very slightly from what it was three or four years previously.

57. You have given us in your statement evidence as to the general question of coal; you have made allusion to the saving in handling coal by sending it direct from the pit to the merchant's yard or to the consumer's house?—No; I made no allusion to that.

58. How much loss is there in friable coal by each handling or shifting?—I would not like to say without giving it some consideration.

59. Would you say the coal diminished in value by 1s. a ton at each handling?—No; I consider that excessive; in very friable coal it might amount to that.

60. Is not the Brunner coal a friable coal?—Not particularly so.

61. Mr. C. Y. O'Connor, formerly Marine Engineer for the colony, was well acquainted with the West Coast?—Yes.

62. If he stated that 1s. a ton was a fair allowance to make for each handling, would you be prepared to dispute that?—I do not think it would be so much.

63. How much fewer handlings would there be if the coal were sent from Westport to Canterbury by sea instead of by railway?—It depends upon whether you want it at Lyttelton or at Christchurch.

64. Inland from Lyttelton, how many handlings would you save?—You would save at least two handlings.

65. Let us see; first of all you would put it into the wagon at Brunnerton; that is one?—Yes.

66. Then you ship it at Greymouth?—Yes; that is two.

67. Then, there is the trimming on board the ship?—That is very little; I should not call that handling; I should call it handling to take it out of the ship.

68. *The Chairman.*] Would not six or eight trimmers working on it in the ship have all the effect of handling?—It would have some effect, but it could not be termed handling.

69. *Hon. Sir J. Hall.*] Then, when it gets to Lyttelton it has to be put into a truck; that would make four handlings, if trimming is to be taken as one?—I do not count trimming handling.

70. But assuming that it is handling, that would make four?—Yes.

71. Then delivered from the truck to the coal-yard?—That would take place with coal brought by the Midland Railway Company to Christchurch.

72. But that in any case would make five handlings?—Yes; if you assume that trimming is handling.

73. Then, if delivered direct to the consumer, there would be six handlings: I think you said there would be only two. Does it not appear to you there would be four besides those two?—No, I do not think so; you are assuming too much.

74. The only thing disputed is the trimming, the others are handling?—The difference in handling is the putting the coal into the ship and taking it out of the ship.

75. Putting it in the ship, and into the coal-merchant's yard at Christchurch: that is two handlings?—Yes.

76. What I want to get at is how many handlings there would be if the coal is sent by sea: I am assuming there are two if it goes by railway; how many if it goes by sea?—Four altogether.

77. You said there would be two?—In addition to what there would be if it went by railway.

78. But allowing the trimming on board the ship, there would be five handlings, and I am assuming two if it went by railway: that would make three additional handlings; then assuming, according to Mr. C. Y. O'Connor's statement, that there is a loss of 1s. a ton on each handling, would there not be a loss of 3s. a ton on the coal if sent by sea?—No, I do not think there would be.

79. You do not think the handling would diminish the value?—It would be diminished to some extent, but not so much.

80. How much do you think?—I do not think it would be more than 1s. 6d. a ton.

81. If Mr. O'Connor says 1s. a ton for each handling, then you do not agree with him?—No, certainly not.

82. Coal could be sent by railway from Greymouth to Christchurch—that is, merchants in Christchurch could obtain it more readily and quickly than if it were sent by ship?—They could obtain it quickly.

83. That would allow them to keep smaller stocks?—Yes.

84. Keeping smaller stocks, they would be able to do with smaller profits?—Yes.

85. There would be less capital required to be invested?—Yes.

86. That would lead to a diminution in the price of coal, would it not?—Yes, but I do not think it would materially affect the price of coal.

87. In some cases the private purchaser might obtain a truck for himself, which he cannot get at the present time—he cannot obtain a truck direct from the pit mouth now?—Yes, that is so.

88. With regard to timber, you are aware that timber has been sent considerable distances—from Southland to Oamaru, for instance, a distance of 200 miles, with a seaport at each end of the journey?—I am aware that some timber has come from Southland.

89. The railway has competed for the timber trade under these circumstances with the sea carriage, there being a seaport at Oamaru and a seaport at the Bluff, where timber could be put on board and disembarked?—The railway has carried timber; I am aware of that.

90. What is the distance from the Bluff to Oamaru?—It is over 200 miles.

91. *The Chairman.*] That is the rail-mileage; what is the distance by sea?—I could not say.

92. *Hon. Sir J. Hall.*] Would not the saving in distance between Greymouth and Lyttelton which would be effected by the railway be greater than the saving between the Bluff and Oamaru?—I think there would be a good deal of timber carried by railway from the West Coast.

93. Answer my question: Would there not be a greater saving of distance between Greymouth and Lyttelton than between the Bluff and Oamaru?—Yes; but there is not a large quantity of timber coming from Southland to Oamaru.

94. Can you give us the figures?—I would not say that it would be very large or very small. I do not know the figures.

95. Even as far as Timaru the railway has successfully competed for the timber trade?—I believe in some cases there is a small quantity which comes there by rail.

96. At any rate, it would come to Ashburton?—Yes.

97. Can you doubt that, if the railway has under these circumstances successfully competed with sea carriage, it could compete successfully between Lake Brunner and the inland part of Canterbury?—I have allowed for that in the statement I made.

98. I say "successfully" competed?—Yes; but they could only bring a certain quantity; for instance, the Midland Railway Company could not get kauri or any quantity of totara; besides, they could not get the timber from Pelorus Sound, that would always be carried by sea.

99. But if you can get the timber carried by the railway would that not be competing successfully with the sea carriage?—I do not think the timber from Pelorus Sound will be sent by rail.

100. You have given us some estimates of the merchandise of various sorts which is likely to be carried over the railway: are you aware that these differ much indeed from those of the Royal Commission which sat in 1883?—I know they differ.

101. Will you give the grounds?—In my estimate the basis upon which I formed my opinion was the number of passengers and the amount received from passenger-traffic last year on the Government railways, and last year there was an increase.

102. *The Chairman.*] But the Government says there was a decrease. It was stated by the Minister for Public Works in his Statement last night that the amount received from passenger-traffic was less over the New Zealand railways?—I took the number of train-miles run and deducted from revenue derived from the passenger-traffic and the amount received from each passenger per train-mile, which gives the result I have stated—namely, 2·7 shillings per train-mile.

103. *Hon. Sir J. Hall.*] Is not that assuming that the passenger-traffic would be uniform?—Taking what I know of the country into account, and the fact that the railway will pass through a large tract of country that can never be settled, there is little possibility of this traffic increasing rapidly. I have known that part of the country for twenty-five or twenty-six years. I cannot see the possibility of the traffic increasing anything more on the average than now on the New Zealand railways.

104. You say you based your estimate on the whole of the other New Zealand Railways. What is it from Christchurch to Lyttelton?—There is a large traffic on that line.

105. The Tuapeka line?—There is a good deal on that line.

106. The Picton and Blenheim line?—That is the worst line in the colony.

107. Is it fair to estimate the traffic as between Christchurch and the West Coast and between such places as Picton and Blenheim?—No, not between such places as Picton and Blenheim, but it is for the whole of the New Zealand Railways. It is, for this reason: You could not take the Hurunui–Bluff line, for instance, and say that the East and West Coast line will carry

passengers at the same rate as that, inasmuch that the country where the Hurunui-Bluff Railway passes through is settled all along the line. It is not all settled along the East and West Coast line, and a great deal of it is not fit for settlement. But, taking the average passenger-traffic on the New Zealand railways was what I based my calculations on, which would allow the company more than they were likely to realise.

108. Do you think you are better qualified than the Royal Commissioners, with Mr. Maxwell, who formed the estimate of traffic?—I am not so well qualified as Mr. Maxwell.

109. If your estimate differs from theirs, which would be more likely to be correct?—I have great faith in Mr. Maxwell's estimate.

110. And the Commissioners?—Well, I would not say the same for the Commissioners, as they, I think, would be guided by the evidence brought before them, and every one who was favourable and interested in the construction of a railway would no doubt try and give their evidence before the Commission. I believe the Commissioners to be men of the highest integrity.

111. *Mr. Tanner.*] Continuing this subject on which you have been speaking to Sir John Hall: several lines have been mentioned which are destitute of traffic or passengers; in making your computation, have you not included such lines as the Christchurch and Lyttelton, Dunedin and Port Chalmers, Dunedin and Mosgiel, on which there was a large amount of traffic?—I included the whole of the Government Railway-lines in the colony. That was the basis of my estimate.

112. Now, with regard to the coal in Canterbury—the coal coming over Arthur's Pass: in your opinion, if the railway were made and working regularly, is that likely to displace the trade in Canterbury for the locally-mined coal?—I do not think that bringing coals over the range would stop coal mines from being opened at Castle Hill.

113. Do you think it would have that effect in regard to the general coal from the Malvern mines?—I think it might to a certain amount; but still I think a great deal of coal for local consumption would come from these mines, and other mines will be opened near Castle Hill.

114. That is of fairly good quality?—Yes.

115. Are you aware that coal has been discovered in the Waiho Valley, south of Malvern?—No.

Hon. Sir J. Hall: Near Timaru?

An Hon. Member: Beyond Timaru; near Waitaki.

116. *Mr. Tanner*: Do you think that after some mines shall have been in active operation, and others being opened out, producing brown coal, that the West Coast coal would be likely to displace that?—I do not think it would displace the local coal to any great extent.

117. In that case if the coal is brought over the range where would it be taken to?—It can only be consumed within the north portion of Canterbury. The greatest consumption that could possibly take place would be at Lyttelton, for marine purposes.

118. *Hon. Sir J. Hall.*] What do you call the north portion of Canterbury?—North of Timaru.

119. *Mr. Tanner.*] You think it possible that the coal brought over the range from the West Coast will reach Timaru?—I think it can be brought as far south as Albury to compete with the water carriage.

120. Do you think it could reach Lyttelton in order to pay?—No, I do not think so; not to compete successfully with water carriage.

121. Will you say to what limit coal can be carried that comes over the range?—I think it could command the Christchurch trade, for whatever bituminous coal is used is in Canterbury, not including Albury, and from there northwards.

122. Does that mean they could command the Christchurch trade, but not the Lyttelton trade?—No, I do not think they could command the Lyttelton trade.

123. You are aware that broken coal easily commands a ready sale in Canterbury?—It commands a ready sale, but they do not get quite so much for it, as it has deteriorated by breakage to some extent.

124. *Dr. Newman.*] In making up the estimate of traffic that you have made, have you allowed liberally for the growth of trade on the railway during the next few years?—Indeed, after I had made up my estimate I thought I might have allowed too liberally for that.

125. Do you think that you have at this stage of proceedings better data upon which to found an estimate than Captain Russell, Mr. Wilson, and those other gentlemen had?—I based my estimate on the statements in the Railway Commissioners' annual reports submitted to Parliament. I took the proposals made by the company and compared the estimated traffic with the traffic on the New Zealand Railways.

126. You have made an estimate of the gross receipts from railway traffic. Have you better data now than Captain Russell, Mr. Wilson, and Mr. Napier Bell had before them?—I should not like to say so, but possibly there may be.

127. Taking the passenger-traffic twice a day from Canterbury to the West Coast, that is a fair way of putting it?—I do not think it will be more than one train a day. When I wrote out my statement I allowed them two trains a day. I think I allowed for passenger-traffic more than will, on the average, be realised for the next twenty years.

128. Looking at the scope of the country drained by this line and that, say, by the Manawatu line, do you think that the traffic on this line will be as much as that on the Manawatu line?—There is no comparison between them; a large proportion of the country along the Manawatu line is settled; a large proportion of country along this line is not settled, and never can be, as it is not fit for settlement.

129. In your opinion, is the country at the end of the Manawatu line and as far as Palmerston North, and up to Hawke's Bay and Taranaki, drained by the Manawatu Railway better than the country this railway passes through?—I do not think the West Coast is such good country as that;

the traffic would not be so much in regard to some things with which merchants would require to be supplied.

130. Are you aware of the gross receipts of the Manawatu Railway Company?—No; I do not know.

131. In the estimate of the merchandise that is suggested as likely to be carried over this line, are you aware that the trade is at present in the hands of Dunedin and Wellington merchants?—A good portion of the trade is from Wellington.

132. All merchandise in the shape of goods goes to the West Coast by sea from Wellington: according to the rates to be charged by the Midland Railway Company's proposals, could merchants take this into account and get their supplies cheaper by sea than by railway?—They could get them one-third cheaper by sea.

133. *Mr. Tanner.*] You mean one-third of the carriage?—Yes.

134. *Dr. Newman.*] That will probably remain in its present state?—Yes; it will be only a small quantity of the goods urgently required that will be carried by railway at the rates proposed.

135. With regard to sheep- and cattle-traffic, can 100 head from Manawatu be taken to the West Coast as cheaply as from Christchurch to Wellington?—I believe that at the rates they propose to carry cattle and sheep the estimate of traffic under this head will be realised.

136. Have the company selected most of the good and easily-saleable land that was allotted?—No doubt they have sold some. It could not be expected that they would select the worst portions first.

137. Is there much more land that will be available for settlement?—There is a large quantity of land available, but not alongside the line on the west side of the range; they will have to go away more to the southward to get land for settlement.

138. In forming your estimate did you take into consideration all the evidence you could possibly lay your hands on?—Yes.

139. *The Chairman.*] You told the Committee, in answer to a question from Sir John Hall, that you had based your estimate of the passenger-traffic on this line upon the receipts from passenger-traffic on the whole of the New Zealand Railways for the last year?—Yes.

140. You said you thought there had been an increase of the traffic?—I am under that impression.

141. What impression?—That the amount received by the New Zealand Railways for traffic last year was more than they received a year previously.

142. Now, will you listen to this statement made by the Minister for Public Works and laid before the House last night: "The total number of passengers carried has decreased by 24,888, and the total tonnage carried has decreased by 88,036 tons; and these results have occurred notwithstanding that the length of line embraced in the system has increased by twenty-seven miles." Now, if the Minister's statement be accurate, as we must assume it is, your statement therefore must be based on a mistake?—The different returns for different years will speak for themselves; they are all parliamentary papers.

143. Could it be accurate if you based it on an erroneous assumption as to the increase of passenger-traffic?—The statement is entirely based on the value of the passenger and other traffic last year on the New Zealand Railways.

144. Is it fair to base your estimate on the traffic of a year which shows such a considerable decrease as compared with the preceding year; it may, therefore, be looked on as exceptional?—I would not look on it as exceptional. If the average of the passenger-traffic be taken for some years back it will not exceed more than last year, according to the railway returns.

145. Is it fair to base it on a year for which the traffic appears to be exceptionally low?—I would say it is fair, for the reasons given.

146. Why?—If last year was exceptional, as compared with former years, the reason is because there was not the same number of people travelling in the country as there were a few years ago. If it were assumed that the passenger-traffic decreased last year, it may continue to do the same for several years.

147. You think that the ship-carriage of coal will compete successfully with overland carriage?—Yes.

148. Did you take into consideration the fact that to carry coals from Brunnerton to Christchurch is a distance of 140 miles, and to take them by sea from Greymouth to Lyttelton is a distance of about 500 miles?—Yes.

149. Were you aware of these facts when you came to the conclusion that coals carried by sea could compete successfully as against coal carried by this railway?—Yes; I was perfectly aware of them.

150. You still maintain your opinion that it will be carried cheaper by water?—Yes.

151. Did you take into consideration the probable loss on sea-borne coal caused by increased handling?—No; I cannot say that I took in that part of it when making my estimate of traffic.

152. Do you know Mr. Martin Kennedy, a large coal-mine owner in the Brunner district?—Yes.

153. He has been engaged in business there for the last sixteen or seventeen years?—Yes.

154. Do you recollect him making an offer to pay £50,000 per annum for the right to run all the mineral traffic from Brunnerton to Christchurch?—I do not remember that offer.

155. You never heard of that statement made in writing?—If I heard it I do not remember it.

156. Would you say that Mr. Kennedy was a likely man to offer such a sum as that for the right to the mineral traffic if he did not think it would pay him better to send his coal by railway than by sea?—I do not think that Mr. Kennedy would make any offer except he thought he could make money by it.

157. Do you consider that his opinion on the value of that traffic is one that ought to have some weight?—Yes, I think so.

158. *Mr. Wilson* (through the Chairman).] Which is the better data—that which you possess or that which was in possession of the Royal Commissioners?—The coal trade is much more developed now, for one thing; I might say that is the only thing.

159. Is that what you founded your statement upon: that you had better data?—Yes, I based my statement on the likely traffic, and by comparison of that on the traffic on the New Zealand railways.

160. Do you know that the timber from Pelorus Sound to Lyttelton has nearly ceased to be exported, except from one mill, which charges high prices, and that timber is now supplied from Greymouth?—No.

161. Would you be surprised if that is so?—No; I would not be surprised.

162. With regard to coal, are you aware that offers were made by the Black Ball Company to this company for a certain supply of coal to be delivered over the railway?—No, I am not personally aware of this; but I have heard that such offers were made.

163. With regard to the traffic on the line, I suppose that, generally, although you say you are not an expert, you know that the traffic carried long distances to terminal stations is the traffic that pays a company better than local traffic?—Yes.

164. Would not that be the case with the bulk of the traffic on the East and West Coast line?—I think it would be with the bulk of the traffic.

Mr. James McKerrow, Chief Commissioner of Railways, in attendance and examined.

165. *Mr. Wilson.*] I think you have seen a copy of these proposals—D.-4., 1892?—Yes.

166. In the first place, would you kindly look at Enclosure 4, No. 6, page 9. You remember the Commission of Inquiry into the East and West Coast Railway?—Yes.

167. There were a number of estimates prepared and published by the Railway League of Canterbury: will you accept my word that these are extracts from the first estimates of 1879?—I have no objection to take your statement for it.

168. There are various estimates of revenue, you may notice, at the end: there is the average taken at the end of the column which shows the traffic (the average of the above estimates) at £173,898, on the basis of 52 per cent. cost of working = £90,427. That is an average, as you will see. Some of them are considerably higher. Now, after looking at that, I would ask you to turn to page 7, Enclosure No. 1. That is an estimate I have made to anticipate the traffic, from data which was supplied by the Royal Commissioners, and other data which I have been able to obtain since. An estimate of this kind, as you know, must be a matter of opinion or judgment: possibly you may not coincide with some of my assumed figures. I would be glad if you would look through them, and give me your idea of my figures as compared with your own?—There is an estimate of local coal for consumption in the District of Canterbury, 70,000 tons. I have just ascertained that for the year ending the 20th of August last there were 80,000 tons railed from Lyttelton into Canterbury. I understand that the local "brown"-coal pits supply 15,000 tons; so that the consumption from Amuri down to Ashburton is 95,000 tons of coal. Your estimate of 70,000 tons coming over that section is, I think, an excess; because, of that 80,000 tons coming through, about one-third only was Greymouth coal, Westport supplying a larger contribution, and also Newcastle. The question of cost will go very far to determine the amount of coal that will be brought over the line. I see it is stated here that the through rate would be 11s. 9d.: that is correct according to the Government tariff; but I should say that the steamship companies will be very likely to lower their rates. Indeed, the rates would become competitive as between the railway and the steamers; so that it is questionable whether 11s. 9d. will be obtained. On the other hand, however, the steamship companies would have to pay railage at both ends—viz., at Greymouth and Lyttelton—before getting to Christchurch. At present rates, so far as I know, the steamboat rates will bring out the result in favour of the rate quoted here.

169. *Hon. Sir J. Hall:* How much do you say?—The steamer rates are privately arranged. I know them, but I do not wish to state them.

170. Do you know what they are—I understand that Mr. Mills has no objection to your stating them?—I asked Mr. Mills, and he said, 7s. or 7s. 6d. to Lyttelton from Greymouth. While on the question of tariff, I may state that the company's proportion is set down at 8s. 7d.: that is about a shilling more than would be due, having in view the distance, only the coals would travel on a through rate. The actual proportion to be received by the company and the Government would be a matter for future arrangement.

171. *Mr. Wilson.*] Would that be in consequence of the extra mileage over the incline?—You have included that already. Going to Lyttelton it would be fifty miles on the Government line: that would be one-third over the Government, and two-thirds over your line, which has to compete with sea-borne coals to Lyttelton. Now, as to the quantity, for the reasons I have stated I do not think that 70,000 tons will be carried over the line for a considerable time. I think that from 40,000 to 50,000 tons will be as much as you could expect at the start, for the trade has got into particular channels, so that it will take some time before the railway could secure the lion's share of the trade. Coming to the next item—45,000 tons for shipping company—that is also, I think, in excess of what is likely to be carried for that purpose. For the twelve months I have quoted there were 34,000 tons of coal transhipped at Lyttelton—that is to say, 11,000 tons less than is mentioned here; so that if the line had been in operation for the last twelve months, and the company had got all the shipping coal, it would be 34,000 tons, not 45,000 tons. In connection with this I would observe that no one colliery is ever likely to get all the coal for shipping. There is the Newcastle coal, of which more or less will come to New Zealand so long as we have such a large outlet for our produce in Sydney; so that your 45,000 tons must be discounted considerably. Of course this

is a matter of opinion; really it is a sort of guess: but one-third I think is nearer the quantity that will be brought over the line for shipping—that is, 15,000 tons. Coming to the next item: 15,000,000ft. of timber is estimated to come over the line during twelve months. For the twelve months ended 20th August last there were barely 11,000,000ft. sea-borne to Lyttelton. There are mills at Oxford Bush, Little River, and other places where there is a local supply of timber to Canterbury; so that, of the 15,000,000ft. consumed as between Amuri and Ashburton there are only 11,000,000ft. shipped to Lyttelton. A considerable portion of that consists of kauri. totara, and timber from Stewart Island and the Bluff. I think it is not reasonable to suppose that the West Coast forests will be able to compete on such favourable terms as to enable them to secure the whole of this business. They could never supply kauri, and not much totara. They can supply rimu, kahikatea, and a very good birch. I think, in view of the explanation I have just given to the Committee, 5,000,000ft. would be as much as I could assume would come over this line. With regard to sleepers, that is not a very material item as regards traffic, so that I need not dilate on that. I think it is a little overstated perhaps. There are about 80,000 supplied annually for the Hurunui–Bluff line. We get them supplied from various parts of the colony, the carriage being an important element of the cost at which we get supplied. The next item is, 2,000 tons of building-stone. That is unimportant as regards the traffic receipts. I am not aware that there is any building-stone on the West Coast that would be likely to bear the cost of conveyance to the east.

172. That is one of the items which the Commissioners mentioned?—Then there are "parcels and sundries," 200 tons. I may pass that without remark. Of passengers there is an estimate of 4,000 first-class and 5,000 second-class—that is, 9,000 altogether from west to east; the same number is estimated to travel from east to west; that would be 18,000 for the through-passenger traffic for the year. That would be at the rate of nearly sixty per day. I should say that is a hopeful estimate. I may mention that as between Christchurch and Dunedin the through-passengers average twenty-eight. There you have larger populations at each terminus than in this case. I think it would be a liberal estimate to say thirty passengers a day. That would be just one-half of what is estimated. At the present time, on the coach traffic, I should say that there would not be more than 1,200 or 1,500 passengers in the year. There is another thing with regard to the passenger traffic which I should mention. While the company will have the privilege of charging 25 per cent. more than the Government rates, they would have to issue return-tickets. That reduces the receipts from each return passenger by one-third. On this East and West Coast line there will, no doubt, be a good deal of return traffic; the company, whether they like it or not, will be required to issue return-tickets. This matter was in dispute for a long while, until the Manawatu Railway Company, which is under similar conditions, refused to issue a return-ticket in a particular case. The matter was tested in the Supreme Court, and ever since the decision given there they have had to issue return-tickets, which, as I have said, means a reduction of one-third on all that traffic. Experience shows that very much more than half the passengers hold return-tickets.

173. *Hon. Sir J. Hall.*] That is, a reduction, do you mean, on the whole traffic?—On the journey to and fro.

174. It would only apply to half the traffic?—It applies to more than half on the Government lines, but on this very much more than half.

175. *Mr. Wilson.*] Will you return to Enclosure No. 1, No. 5—the statement of the Trust Fund. You see under the third column, receipts from traffic. After four years, when the line is open, there is an estimate of £50,000: that would not, of course, be reached next year, according to your estimate. Will you look now to the next page, No. 6, Enclosure 2, No. 5: this is an estimate not based on the estimate already mentioned, but on lower figures. I would ask you whether, judging from your knowledge, it is a fair thing to assume that we would get a net income of £30,000 from the Reefton line and east and west line in four years; would it not be rather between £50,000 and £70,000?—You know what are the results from the Reefton line; I do not. There would not, I think, be £30,000 from the first year of the railway working.

176. We have four years for the development of the Reefton line?—Yes.

177. Before you get anything like a return, from my estimate, it is five years' working: is it not a fair deduction that in five years we ought to reach this figure?—It is doubtful. I do not see that if the railway were over the mountains that the traffic would increase very rapidly: the coal is the main thing. You have 100,000 people between Amuri and Ashburton; that is your market. They are mostly engaged in agricultural and pastoral pursuits; they are not a manufacturing people. I do not anticipate that the population will increase at any great rate, nor do I anticipate that the demand for coal would increase greatly.

178. Would there be a steady increase: is it not your experience that, as a rule, in a prosperous country a railway has the effect of developing and increasing the traffic?—Yes; the New Zealand statistics show that, gradually.

179. Opening up the country. Would not the effect of the railway be to increase population, and therefore traffic?—It would have that tendency; but, as I have stated, coal is the basis of the success of the West Coast. The West Coast is not adapted for grain-growing; it is very well for raising cattle. I think that in time they will come to be able to supply themselves with animal food. They have never done so yet, but in time they may, at some further remote period. When gold-mining has shrunk and the forests are cleared it may be a dairying district, but that is a long way into the future.

180. Have you formed any opinion how the Royal Commission, and other persons who gave evidence before it, arrived at this estimate of the traffic?—No; I have no opinion about it. I read the report some time ago. With some parts of it I agree; with others I disagree.

181. Do you think it is possible, as things have changed, they will change from what they are now?—I do not wish to sit in judgment on this matter. I give my opinion for what it is worth.

I have had as good opportunity of knowing the country as any one in New Zealand—first from my long connection with the Lands Department; then having been at the head of the Mines Department; and latterly, through my connection with the railways, I have had my attention turned to the transit of goods, the supplies of localities, &c.

182. The company that was formed in London, on the basis of the Commissioners' report—would the condition of things at that time induce you to say the Commissioners were correct in their evidence?—I should not like to indorse their evidence. What I say is this: I happen to know those gentlemen—the Royal Commissioners—that they were above doing anything that was not honourable and fair; so far as their light and information went, they would be perfectly straightforward and honest; but whether their judgment was correct, that is a matter that I am not going to express any opinion on. I have not studied the evidence sufficiently, as it was brought before them.

183. From your evidence, must we take it that the conditions have changed in the meantime so as to alter the position of affairs in reference to the development of traffic?—There is one condition that has altered very materially. The Greymouth Harbour was then in a very poor condition; it was considered doubtful whether it could be improved. There has been a very large expenditure there since. They have succeeded to a considerable extent in improving the harbour. Ten years ago only small craft could go there; now the Union Steamship Company can take away 2,000 tons of coal in one bottom, I am told, in certain states of the bar. That has a very important bearing upon this question. Taking another view of it, ten years ago the output of coal was very much less at Greymouth than it is now. That fact might be taken as against what I have said about the harbour.

184. I would ask you another question—whether No. 6, in your judgment, is favourable?—I think it is hopeful. Taking the East and West Coast line, these figures are too hopeful. I do not know about Reefton.

185. It is now paying £5,000 a year?—That is not very much, having regard to these large figures.

186. You may assume that it will increase, that it is increasing. You may assume that it will, in time, increase to £10,000 per annum?—Yes; it might be realised after that.

187. That would show something like a fair estimate of what may be expected?—Yes; but it is a little too hopeful.

188. Would £30,000 be a fair amount?—I consider it is rather too hopeful.

[Mr. McKerrow, at the request of the Committee, promised to furnish a statement of the estimate of traffic, &c. (See Appendix, page 92.)]

THURSDAY, 29TH SEPTEMBER, 1892.

Mr. J. McKERROW further examined.

1. *Mr. Wilson.*] It has been stated in the evidence that it would be impossible for the railway company to compete against the steamers in the carriage of coal from the West Coast to Lyttelton or Christchurch. I will now ask you to affirm or otherwise these figures. The land-carriage is estimated at 11s. 9d., I think. Is that correct?—Yes.

2. And it was stated that the Union Steamship Company charges 7s. 6d.?—Yes, or 7s.

3. Well, in addition to that there is a charge of 1s. 10d. from Brunner to Greymouth?—Yes.

4. And from there onwards there is a charge of 3s. 6d. That comes to 12s. 10d., or 1s. to 1s. 1d. in favour of the railway. In addition to that there is possibly a difference from the handling of the coal and from the loss by breakage and deterioration. Is it a fair figure to put down loss by breakage at 1s. 6d., and handling 1s. 6d.?—That would be rather much. I may tell the Committee that breakage of coal is a common cause for complaint. It does not injure it for steamer purposes, but for household purposes.

5. Well, the coal principally used in Canterbury would be for household purposes. Now, do you anticipate that the railway company would fairly compete with the steamers?—I do. It would have a decided advantage over them for North Canterbury and the country towards Ashburton.

6. That shows a difference of 6s. in favour of the railway?—You mean to North Canterbury? Yes.

7. Then, do you consider that it would be possible for the company to deliver the coal at Lyttelton, providing there were facilities for delivering it to the direct steamers?—I think there would be no difficulty in the matter.

8. What are the railway-freights from the mines at Westport to the port?—From the foot of the incline to the port it is 2s. 1d., and for greater distances it is ¾d. for every additional mile.

9. *Dr. Newman.*] Have you made out any estimates of the probable railway traffic?—No.

10. Have you any estimate at all?—None that I would care to mention to the Committee.

11. Looking at the Midland charges, as in A, B, and C, do you consider that a Christchurch merchant could land goods on the West Coast as cheaply as at Wellington or Dunedin?—No.

12. Would there be much in favour of the sea route?—Yes. I think the rates set down here are prohibitive; and they would be greater than they appear here. The rates given here are only as between Springfield and Stillwater.

13. Does that apply to coal?—No; to merchandise.

14. It would be greater?—Yes.

15. And what about the cattle trade?—I think the railway will have the advantage in that respect, for cattle could be taken across for from 10s. to 12s. per head.

16. Would the earnings of this line equal those of the ordinary New Zealand railways?—I should think not.

17. Would the earnings equal those of the Wellington-Manawatu Railway?—No.

18. In the first year of the opening of the line would there be much trade?—I do not think so. As I explained to the Committee yesterday, the coal would be simply for around Christchurch, and possibly for some of the shipping; but this business does not grow rapidly, and it is on the coal that the company mainly rely.

19. Supposing the Springfield coal-area were developed, would that interfere with the traffic of coal from the West Coast?—Yes; it would for the immediate locality, and for some distance it would supply the country with its brown coal.

20. Supposing, then, that the railway were opened, and was bringing over a considerable quantity, would it be likely that the shipping company would reduce its charges?—Well, it seems very low now, at 7s. or 7s. 6d. It is just possible that they might. It depends very much on the Greymouth Harbour. If they improve the bar and get larger vessels up it might be done cheaper.

21. And charges would be brought down?—Yes.

22. *Mr. Mills.*] Are you aware that there is a charge of wharfage on coal exported over the Lyttelton wharves?—Yes; the usual wharfage is charged.

23. That would be added on to the railage?—Yes; it is 6d. per ton. Then, there is handling, which would be 6d. per ton too.

24. Could English steamers be coaled at the port out of the trucks?—No; I think there would be a practical difficulty in the way of their being coaled out of the trucks, because they would require such an enormous number of trucks that there would be no room for them. The only thing the port would be good for in this respect would be for the storage of coal; and the hulks would come alongside and load, and then take the coal out to the steamers.

25. Is it at all practicable for these English steamers to haul away from their loading-berth to another berth in the harbour, where the staiths would be erected?—I cannot say; but very large steamers load at the staiths now at Westport.

26. I understood you to refer to the possibility of staiths being made at Lyttelton?—The staiths were for storage purposes, and hulks would be required for loading.

27. What would be the cost of putting the coal into the hulks, with the railage, discharging, and cost of any other labour, before it gets to the hulks? You say the railage is 11s. 9d.?—11s. 10d.

28. What additional charges would there be in putting it into the staiths, having it elevated, and reloaded into the hulks?—Well, as far as the railway is concerned, they would put it into the staiths without extra charge; but, as to the cost of again filling the hulks and putting it into the steamers, I cannot tell.

29. What do you estimate the cost of putting the coal on the steamers at Greymouth?—The charge is 1s. 10d. from Brunnerton. There is no other charge.

30. It came out in the evidence that coal by steamer would cost 3s. 5d. more than by rail?—To Christchurch?

31. No; the coal supplied to steamers for the use of English steamers. Then, taking the rate of freight at 7s. 6d., it could be delivered in Lyttelton for 9s. 2d.?—9s. 4d.

32. On the Blackball Company's prospectus it is stated the freight by sea will be 5s. a ton?—5s., and the railage to Greymouth.

33. As against 11s. 10d., railway rate?—Yes, at the Port of Lyttelton.

34. Supposing that the company's estimates are correct, and they obtain the carriage of the bulk of the coal produced in the district, what would be the effect on Greymouth?—Well, it would diminish the receipts from the harbour by diminishing the shipping and trade in general. It would be injurious to Greymouth.

35. It would practically kill Greymouth?—No, it would not do that; the output of coal for last year was 150,000 tons.

36. *Mr. Saunders.*] You are acquainted, Mr. McKerrow, with the country through which the Midland Railway is to pass?—Yes.

37. And no one can estimate the traffic unless they know the country?—That is so.

38. Do you regard the country as being pastoral, mineral, or agricultural?—Well, most decidedly it is not an agricultural country. It is partly pastoral, and partly for sawmilling. The railway passes through good timber land; but as to the mineral character of the country, that is purely conjecture. Towards the western terminus of the railway there are auriferous reefs and coalfields.

39. The whole country is more or less gold-bearing?—Yes.

40. Then, taking it as a mineral country, would you regard the probabilities of traffic as being more uncertain and speculative than if you had a pastoral and agricultural country?—Yes.

41. Consequently, the great consideration of the Government in seeking the assistance of a company to take up such a speculative undertaking would be to have a company upon which they could rely to bear the loss, if loss there was?—Well, I think it would be hardly fair for the Government to contemplate such a thing.

42. Was it because there was too much risk that the Government did not take it up?—There was too much difficulty about raising a loan.

43. In a mineral country the profits might be either very great or very small. Now, if the company choose to take that risk, ought not the Government to give it to them?—Yes.

44. But if that company does not bear any loss there is no difficulty at all?—Do you mean that the Government should make the railway, then?

45. Yes; I always understood that the inducement to give the contract to a company was

that the company was prepared to speculate, which a Government should not do?—Yes; that is the state of the matter.

46. Do you think there is a good supply of useful timber there?—Yes; there is a large supply of rimu and white-pine, very good birch, and marketable timber, especially round about Lake Brunner: that is near the terminus of the railway.

47. What coal do you think will be got out of this side of the ranges to interfere with the Brunner coal?—Well, there will be always some coal worked round Springfield and Homebush, and at the foot of the hills. Last year 15,500 tons were dug out. Round Mount Somers the amount was 7,500, and round Springfield and Homebush 8,000 tons.

48. There is some superior coal found near Springfield in a mine called Mr. Williamson's mine?—I do not know that mine.

49. It is at (Broken?) River?—No; I do not know that mine.

50. *Mr. Shera.*] I think, Mr. McKerrow, that you stated in your evidence that the through-passenger traffic from Dunedin to Christchurch was about twenty-eight per day?—Yes.

51. And that probably the Midland Railway would be thirty?—It is estimated at sixty, but thirty would be a liberal estimate.

52. Supposing there was a rich discovery of gold on the West Coast, would that increase the traffic?—Yes.

53. Does it occur to you that the population on the West Coast would be more inclined to travel to the large cities than Dunedin people to Christchurch?—Yes, that is so; but there is another consideration: the population on the West Coast is very scattered, and they are not a commercial people. They are engaged in mining or in the ordinary settlement of the country; and, as a rule, such people do not travel much. And all the people on the West Coast, from Martin's Bay in the south up to Reefton, amount to 25,000; and the population of Dunedin and suburbs is 50,000, and the country from Dunedin to Invercargill supplies its quota of through-traffic. You have at the Dunedin end a traffic of 100,000, and the same at the Christchurch end, and the interchange between these numbers must be greater than between the 25,000 on the West Coast.

54. But is there much interchange of commodities between Christchurch and Dunedin?—It is not very great.

55. I mean, is one town dependent on the other?—No.

56. I think the relations of trade would affect the traffic?—The West Coast is entirely fed from elsewhere. The food, and even all the simplest articles, have to be brought into the place. The imports of merchandise into Greymouth last year was 18,500 tons. Now, supposing that the railway was made, and the rates were such as to induce business relations with Christchurch, there would be still a large business between Wellington and Greymouth by sea. The return coal-boats would bring goods; so that of the 18,500 tons which is now received wholly by sea a large proportion would still come by sea.

57. Do you know if any of the West Coast miners are inclined ever to take a few months' holiday at Christchurch?—Yes; but I think very few are able to afford it. A long holiday may be taken at Christmas after a good washing-up, but it is not a general thing.

58. *Hon. Sir J. Hall.*] With regard to the present traffic between Dunedin and Christchurch, is it a fact that there is a water competition?—Yes.

59. But practically there would be no water between Christchurch and the West Coast; the water-carriage for passengers would be non-existent?—Yes.

60. With regard to the supply of broken packages, do you think it likely that a storekeeper on the West Coast would supply these from Christchurch. Would not the fact that he could telegraph for the goods one day, and get them by rail the next, induce him to rely on Christchurch to a considerable extent?—With the rates here set down he would only do that with little things. Instead of telegraphing to Christchurch, with these rates, he would telegraph to Wellington and get the supply sent on by the next steamer.

61. Now, about coal: To what extent do the railways use brown coal?—We are not using brown coal at all this year, except on the Auckland Section. We received tenders for the brown coal from the Kaitangata, Nightcaps, Shag Point, and Allandale Mines; but the tender for the Greymouth coal was considered more advantageous. When it comes to the dividing-line we, of course, give the preference to hard coal.

62. Then you are using less brown coal than you used to?—Yes.

63. Have you any information as to whether the consumption of brown coal outside the railway service is increasing or diminishing?—I cannot tell.

64. *Mr. Tanner.*] You spoke, Mr. McKerrow, about the mineral wealth of the country as being extremely problematical as regards traffic. Does that expression apply to the whole area?—It applies to the whole length of the line, except the West Coast terminus.

65. Does it apply to the eastern spur of hills?—No.

66. Are you aware that the proprietors of these mines claim that they are prevented from developing the local trade by being handicapped by the railway-charges to Christchurch?—Well, I cannot speak as to particular mines, but we reduced the price of the brown coal very materially—about 20 per cent.—and I understand that it was appreciated very highly.

67. Would a further reduction be appreciated, do you think?—No doubt. Brown coal is very much inferior to Greymouth, Newcastle, or Westport coal. It comes to this: that a ton of West Coast coal is at least equal to 1½ tons of brown coal.

68. Can you give the present rate between Homebush and Christchurch?—I cannot recollect the exact distance.

69. It is thirty-six miles?—Well, then, it would be 4s. 3d.

70. Have you heard of discoveries of minerals in that neighbourhood?—No.

71. Not of a discovery of manganese?—Yes; I have visited the place, but it is not on the line of the Midland Railway.

72. Are you aware that a shaft has been sunk in that country for gold, in paying ground?—Some years ago there was prospecting in that district; it was along the foot of the hills, but it did not come to anything. Several claims were marked off, and we spent £2,000 in making a road there.

73. Why was the road made?—To facilitate the working of the mine.

74. Have large deposits of copper been discovered there?—No.

75. Are there gold-reefs there? How about these?—Well, seven or eight years ago a considerable amount of labour was expended in testing these, but it all resulted in nothing.

76. Regarding the coal: Do you know whether the output of coal is increasing or diminishing along the hills?—I cannot tell the quantities from year to year, but ten years ago it was much more than it is now. It has diminished very much about Springfield.

77. *The Chairman.*] You stated in answer to Mr. Saunders that you considered a mineral traffic of a much more speculative character than the traffic of a pastoral or agricultural country?—I do not think I put it in that way.

78. What do you mean by "a speculative traffic"?—I think that Mr. Saunders asked whether agricultural land would be more reliable than mineral country, and whether I did not think it was more speculative and uncertain to run a railway through a mineral country than through a pastoral and agricultural one. I said that I considered such a country more certain.

Mr. Saunders: I referred to the probable increase of agricultural traffic.

80. *The Chairman.*] Do you not think that a mineral traffic, such as the carriage of coal, can be much more readily estimated, and a definite opinion arrived at as to its possible continuance and increase, than the traffic of an agricultural district?—Well, if you had a well-developed coalfield of considerable extent, and a market for the coal, it would be a very steady traffic indeed.

81. Do you consider that the coalfields in the Brunner district are well developed, and to be relied on?—Well, I do not wish to disparage the Brunner coalfields, but they are by no means so very certain of continuance as they are supposed to be. A great amount of money has been expended in following the faults in the mines, and it is not at all certain whether, after all, it is sometimes worth while to follow them.

82. Are you aware that in the immediate neighbourhood there are large fields, such as Coal Creek and Point Elizabeth?—That is merely a matter of opinion.

83. And Blackball?—Well, it is anticipated that there are coalfields; but we know the history of many of the coal-mining enterprises in New Zealand. They have started under very favourable auspices, but have ended in great financial disaster.

84. Have you known any attempts at gold- or coal-mining on the West Coast that have, so to speak, given way or broken down?—Well, I do not think that you need to go very far from your own home. Take Wallsend: how many companies have broken over that?

85. The point is whether coal is there or not?—It was just the other year that the Brunner Company was about to give up their search for coal in despair. A great "fault" came in and Mr. Kennedy was nearly exhausted in trying to find the coal. I am not divulging his private business, because he applied for an extension of lease, so as to enable him to make financial arrangements to continue the search. The application was refused, but he obtained elsewhere such assistance as led to ultimate triumph. The country is very broken there, and if you like to read Dr. Hector's Geological Reports you will find that he says that it is not unlikely that the whole mountain-side may fall into the valley, and a lake would be formed behind.

86. Since you quote Dr. Hector as an authority, perhaps you will also quote his opinion as to the amount of coal in the coal-bearing country? Is it not several millions of tons?—I think that he estimates there are between forty and fifty millions of tons in the Grey Valley basin.

87. And the Blackball?—That is all the same; it is in the Grey Valley.

88. Are you quoting correctly in saying it is between forty and fifty millions of tons?—I am quoting from memory. It possibly might be larger. On reference, I find the geological estimate is nearly fifty-four million tons.

89. Well, you will have your evidence to correct. Then, if you think that Dr. Hector's opinion is that of one of the most eminent men in the colony, do you not think it carries against your opinion that coal will run out of Brunner shortly?—Brunner is only a part of the coalfields, it is not the whole. There are other deposits, such as the Blackball and the Coal Creek. In regard to Brunner the coal would still be there, but the difficulties of working it might be too great.

90. Are you aware that within the last few weeks, or within the past two months, a new seam of coal has been discovered in the Brunner field, at a high level?—No; I am not aware, but I am very glad to hear that such is the case.

91. With regard to the passenger traffic across the railway, you estimated the traffic between Dunedin and Christchurch at twenty-eight per day?—That is the through-traffic, in passengers, by the express trains. There is one each way per day; but there are other trains than the express.

92. Besides the through-traffic there would be wayside traffic?—A great deal of wayside traffic.

93. You say there are other trains?—Yes, from Timaru, Oamaru, and other places.

94. Ought not that traffic to be added?—Yes.

95. If you take into consideration the fact that the people on the West Coast are not leaving one large city to go to another large city, do you not think there would be more traffic between the east and the west than between, say, Dunedin and Christchurch?—So far as pleasure-seeking is concerned, your idea is correct.

96. Now, considering the fact that there is a steamer means of communication between Christchurch and Dunedin, no longer than by rail, and that sea-voyaging between Christchurch and the West Coast is four times the distance, would not a good deal of the traffic go on between Christchurch and the West Coast that now goes between Christchurch and Dunedin?—I think that the

passenger traffic between west and east would be by rail. People would never think of going to Lyttelton by steamer except for the sake of their health.

97. I suppose you do not want the Committee to understand that your railway takes all the traffic between Lyttelton and Port Chalmers?—No.

98. Are you aware that there would be a traffic peculiar to the West Coast?—I think there would be more tourists between Dunedin and the West Coast. The tourist traffic is much talked about, but with regard to numbers it is very small after all. It shrinks into very small dimensions.

The following questions were asked by leave of the Committee, through Mr. Blow, on behalf of the Hon. Mr. Seddon:—

99. *Mr. Blow.*] You have already stated that the rates shown in the company's estimate from east to west would be prohibitory; but do you think that their estimate of quantity for merchandise is a correct one?—I do not think the quantity mentioned here would go even if the rates were what I would call inducive of traffic. I have informed the Committee that last year 18,500 tons entered the Port of Greymouth, and I cannot but think that a large proportion of that would still be sea-borne

100. In fairness to the company, I would ask whether you have taken into account the goods that come to Hokitika. On the opening of the railway they would probably come through Greymouth?—That is not very likely, because the Hokitika stuff would either be landed there or at Greymouth. The charges on merchandise overland would be very great, owing to the long distance.

101. In asking you a question, the Chairman, speaking in reference to passenger traffic, said that there would have to be some addition made for traffic that was not through-traffic. The company allow 8,000 passengers for short distances. Do you consider that to be a sufficient allowance, or would that be too great? It is 5,000 first-class and 3,000 second-class?—It is 11,000: 5,000 first-class and 6,000 second-class.

102. Do you consider that a sufficient or an excessive allowance?—I think, from west to east, this would be a fair estimate of the numbers—perhaps a little too much; but it is a valuable district out from Stillwater, and I think it is likely that sawmills will control the traffic there. But on the other side, from east to west, I cannot say that there will be much traffic, for from Springfield you plunge into the gorge at Waimakariri. I do not think that there will be much local traffic there.

103. Have you gone into the question of working-expenses?—Not minutely. The proportion of working-expenses depends on the quantity of business done. On all railways there are constant charges that must be incurred, such as maintenance. Coming to traffic: if there is any quantity of this, and you charge high rates, the percentage of working-expenses is reduced; and if you have low charges the percentage seems to rise as against the actual receipts.

104. The principal traffic on this railway would be the coal and cattle traffic?—Well, coal, cattle, agricultural products, and timber.

105. Are the rates on these products remunerative?—If you have plenty of business they are.

106. Here is a copy of a memorandum from Mr. Maxwell to the Midland Railway Commission in 1883. The paragraph I would draw your attention to is this: [Paragraph read from Appendix, No. 2, page 72, D.–2A, 1883.] Do you infer from that that it does not pay to carry these things?—Well, Mr. Maxwell's statement that the bulk of the traffic would be carried at unremunerative rates leads to the inference that the line would not pay; and the traffic indicated is the traffic in this statement. [Statement read (enclosure to above) as to the working-costs of the railway.]

107. Mr. Maxwell's opinion was that, if the traffic was not larger than the estimate, the rates would not pay. Do you confirm that impression?—It stands to reason that, unless you get a certain amount of traffic, no rates would pay. He seems to base his statement on the fact of a certain quantity. If there is a large quantity, then he says that the cost would be so-and-so, and the revenue so-and-so. If the company get traffic at their high rates, that will diminish the percentage of working the line; but if, as I think, they will have to reduce them, then up goes the percentage.

108. If the average cost of working the railways is 62 per cent., would the character of this railway render it likely to be worked at a higher or a lower percentage?—If the same rates were charged as those on the New Zealand Railways, then the percentage would be rather higher.

109. Owing to its passing over higher ground?—In going over the high elevations the frosts and snows would no doubt be very wearing on the line, and it is likely that there would be very heavy floods. Maintenance is likely to be very heavy.

110. Can you inform the Committee what difference it would make on the rate of coal if the Railway Commissioners determined to charge a local instead of a through rate?—That would depend on the distance. If from Springfield to Lyttelton, a distance of, it might be, fifty miles, the short-distance charge would be 7s. 8d. a ton, as against the 3s. 2d. assumed as the Government-line proportion of the through-rate. But, as the company has running-powers over the Government line, the charge per ton for a constant trade would be arranged after consideration of all the circumstances.

111. As regards the competition from outside, is not Newcastle coal successfully competing in Wellington with the West Coast coal?—I believe so. It is a few shillings per ton—say, four, five, or six shillings—cheaper than the Westport coal. I use Westport coal myself.

112. Do you think the competition in Newcastle coal is likely to increase?—No, I think it is likely to decrease; and I will tell you why. There would be no Newcastle coal here but for the fact that we send over a large quantity of produce to Sydney, and the steamers bring over the coal as ballast. A restrictive tariff is diminishing the traffic, and the tendency is towards diminishing the competition.

113. But we hear that there are large steamers to be put into the trade?—That might affect

it; but for many years the thing has just fluctuated from about 110,000 tons to 140,000 tons per year, and it has been pretty uniform.

114. How much went to Lyttelton last year?—Forty-one thousand tons.

115. As regards the coal for transhipment: if it is put into the staiths, then into the hulks, and lastly into the steamers, there would be more handling by the railway than if they were sea-borne goods?—I think the handling would be about the same. At Greymouth you would be required to put the coal into a steamer; then, at Lyttelton, into a hulk; and then into the big steamer: which would come just to about the same thing.

116. You think, then, that there would be no difference between the two?—I think that the coal would be less broken by rail than in coming round by sea.

117. *Mr. Wilson.*] With regard to the traffic, is it not a well-known fact that through-traffic is the best-paying traffic on a railway?—Decidedly.

118. Is that not the probable traffic on the West Coast?—Almost entirely.

119. Therefore, it would be unfair to compare the cost with that for the whole of New Zealand?—There are so many circumstances that they average pretty fairly.

120. You say that the cost of the line would be increased by snow. Is it not a fact that very little snow lies on Arthur's Pass?—Well, I should think that from the (Bealey?) to the pass the snow would lie a great deal. That is on the east side; but on the west side the winds are warm.

121. How many weeks in the year does the snow lie there?—Not many.

121A. How many days?—I do not know; but there are immense precipitations of water there, both in snow and rain.

122. Are you aware that the company carried 38,000 passengers on the West Coast last year?—I am not aware.

123. Do you consider that a heavy traffic?—No; I think it is a reasonable one: on the Greymouth line we carried 80,000 last year.

124. Of course you carried nearly all our 38,000 as well as your own?—Yes.

125. These were local passengers?—Yes.

126. So that I have only estimated in my return about 8,000 passengers on the East and West Coast?—Eleven thousand.

127. And the Reefton Section?—What I understand is that from Stillwater up to Brunner you expect to carry 11,000 passengers in the year.

128. Yes. Now we are carrying 38,000 on the one section, and is not 11,000 a fair estimate as regards the other section?—I think it is a very liberal estimate.

129. It was stated in the evidence that the company had wrongfully communicated with the Commissioner of Crown Lands. Did you, at Sir Harry Atkinson's request, put the company in direct communication with the Commissioner?—You refer to applications for land on the West Coast?

130. Yes?—It was arranged departmentally that any person wishing to settle on lands in the Nelson or Westland Districts should make their wishes known to the agent of the company, and on the agent concurring to sell the land the applicant received a letter from the agent to the Commissioner, who, having received it as an authority, would put the man in possession after receiving the Warden's report that there were no mining expectations from the land. The Commissioner was to assess the value of the block, and this was entered in the books of the Lands Office as so much money given to the company, and was to be accounted for when the settling-up between the Government and the company took place.

131. Were the company right in communicating with the Commissioner of Crown lands?—Yes.

132. *Mr. Blow.*] Were you aware, Mr. McKerrow, of clause 29, by which it was provided that no land should be selected unless two months' notice had been given to the Minister for Public Works?—I do not recollect the clauses by number; but I think you refer to the company taking up large blocks. The country is all marked off in large blocks, and, supposing the company wanted to take Block 64, the Minister for Public Works had two months in which to decide whether he would agree or not. But for individual applications for land in the Nelson and Westland Land Districts, it was agreed between Mr. Scott and the late Premier that I should be the officer to arrange that the company should be placed in communication with the departmental officer, and work without any reference to the Minister at all, the application being dealt with in the usual way as Crown lands.

133. Has the Government been advised that the clause, as well as clause 33, applies to small selectors? Assuming that the Government had been so advised, then it is obvious that the Commissioner of Crown Lands could not grant the land without reference to Wellington?—If the Commissioners are told that the arrangement is suspended, then they would not carry it on. They have to do as they are told.

FRIDAY, 30TH SEPTEMBER, 1892.

Mr. J. P. MAXWELL, Railway Commissioner, was present, and, with the leave of the Committee, was examined by Mr. Blow, Under-Secretary for the Public Works Department, on behalf of the Hon. Mr. Seddon, who was unavoidably absent.

1. *Mr. Blow.*] Would you mind turning to page 7 of the printed correspondence—the proposal of the company, D.-4., 1892?—Yes.

2. The company gave certain estimates of the traffic there: would you kindly inform the Committee whether you consider those estimates should be reduced or increased. If you would deal with them in detail perhaps it would be better?—As regards the quantities?

3. Yes, please, in the first instance?—Coal, 70,000 tons: I think that is a reasonable estimate

to take for the coal carried to Canterbury, presuming, of course, that you have got coal of sufficiently good quality to supply the demand of the market there. I am assuming that to begin with, because there are other coals that would come into competition with it: the company would have a very great advantage in being able to send the coal to Canterbury direct from the mine, against sea-borne coal, which has to be placed on board the ships trimmed, then loaded again into railway-trucks, and thus gets very much deteriorated before being sent out to the customers. I think 70,000 tons would be a fair estimate. As regards coal for shipping companies, I think it is very doubtful if the company could deliver coal to the shipping companies—*i.e.*, apart from any arrangement that may exist between the coal and the shipping companies. I think it is doubtful whether they could compete with sea-borne coal. In this way the Direct ships, for instance, coal at Wellington; it suits them better than Lyttelton, and the company would have to compete against the price delivered at Wellington by ship from Westport or Greymouth compared with the price of the coal delivered to ships by rail at Lyttelton. I think, therefore, that the item of 40,000 tons is doubtful.

4. As to the timber?—I think the amount put down is too much. I was looking into this question a few months back, and I came to the conclusion that about 9,000,000ft. was about as much as the railway could be expected to carry. Nearly all the timber is taken into Canterbury by rail, and Canterbury in one year, I find, received by rail 14,000,000ft. I consider that the company might supply 9,000,000ft. or 10,000,000ft. out of the 14,000,000ft. It would not supply all, because there are foreign timbers and kauri imported, and some timber would still continue to be brought from Southland in competition, and 9,000,000ft. or 10,000,000ft. will, I consider, be about as much as one should reckon on. Then, there is the item for sleepers: I consider that about 9,000,000ft. or 10,000,000ft. of timber would cover sleepers too, so that I should admit that. "Building-stone, &c., 2,000 tons:" I think some of that is doubtful. I think that fire-bricks and material of that nature must pass over the line, and something should be allowed under that head—perhaps half; but it is difficult to say. "Parcels:" I think that is not an unreasonable amount to put down. I will come back to the passengers presently. I come now to merchandise. There are 10,000 tons put down for general merchandise. It depends, of course, upon what rate of freight is charged, how much would be carried. Under proper rates possibly 10,000 tons might be carried. I believe there are already 20,000 tons of general goods imported at Greymouth now; that position would be considerably altered if there were a railway. Greymouth is now the distributing town for these goods. It would cease to be to a large extent then, and goods would be distributed direct from Christchurch by rail. I think so—it depends, of course, on what rates the company charges for conveyance. Then, if there was a large timber trade growing up in the district people, would be employed in it, and an inland population would induce an increased amount of traffic, so that we might anticipate a larger amount of general merchandise than at present. I dare say 10,000 tons would be carried if rates were suitable. As to "Grain and agricultural produce," I hardly like to give a definite opinion about it. I believe the Commission which was appointed to investigate these things in 1883 put down that quantity, and I suppose it might be increased, but I do not know. I have no doubt that all the agricultural produce that goes into Greymouth would go by rail. As regards the "cattle and sheep" from Canterbury, they would be carried too. Now, as regards the passengers: I see that £24,000 is put down for passenger-traffic in all. I believe that is a little high—a little too much. But when we come to consider the passenger-traffic we must understand what the company is going to charge—what fares. Now, the company will be as it were dragged at the heels of the Government railways so far as fares go; if fares go up they must go up, if they go down they must go down. We have it on the best authority, the Public Works Statement, that a short time hence the Vaile system is going to be introduced. Now, supposing this company has to follow suit and put its fares down to Vaile's fares, and to carry first class for its whole length for 1s. or 1s. 6d., as that would be about the fare, or 8d. to 1s. for second class. Of course the revenue would not be much. Before you make an estimate of revenue you must be quite clear what you are going to charge. If the company is permitted to charge something like the fares proposed by it, and is not as it were dragged at the heels of the Government and made to adopt Vaile's system, I think about £20,000 would not be unreasonable to expect from passenger-traffic. I think what Mr. Wilson has put down is a little bit too high. In the case, although not exactly parallel, of the Manawatu Railway, eighty-five miles in length, they got a little over £40,000 last year for the passenger traffic. I do not think it is unreasonable to expect the Midland to produce £20,000 for passengers.

4. As regards the first item, 70,000 tons of coal: would not Westport continue to be a formidable competitor?—I think if the company has good coal—it would all depend upon that; if they have got the coal to carry—they will be in a position to command the market, for the simple reason, as I have said, the sea-borne coal is subject to great deterioration in the frequent handling, while the company's coal coming direct from the mines and forwarded direct to the very doors as it were of the customers will, I think, oust every other coal.

5. Do you regard the Westport coal as superior to the Greymouth coal?—That is a wide question; there are coals and coals. There is a coal we get from Coalbrookdale which is superior for household purposes to coals usually coming from Greymouth.

6. And the bulk of the Canterbury trade would be for household purposes?—Not necessarily. I could not say that. There is a good deal of gas coal, threshing, and foundry work, and other things also use coal.

7. Is it not a fact that Newcastle coal competes successfully with local coals?—Yes, it is so.

8. Can you tell the Committee the relative prices or how much cheaper Newcastle is?—When we have taken into account the inferiority of Newcastle coal, at Lyttelton it would not pay us to take it at the price tendered. We had it tendered as low as 17s. a ton a year or two ago. On going into the matter to see which was the best, the inferiority of the Newcastle coal told against it, and we found it really cheaper to accept Greymouth. The Brunner and Westport coal for

locomotive purposes was worth 10 to 15 per cent. more than any Newcastle imported; that is our experience.

9. Would that apply to household purposes?—I cannot tell you that.

10. Can you tell us, Mr. Maxwell, about how many shillings a ton cheaper Newcastle coal is sold at?—I have said already that it was tendered at 17s.

11. But you have not mentioned the other prices?—If you put about 15 per cent. upon that, it will give you the relative values for our locomotive purposes. Our tenders on that occasion made it better for us to accept the West Coast coal.

12. But you cannot give the relative prices for household purposes. Mr. McKerrow said there was a difference of 5s. a ton?—That seems like giving evidence at secondhand. Somebody else could give you the information you want correctly, I could only do so from hearsay.

13. Very well; if you cannot say of your own knowledge, I need not ask you. Do you know the freight charged on sea-borne coal from Greymouth to Lyttelton?—I have heard that it was quoted as low as 7s. 6d. a ton. I was told that in Greymouth a little while ago.

14. So that there is probably no question that sea-borne coal will compete successfully with railway for export?—The steamers do not use much coal at Lyttelton. I explained a little while ago that steamers coal in Wellington.

15. You do not think the construction of the railway will divert the traffic?—It depends upon the price at which the mines will sell, and the company will take it.

16. That brings us to the question of rates: Do you regard them as fair and reasonable, and such rates as the traffic would suggest?—I suppose the company might get as much as 8s. per ton. The timber would certainly reach 2s. 2d. or more. Fire bricks: They ought to get what is put down for that. The passengers' revenue I have explained. The merchandise—well, I should doubt getting more than 30s. a ton for it. The grain and other rates I should think are reasonable.

17. Of course, the company would be bound to issue return tickets, as that is the rule for Government railways; would not that have an effect?—I have not looked at the fares very closely, but I think the company should be able to earn £20,000 on the passenger-traffic. If the company put its fares too high they would not get the passengers—that would very soon adjust itself.

18. The principal traffic on the railway will be coal, timber, and cattle. Is that class of traffic remunerative?—Yes, under certain conditions.

19. Did you address this memorandum to the Chairman of the East and West Coast Railway Commission when it was sitting in 1883? [For memorandum referred to see Appendix No. 2, page 72, D.–2A., 1883, Report of Royal Commission, Canterbury and West Coast Railway Line.]—Yes, that is so.

20. Would you mind reading it, or shall I?—Well, you can read it out, but I should like to read it over myself if you will allow me. [Document handed to witness, who, after reading it, said:] Before you read that I should like to say this: I hope you do not think that a memorandum written in 1883 to apply to a totally different condition of things will apply to present circumstances, because it will not.

21. I propose to ask you to explain it after I have read it. [Memorandum read.] Do you still adhere to the opinion expressed in that?—Certainly. That applied to the conditions I was writing about in June, 1883. It does not apply to the conditions which exist now: that is another matter entirely. You are asking me now to give you my opinion on the subject of a railway under circumstances which are altogether different to those under which I wrote in 1883. At that time I was asked to say what that railway could be worked for. I was not requested to check their traffic or rates.

22. The line then referred to was 127 miles long. This railway under discussion is 94?—I do not know how they arrived at that length. You must bear in mind that the information asked from me was merely the cost of working. If I were making an estimate for working now I should make it a great deal less. Everything has been altered. Things have been revolutionised on railways in New Zealand since then. Changes that are not apparent to the outside public, but still very great, have been made. I cannot go into the changes very minutely now, because it would take too long; but I may mention some. Our engines are of greater capacity. We have rebuilt most of our carriage-stock, which was of a bad type in those days. During the ten years we have replaced nearly all that bad with good stock. Our fuel now we are paying 25 per cent. less for, and we use less proportionately. Our oils and lubricants too; we have changed the character of them entirely, and we are doing work for less than half what they cost.

23. The item of wages?—That item is also relatively greatly altered, because we have reconstructed our workshops, and now do much more work with fewer hands; and the same remark applies to the road. I think that is enough to show you that you cannot apply the estimate of working in that memorandum to present circumstances. I could only give an estimate, then, based on what they were doing then, just as now I can only give an estimate based upon what we are doing now. If you ask me what will take place ten years hence, I should probably say that by that time we may have electric motors, supplied by water-power, in use, but I could not now base calculations on the cost of a motive power which may be considerably cheaper then than we have now. I should say that those estimates of expenses (referring to memorandum) were correct then, but they would not be correct now.

24. You mentioned, Mr. Maxwell, that the estimate given in 1883 was for a line 127 miles long, and the line now as 94 miles. In working through-traffic is a better result arrived at from working long or short distances?—I merely mentioned it to show that the conditions submitted to me then were entirely different to what they are now.

25. The rate gets less per mile?—Sometimes, yes.

26. Do they vary, Mr. Maxwell?—The rates are empirical: you can make them what you like.

26A. But they do become cheaper under the circumstances I have mentioned?—Yes; usually the rates become lower per mile within reasonable limits.

27. So that the rates mentioned for 94 miles might be higher than they were for the 127 miles? —Yes, they might be, at per mile.

28. The traffic upon which you were asked to base your estimate was given to you, and in some instances your estimate is now somewhat less?—In some respects—timber is less.

29. And the agricultural produce?—No, I think that is the same—14,000 tons.

30. Oh, then, you confirm that estimate?—Yes, I see no reason to object,

31. *The Chairman.*] Mr. Maxwell, what do you mean when you refer to the mileage being different now to what it was when you based your estimates in 1883?—The estimates were based on the carrying of 70,000 tons 127 miles. That is all I know about it. There was no report when I was asked to estimate, and I was merely confronted by the gentlemen on the Commission asking me a certain question regarding the cost of working; and that is my answer. I apprehended that when they told me the line was 127 miles that they considered it to be so; but how they arrived at it I have no knowledge.

32. *Mr. Blow.*] In that memorandum I notice that you were careful to observe that your estimate was based on there being no figures to base the estimate. The grades, it was said, would not exceed 1 in 50. Do you think the inclusion of the rack incline would make it higher or lower?—It would probably make it rather higher.

33. Could you tell the Committee how much it would add?—No, I should not like to answer that question at once; but I could look into the matter if you wish it.

34. There is the fact of their not using the tunnel, but going over the top of the ranges. Up at that elevation, and not sheltered as it would be in the tunnel, would that not increase the cost of maintenance?—Which tunnel?

35. After Arthur's Pass?—It might do so; it might not. It is difficult to say.

35A. Are lines constructed in tunnels usually expensive to maintain?—In certain respects they are; the road is expensive to maintain, for several reasons—the rails wear out in about one-half, sometimes in one-third, of the time.

36. No danger from slips?—No.

37. Not up there? I should have thought there would have been considerable danger from slips?—There would be some, but I do not know that it would be any greater than on the lower levels. I should say the danger in the case of the proposed incline over Arthur's Pass would be less.

38. Looking again at the company's estimate of probable traffic, I understand you to confirm the estimate of 8,000 tons of agricultural produce going from east to west, which is said to principally consist of hay: is it not a fact that there is plenty of hay growing on the West Coast?—I should think it is poor stuff; but I have said that I do not know much about it.

39. Have you any knowledge of hay being imported in the Greymouth and Westport districts? —I have no certain knowledge just now; a few years ago it was. The last time I was through this country I did not see any; but the time before there was a considerable deal brought round by sea. That was about two or three years ago.

40. Perhaps you have not visited the West Coast lately?—Yes, I was through there last summer. You want to know whether the West Coast produces grain, hay, &c. I have seen hay and grain growing there, but it was very indifferent in quality and quantity, and I should think the Coast must import largely from Canterbury.

41. And do you think that agricultural produce would be likely to come by rail seeing that it would come from such places as Timaru, Oamaru, and so on?—I think it is just as likely to go by rail from the northern part of Canterbury. It now goes to Greymouth to be distributed about the country, and the railway taking it from Christchurch and North Canterbury will distribute it direct; that is the impression on my mind.

42. With regard to general merchandise, you said you thought that Christchurch would be a distributing centre; would not Wellington and Dunedin still be distributing centres?—I think so.

43. Could the railway compete with the steamers?—I think that with the advantage of distributing direct from Christchurch along the rail a large proportion would go from Christchurch—that is my impression. I was saying that about 20,000 tons was now imported to Greymouth, and in putting down 10 as the possible development I do not think that is unreasonable.

44. The total population is 25,000. In view of this, do you think the quantity high or low?—Merchandise?

45. Aye, of general?—Well, we can only go by what we know. The fact remains that up to the present time they import about 20,000 tons of goods.

46. And much of that would go by rail, you say?—Yes, I think so; having regard to the location of population and the possible development of a timber trade; if you build a railway you may hope to get a fair part of it.

47. Mr. McKerrow was asked yesterday if he thought the traffic results would compare favourably with the Manawatu Railway. Have you thought of that, and can you give us any information on the subject?

Hon. Sir J. Hall objected to witness being told what had transpired with the previous witnesses.

The Chairman said that it would be better to examine in future without mentioning previous evidence.

48. *Mr. Blow.*] Can you inform the Committee of the traffic results of the Manawatu Railway?—I mentioned one point: with regard to the Manawatu Railway, it is said to have had £40,000 of passenger-traffic, and I put this line at £20,000. There is no coal traffic on the Manawatu line, and there would be on this. The traffic on this line would not be at all like the Manawatu line.

49. There is a considerable traffic on the Manawatu line, although of a dissimilar character. You are not in a position to inform the Committee if the working results would be better or not?—That is a different matter; you were asking the results of traffic. I do not think this line would do as well as the Manawatu line.

50. Could you tell the Committee what the Manawatu results are?—They paid 5 per cent. on their capital.

51. *The Chairman.*] Assuming the Manawatu line to be eighty-five miles in length and the traffic so much?—What is it you want to know?

52. *Mr. Blow.*] Does Mr. Maxwell think the gross receipts of the Midland would be less or more?—I made out a rough estimate, and I thought the revenue would be somewhere about £85,000 or £86,000, or thereabouts.

53. Are you now going back to your estimate of 1883? I think if you will leave the question of 1883 out of consideration, we shall be more likely to arrive at a conclusion?—Taking the present time and the rates for merchandise at 30s. a ton, I have put it at £86,000; it might even be a little more than that. It can only be a rough guess.

Mr. Saunders here asked if it was necessary to go over so much old ground; and after some discussion had taken place, Mr. Seddon came into the Committee room.

54. *Mr. Blow* said he would like to ask some question about the report furnished by Mr. Higginson and the witness on the cost of working the Otira and Bealey incline, and read that portion of the report relating to an estimate of £13,800. The question he wanted to ask was whether that £13,800 included everything?—It included all the expense of carrying the traffic over the incline—every sort of expenditure; the maintenance of the railroad, the signalmen, and everything else.

55. Would it include anything for management or the head office?—No, not for management.

56. Or for wages of porters at terminal stations?—No; we were only comparing the cost of twenty-two miles of working with that of another twenty-two miles. It included all the expenses for the purpose of comparison.

57. A little further on there is the adhesion section put down at £5,500 per annum, which, worked out on a basis of eleven miles, gives 0·39 of a penny per mile. If we worked out the whole system on that basis would that include everything—would that include the head office?—No; there should be something added for that.

58. Could you tell the Committee how much?—Before going further, I should like to say that the item put down by Mr. Wilson for the cost of working is stated to be 52 per cent. I think the names of Mr. Higginson and myself are erroneously introduced there. It may be that Mr. Wilson has worked the expenses out on the same basis we gave, but we did not say anything about 52 per cent., and the relation between the cost of working and the revenue is quite a different thing. I do not think our names should have been used in connection with the 52 per cent. stated.

59. *Dr. Newman*: Do you think it would be higher?—Yes; I think the proportion would be, because, while the revenue would be less, the cost of working would be the same. This estimate of Mr. Wilson's for working the traffic, I think, is a little low. Without trying to dissect the figures, I may mention that to work the traffic which I spoke of as likely to bring in £85,000 or £86,000 I think would cost about £65,000 a year roughly. That estimate might be varied—a little more or less, as might the traffic. It is all problematical—greatly a matter of opinion; but I should think the company would make £20,000 a year: I do not think more than that.

60. Can you tell the Committee what the traffic costs per mile on the New Zealand Railways?—I cannot say exactly; I think the average is 2½d., so far as I can remember.

61. The cost is 2d., as it happens, it used to be 2½d.; so that the company can be worked for considerably less than a fourth of the average rate of the New Zealand Railways?—The conditions are different—the traffic is essentially and entirely different; no sort of comparison to be made between them. You cannot take the cost of working other railways whether in New Zealand, Russia, Kamschatka, or anywhere else when the conditions are different; they are no use to you.

62. But suppose we take the traffic of the Hurunui–Bluff: would that comparison be favourable or not?—The conditions are essentially dissimilar. There is no use in taking the Hurunui–Bluff or any other railway. There are no such conditions existing in Canterbury as are anticipated on this line, and no other line in New Zealand is at all like it.

63. You still adhere to the impression that this line could be worked over the adhesion section for £5,500 per annum, including all expenses but the head office?—Yes.

64. And probably yield £20,000 to the company?—Yes; but that depends upon the company paying the same rate of wages that we are paying on the New Zealand Railways. The company might be able to do differently to what is being done on the New Zealand Railways. Wages always govern the cost of working.

65. Have you gone into the traffic prospects of the Reefton line?—No; I know very little about it.

66. Do you think the conditions there similar to those on the Government railways?—I do not know of any railway that it is comparable with. It might be somewhat similar to Nelson, but it is hard to say: it must have an exceedingly light traffic; there is no possibility of large traffic taking place.

67. But more comparable with Nelson than any other, perhaps?—Only that Nelson is very much shorter, that is all.

68. Of course, in forming the estimate you gave in your report, you made no allowance for what amount should be deducted from the net proceeds of the company: you have not taken into consideration the line to Belgrove?—I know nothing about that: I have not taken into consideration the question of expenditure by the company at all.

69. Can you tell me the result of the working of the Nelson Railway?—The Nelson realised last year £2,000 net revenue for twenty-three miles; but I may mention, before I go any further, that the company working the Reefton Railway would not have had the expenses that the Nelson has, because that line is some sixteen or seventeen years old, so that the company would make a little more.

70. Would you tell what percentage the Nelson pays on the cost of construction?—It is £1 4s. 9d.

71. *The Chairman.*] Is that last year?—Last year; yes.

72. Could you say what it was the year before that?—It was a minus quantity the year before that; but you must not judge from that. The Nelson Railway is saddled with the cost of maintaining the old provincial wharf, and has had to spend many hundreds of pounds on it.

73. Do you think the extension to Wangarata would give better results or worse?—That would improve the traffic on the Nelson line.

74. If the Government line between Nelson and Belgrove yields £1 4s. 9d., do you think the company's line would also yield £1 4s. 9d.?—That is too problematical altogether; I do not know what the district is likely to produce.

75. *The Chairman.*] Have you examined the matter at all?—No, I could not give you any information.

76. *Mr. Wilson.*] With regard to the shipment of coal in Lyttelton: assuming an arrangement has been made, or will be made, between a mining company and a shipping company, which would give a shipping company favourable terms, would it be possible to ship coal at Lyttelton?—I think it would be possible to make arrangements, but I think the steamers would not take it direct from the trucks. You must erect staiths or put it in a hulk, and get it to the ships in that way.

77. If an agreement exists, or is to exist, by which shipping companies are to get special facilities for receiving coal, then it would be possible to have a coal trade of that class?—Well, it might be; it is very doubtful. I think the sea-borne coal would probably undersell you. It depends on what coal you will be able to give, and what you will be able to carry it for.

78. You have seen the country in which the line is now located—the real grade being 1 in 60 as against 1 in 50 on the adhesion portion: would that reduce the cost of working as compared with the old line?—The diminishing of the grade would improve the line very much, if you construct the line on 1 in 60 instead of 1 in 50.

79. The line over the summit: has that been located on a grade which from the nature of the country is exceptionally solid considering the formation?—Yes; I think so. I think an exceptionally advantageous location has been obtained for the incline line over the summit, judging from the character of the country.

80. Have you had any experience of the snow on the Arthur Pass, as to its increasing the cost of maintenance?—No, only hearsay; but I do not think it is likely to make any material difference in the working, from what I can gather.

81. The company has adopted ironbark in the construction of superstructures, &c.: will that reduce the ultimate cost of the maintenance?—Very materially.

82. Are there, from your knowledge of the country, many places on the line where we should be troubled with many slips?—No; I judge not.

83. Are you aware that there was a considerable amount of the Manawatu profits absorbed in taxation?—Yes; I have heard so.

84. Considering the traffic on the railway—you have assumed the present traffic: would there be any increase in that in four or five years, when the railway will be finished?—Well, I think it is doubtful. The change which has taken place in Canterbury during the last ten years has been very slight, and makes one doubtful about the improvement during the next ten.

85. In the company's estimate we provide extra mileage for working the incline. That is the same as for the Rimutaka?—For charging: yes, that is so.

86. Is it not a fact, Mr. Maxwell, that on the Rimutaka incline, which is 1 in 15, the same as at Arthur Pass, that, if you take the distance as equivalent to 1 in 50, the cost of working reduced to that basis is very small?—Yes.

87. So that the incline is not such an objectionable feature as would appear at first sight; as people would imagine?—I do not know that it has the same application—the Arthur Pass as the Rimutaka; but I think we have made sufficient examination to say that it is better to adopt the incline; it is a cheaper thing to do than to adopt the original line.

Mr. Seddon at this stage of the proceedings attended the Committee, and, having expressed a desire to examine Mr. J. P. Maxwell, Railway Commissioner, as to allegations of delay brought against the Government relative to the adoption of the incline line at Arthur's Pass,

Mr. Bell said: I will admit, on behalf of the company, with the concurrence of Mr. Wilson, that the action of the Government, as they were advised, was not unreasonable with respect to the incline.

Mr. Seddon: "As they were advised?" That is a qualified statement. If that paragraph is withdrawn I shall be satisfied.

Mr. Bell: I do not want to quibble about it, Mr. Seddon; I will put it in any way satisfactory to you. The point is this: It is a matter of opinion whether this information you demanded was necessary or not. What I am willing to admit is, that the view the Government took was not an unreasonable one, and that we have therefore no cause of complaint against the Government. I do not admit that our view was unreasonable, and you ought not to ask us to do so.

Mr. Seddon: If that paragraph is withdrawn that is all we want.

The Chairman (to Mr. Bell): The Committee will think it sufficient if you absolve them from the necessity of requiring further evidence.

Mr. Seddon: The whole thing is in this section G of the petition. [Read.] That is the allegation in the petition——

Hon. Sir J. Hall: You acknowledge, Mr. Bell, that there is no imputation of blame on the Government.

Mr. Bell: The delay occurred, and it has caused a waste of time; and we contend that, therefore, we should be allowed an extension of time. We do not admit it was our fault, and if not, we are entitled to an extension.

Mr. Seddon: That is sufficient. Then, I have nothing to reply to.

TUESDAY, 4TH OCTOBER, 1892.

Mr. J. P. MAXWELL, Commissioner of Railways, was further examined.

1. *Dr. Newman.*] You have looked at the estimates, Mr. Maxwell: do you think that there will be probably as many as five thousand cattle go over the line?—What there may be will go over the railway.

2. Do you think they will amount to such a number as that?—I cannot tell you; about five thousand now arrive by sea, I think, from Wanganui.

3. That supplies the whole of the West Coast?—No; a large number is driven from Canterbury.

4. Still?—Yes.

5. As regards the estimate of goods: do you think that goods could profitably be moved at a lower rate?—I have mentioned 30s. a ton as the rate they could probably get.

6. Do you think that merchants could afford to send them by rail at that rate, as against that of 10s. by sea?—To distribute them direct. Yes. The sea-freight is by measurement, the rail-freight by dead weight.

7. Would that pay?—Taking the traffic altogether, as I have estimated it, it would pay. I have estimated that the whole of the traffic would aggregate a profit of £20,000. That is the profit which I have estimated they would probably make.

8. Supposing this line to have been constructed as proposed, do you think that the prosperity of the district would be a matter of rapid or slow growth?—That depends entirely on the enterprise shown in opening up the timber-trade; the sawmill business would, I have no doubt, spring up rapidly. There is an immense supply of particular kinds of timber there, and Canterbury is certain to draw the whole of its supply of those classes of native timber from there. The native timbers of the West Coast are well known.

9. *Hon. Sir J. Hall.*] Have you gone into the question of the possible coal-traffic on the line?—Yes. I said in my previous evidence that I consider 70,000 tons would be about the figure, and that it would be delivered, we will say, at Christchurch, and at places in the country districts north, south, and west of Christchurch, including Ashburton.

10. As far as Temuka?—I have no doubt it would be.

11. At what price?—I should think at Christchurch coal could be delivered at £1 or £1 1s.

12. I mean at what cost for transport. You do not mean that as the cost of transport?—That would be the total price of the coal.

13. At what price at the pit's mouth?—About 8s. I should say £1 or £1 1s. would be the price of the coal delivered at Christchurch. I have mentioned already the advantage there would be in sending by rail direct from the mine: that in the sending it by sea there is the loading, trimming, unloading, and reloading in the trucks, and that causes a considerable loss, the coal being deteriorated much in value in the handling.

14. Have you gone into the question of loss?—Not minutely. I should think from 2s. to 3s. a ton.

15. Then, with regard to the timber: You say there would probably be a considerable timber trade. Have you gone into the question as to what the timber could be conveyed for, say, from Lake Brunner to the localities I have mentioned?—Timber is now carried as far as Ashburton from Southland at a cost of 6s. 2d. a hundred by rail. The Midland Company proposes a rate of 2s. 2d. for its share. Then, there is the Government freight afterwards, that would be a little more; so you see there would be a margin of 1s. 3d. to spare. If you allow 4s. 11d. as the rate from the West Coast there would be a margin of 1s. 3d. as against timber coming from the south.

16. How does that compare with the freight as by, say, from Lyttelton to Christchurch?—If you take it to Christchurch the rate from the West Coast would be 4s. 2d. a hundred. What the precise rates are in carrying it around by sea I do not know, but we might take it—taking the sources from which the timber will come, *i.e.*, Wairarapa, the Sounds, and so on—that the cost would be more than 4s. 2d. a hundred. I do not see how it could possibly be done for so little.

17. That would be about the same rate as the Midland could take it?—It would exceed it.

18. The rate is?—To Christchurch, 4s. 2d. I was speaking of Ashburton before. Of course much depends upon what the arrangement is between the company and the Government railways. That railway is in a peculiar position. The Government Railway Commissioners have to exact their share, and would not feel disposed to sacrifice revenue if they could help it; but, so far as I can judge, it is in the interest of the Government railways to see the timber brought over from the West Coast. There is ample margin to allow that.

19. You think it is likely that a considerable trade will spring up?—I put it at nine or ten million feet out of the fourteen—something of that sort.

20. Nine millions out of the fourteen used in Canterbury?—Yes.

21. *Mr. Saunders.*] In that timber trade you would not expect it to go through the whole of the line, but some distance?—Yes; it would start twenty or thirty miles up the line.

22. *Mr. Wilson.*] Is not that estimate of 70,000 tons what you believe the trade will be after the line is constructed?—Yes.

23. Is it not likely to grow?—Yes, that is likely. It will grow with the growth of the population on the east coast.

24. Whatever that growth may be, we may consider there will be a proportionate increase in the quantity of coal?—Seventy thousand tons is what I estimated the traffic would be to begin with.

25. To draw the Committee's attention now to the running powers. The company have running powers into Lyttelton, and, having these powers, they would receive a certain percentage from the Government—hauling over Government lines, they would increase their receipts by exercising that power?—Yes; something more than is put in the estimate.

26. That would be according to the yearly agreement between the Railway Commissioners and the company. And such agreement would be subject to discussion as to the rates and fares best suitable for both the interest of the Government and the company?—It would be according to an agreement terminable after twelve months' notice on either side.

27. Is it not likely that the Government, in the interest of the trade of the company and the New Zealand railways, would meet as far as possible the interest of the company in charging reasonable rates for the carriage of coal, as well for export as local consumption?—Of course they should, compatible with the interest of the Government railways; I should conclude they would do so.

28. It is suggested that the Government will charge such rates as to make it prohibitive, though such has not been the case up to now?—No; but of course the Government would protect its own interest. It might be necessary for the Government to decline to lower its rates, so as not to interfere with revenue coming from other sources. I do not say that that would be the case, but it is a thing that must be taken into account.

29. Any such attempt might be referred to arbitration?—That is so. I do not see any reason to expect a difficulty likely to arise as to the conveyance of coal and timber.

30. *The Chairman.*] Mr. Maxwell, do you think the traffic for passengers on the Dunedin–Christchurch through line is a fair traffic to compare with the traffic likely to go over the East and West Coast line, taking into consideration that running parallel with the one line there is steamer competition and against the other none?—You say between Dunedin and Christchurch? I do not think the thing is quite comparable. I should rather take the two districts if I were going to make a comparison. There are no corresponding centres on the East and West Coast Railway. If you take the traffic between the two districts, say from Dunedin South to Oamaru North, you would get a better idea of the traffic.

31. Have you taken into consideration, in estimating the traffic from west to east, the traffic in coke and firebricks?—Yes.

32. And the timber?—Yes.

33. Are you aware of the fact that, since the Midland Railway have made a portion of their line from Brunnerton up the Grey Valley towards Lake Brunner, a large number of new sawmills have been started?—I am not aware of that.

34. Are you aware that since the branches of the company's line have opened the timber trade has started from Greymouth—three vessels have been engaged in carrying timber to all parts of New Zealand?—I know that timber export has started; I do not know about the vessels.

35. What is the lowest rate of freight per ton charged from Greymouth to Wellington by steamer?—I do not know. I have heard freights quoted as low as 7s. 6d. to Lyttelton. I do not think there are any lower than that anywhere. That is for coals, not merchandise.

36. You have been one of the Railway Commissioners from the time that Board was constituted?—Yes.

37. Do you know of any special assistance that the Railway Commissioners gave to Mr. Martin Kennedy in order to carry on mining operations?—We have not given any, but we have lowered the coal and coke rates recently.

38. That is, 2d. a ton since February last?—Yes; a little more than that on coke. The same has been done on the Westport line.

39. But my question was as to any special assistance given with regard to the Brunnerton Mine—to Mr. Martin Kennedy?—No; I am quite sure we have not.

40. Or by the Government?—I have not heard of it. Never through the Railway Department; not in my recollection—that is, during the last twelve years.

Mr. MARTIN KENNEDY examined.

1. *The Chairman.*] You are now residing in Wellington, Mr. Kennedy?—Yes.

2. And you were formerly proprietor of the Brunnerton Mine?—Yes.

3. Since what date?—From June, 1874, up to 1888.

4. Are you proprietor of that mine now?—I am a part-owner now. Since the amalgamation with the Westport Company I am a fourth partner in the whole. The Westport Company holds two-fourths, myself one-fourth, and the Union Steamship Company one-fourth.

5. And the name of the company is the Grey Valley Coal Company (Limited)?—Yes.

6. Are you the managing director?—Yes.

7. Have you been engaged since 1874 in coal-mining operations in the Brunner district?—Yes.

8. Can you tell the Committee as to the amount of the traffic, in your opinion, that will go over this line if constructed from Brunnerton through to Christchurch, and whether there is any advantage in carrying by rail over that by sea?—I have looked into the matter since I had your notice. Assuming that I should be asked these questions, I have prepared a statement in writing. The quantity I estimate would be about 75,000 tons if carried at present Government tariff rates.

9. What would that be?—I put it at 11s. 6d. to Christchurch and 14s. 2d. to Temuka.

10. That is near Timaru?—Yes.

11. *Dr. Newman.*] Starting from what point?—From Brunnerton in all cases.

12. *The Chairman.*] I would prefer you to make your own statement, Mr. Kennedy, with regard to the traffic?—For the purpose of comparison I quote the prices in this way, assuming the railway rates at the various points named for carriage to be as per railway tariff; as, for instance, 11s. 6d. to Christchurch from Brunnerton.

13. *Dr. Newman.*] What is the rate to Timaru?—14s. 8d. Then, our selling price of coals at the Brunnerton Colliery would be: For screened coal, 10s.; unscreened, 8s.; nuts, 8s.; and slack, 4s. To that I add the railage to the different points, so that our selling price would be at Christchurch 21s. 6d—that is, for screened coal, and for the purpose of comparison I shall confine myself to screened coal. I put it, then, at 21s. 6d. at Christchurch; at Rangiora, 21s. 6d.; at Ashburton, 22s. 4d.; at Temuka, 24s. 2d.; and at Timaru, 24s. 8d. Then, I would take Newcastle coal selling at Lyttelton at 17s. 6d., and at Timaru at 19s., making the price at Christchurch 22s.; at Rangiora, 26s. 10d.; at Ashburton, 29s. 1d.; and I should say that for Timaru and Temuka the sea-borne coal coming through the port of Timaru the tariff would make it 25s. at Temuka. These prices may be subject to some further correction as to wharfage and railage charges, but that is my estimate; and at Timaru, 21s. 6d. Then, for Westport coal selling at Lyttelton at 20s., the cost at Christchurch would 23s. 6d., as against our coal at 21s. 6d.; at Rangiora, 27s. 2d., as against ours at 21s. 6d.; at Ashburton, 29s. 9d., as against ours at 22s. 4d.; at Temuka, 26s. 6d., as against ours at 24s. 2d.; and 24s. at Timaru as against ours at 24s. 8d. I am putting Westport coal at 12s. 6d. and the freight to Lyttelton at 7s. 6d., and freight to Timaru at 9s.—the present rates by the Union Company—and I consider the present sea-borne rates charged from the West Coast as about bottom prices.

14. *Hon. Sir J. Hall.*] All carried by steamers, I suppose?—All by steamers; sail could not look at it for the money. Of the 75,000 tons I estimate we should sell nearly half as unscreened coal, because our best screened coal at the colliery is no better and of no more value when delivered at Christchurch by sea than if it was unscreened and delivered by railway, and that is a difference of 2s. a ton. I mean that the handling of the coal—the loading and unloading—reduces it 2s. a ton.

15. The handling when delivered by sea?—I mean when sent by sea and delivered at Christchurch it is no better than unscreened at the colliery. Indeed, in proof of that, it is only recently we have had to make an allowance of 1s. 6d. a ton on four cargoes to the New Zealand Railways. The main part of the cargoes were considered as not up to the contract terms, and they asked us to have it rescreened, and in preference we agreed to allow 1s. 5d. a ton. That is a frequent occurrence, but I am speaking now of what has occurred only within the last month. In my estimate I am not assuming that we would sell a large quantity at Timaru—only the gas company and some special users, but the tariff rates would enable us to compete favourably the whole length of the line to Temuka. And, seeing that the railway company has taken our coal this year at 19s. at Dunedin and at the Bluff, as against brown coal for half that money, I assume, therefore, that we would compete successfully against any brown coal on the East Coast, especially with our unscreened nuts and slack, because the slack could be sold at 15s. 6d. at Christchurch. It is used by brickmakers as fuel. They are taking it now at even as much as 4s. and 5s. a ton extra. A considerable quantity of coke and firebricks would also be sent. I have estimated that for freight at 1,500 tons; the tariff rate is one and a half that of coal. I would put it down at 15s. a ton to Christchurch. I think that is all I wish to say on the subject.

16. *Mr. Shera.*] Are you of opinion that any new industries would spring up along the line?—I am no authority on that subject.

17. *The Chairman*: Did you ever ask for or obtain any assistance from Mr. McKerrow to enable you to continue working the Brunnerton Mine?—Individually I did not that I know of. I think the Railway Commissioners came into the business at the time I left for England in 1887, and when I returned a few months afterwards the amalgamation took place. It was only during the strike that we approached them to ask 6d. a ton reduction on railage during the strike difficulty, which application was refused. I certainly never got any concession; the railage was fixed in my Brunner lease, and there was never any reduction made in that during the time I was the individual owner, and a reduction in railage is the only assistance that could be rendered me by the Commissioners.

18. Has this assistance been rendered or given to the present company?—There was a reduction given to whom I may call my opponents at the time—the owners of the Wallsend Mine. The railage at that time on Wallsend coal was 2s. 6d. a ton. Wallsend paid no royalty. We paid 6d. a ton, so that railage and royalty made it 2s. 6d. a ton. They, having no royalty to pay, paid 2s. 6d. railage.

19. *Hon. Sir J. Hall.*] Why did they pay no royalty?—It was a condition of the lease—a Westland lease. They were charged the tariff rate as there was no provision in their lease for railage; and after my return from England I made inquiries, and found that their railage was reduced to 2s. a ton to my opponents only. If Mr. McKerrow says there was any concession to me I shall be glad to hear of it, so that I may claim the benefit of it by their paying me the concession by way of arrears. Our company have recently got a reduction of 2d. a ton railage, so that the railage is now 1s. 10d. That was made at Westport as well as Greymouth; it was made on all the lines. The tariff for eight miles is 1s. 9d., and we are paying 1s. 10d.

20. *The Chairman.*] Did you, Mr. Kennedy, at the time of the Commission presided over by Captain Russell, make an offer or say that you would be willing to give £50,000 for the mineral traffic on this Midland Railway?—I did make the statement, but not seriously with the chance of its being accepted. I was travelling in a railway carriage, and the conversation turned on this line, when it was contended that there would never be a truck of minerals pass over it. As a coal-owner, I said I would give £50,000 a year for a monopoly of it for ten years after its completion.

21. *Mr. Shera.*] Are the firebricks made at Brunnerton superior to those made at Malvern?—We get a higher price for them than they get at Christchurch for theirs. The Christchurch Gas Company and others use ours in preference.

21A. Is the Brunnerton coal more tender and liable to be injured by knocking about than Westport?—I think it is about equal in that respect, but much more tender than Newcastle.

22. Is it less tender than it used to be—altered in quality?—It varies in different parts of the mine, but it is very much what it used to be, only formerly it was sent to the market without being so well screened.

23. You still look upon them as a very tender coal?—Yes, I do.

24. *Mr. Blow* (by leave of the Committee, in the absence of the Hon. Mr. Seddon).] Do you imagine, Mr. Kennedy, that there will be a large reduction of freight with steamers calling at Lyttelton?—I do not think so.

25. Do you think that water-carriage could successfully compete with rail?—It depends on the conditions.

26. In the estimates you have laid before the Committee, as regards the prices of coal, would you kindly give the price of Westport coal at Lyttelton?—12s. 6d. f.o.b. Westport, and 7s. 6d. freight.

27. Do you know whether there is any preference for Westport over Greymouth coal, supposing the two sold at the same price?—There is some preference, especially for household purposes, and a slight preference for steam.

28. Would that preference still exist?—I think so.

29. What is the difference in retail prices between them?—I cannot tell you that, though we sell both—they are sold through the branch-manager. I do not carry the prices in my mind, but there is a difference. I am not saying that some people will not pay a considerable advance. I am speaking generally. I know there is a minority that will pay 4s. difference for household: I have known people in Wanganui pay 5s. more for Newcastle than for our coal, but I know that in other places our coal has the preference to Newcastle at equal and higher rates.

30. Is not Newcastle sold at a lower price in Wellington than either Westport or Greymouth?—I do not know; it may be. In our yard we generally force our own coal against Newcastle by selling them at the same money.

31. The Committee has been told that the total import of native coal into Lyttelton is about 80,000 tons per annum. In view of that estimate, do you still say that there would be 75,000 coming from Greymouth alone?—I think the whole export includes supplies to shipping, and for the Direct shipping companies' steamers in Lyttelton there is probably 15,000 to 20,000 tons exported at Lyttelton in the Direct steamers—that would leave 60,000 tons to be landed. Then there is about 40,000 tons of Newcastle landed; that would make about 100,000 tons landed of sea-borne coal. That was the basis of my calculation, and I see no reason to alter it.

32. You also say you can compete successfully with Newcastle?—Yes, certainly; I can show you that we are getting more for our coal than Newcastle commands.

33. How much more?—1s. 6d. or 2s.

34. It has been given in evidence that Newcastle has been offered at 5s. a ton less?—That proves what I am saying.

[Mr. Bell here explained that when opposition steamer-traffic was going on vessels taking away grain from New Zealand could get no return cargo, and brought Newcastle coal for little or nothing.]

Witness: If Newcastle coal is to be placed in Christchurch at 5s. less than £1 1s. 6d., my quotation, then it means this: that it costs 10s. at Lyttelton, which is not at all likely. Railage costs 4s. 6d., and when ship or steamer uses railway-crane, 5s. per ton.

35. *Mr. Blow.*] It was Mr. Maxwell who gave the evidence, and I suppose you will accept him as an authority?—I have got my information from their office by their authority.

36. As regards the competition with Newcastle, do you think that competition likely to increase or decrease?—As regards that, I think it will just continue in about the same proportion.

37. Do you think the new steamers will have the effect of increasing the trade?—No; that is only spasmodic. We cannot take any account of that.

38. There will scarcely be any return freight from Sydney?—But they could not find a market for what they could carry. There is such a thing as the cost of handling, wharfage charges, &c. I consider bottom prices are reached now. They would prefer to go empty. They do not want ballast; they have got ample water-ballast.

39. You think, then, that Newcastle is not to be sold lower?—I have quoted in my comparison Newcastle at 17s. 6d.; that is a low average.

40. Do you think Westport coal is likely to be sold at a lower rate?—I know it will not. I put it at £1 at Lyttelton and £1 1s. 6d. at Timaru. That only gives them 12s. 6d. at Westport for their screened coal, and when they cannot get that they would sooner leave it in the mine.

41. Would the opening of the mines at Mohikinui make any difference?—Not a bit. Any company might sell at ruinous prices, but it will only last for a short time. Their capital would be soon swallowed up.

42. *Dr. Newman.*] It has been said that you would give your guarantee in writing for £50,000 a year?—I never made any statement of that kind; I merely said I would give £50,000 a year for it on condition that I had the monopoly of the mineral traffic for ten years after the line was open. I still consider it would be a good thing.

43. In the estimate of traffic put down by the company they say the company will carry 45,000 tons for shipment at Lyttelton. Do you think there is any chance of that coming about?—They could not do it against sea-borne coal at present prices—at collieries and rail tariff. What they will do as a company in competition with steamers, of course I cannot say. Lyttelton is not the only

place where the Direct steamers coal. Wellington can compete successfully; it would be 1s. a ton less at Wellington. I never assumed I send coal by rail for shipment at Lyttelton.

44. *Mr. Shera.*] In regard to the coaling of ships, would you say that steamers would be likely to take their coal from trucks in place of water-borne coal placed in hulks?—I believe the coal would be of better quality taken from trucks coming direct from the mine.

45. But from your knowledge of steamers would you say that they would be more likely to take it from trucks?—No, I do not think so, unless there were special appliances provided to enable them to load it. There would have to be coal-staiths erected, so that steamers could lie between them and the wharf, as they would require to load coal at one side while unloading cargo at the other. That would be a very costly affair, even if permitted by the Harbour Board.

46. *Hon. Sir J. Hall.*] The Black Ball Mine is beyond the junction, is it not?—Yes; six or seven miles further up the line from Brunnerton.

47. The distance would make no difference in the cost of freight?—No; I do not think so.

48. So that your colliery would hold its own with the Black Ball?—Yes; assuming that they sold at the same money. Of course, if they sold for less money they could compete more successfully. The freight I consider is the same.

49. Do you think the Black Ball people could afford to sell for less?—It is scarcely fair to ask me that question. My impression is that they cannot do it and have a fair profit.

50. *Hon. Mr. Ward.*] I understood you to say that you regarded the freight rates of 7s. 6d. to Lyttelton and 9s. to Timaru as absolutely bottom prices?—I say pretty well bottom rates. I do not want the Committee to think that large bottoms could not carry for less under favourable conditions, but such conditions are not obtainable in our trade.

51. Speaking as a coal owner, if there was a lower rate by sea, would you accept assuming the rates by sea to be 1s. a ton lower than by rail?—For all coal, except nuts and slack, that I wanted to send to Christchurch or inland, I would sooner send by rail with a difference of 2s.; I could afford to be handicapped that amount; that is for all coal of a breakable character, and all coal is breakable except slack and nuts.

52. Then are you disposed to think that the steamboat owners would remain quiet and allow the trade to go for the difference of 2s. a ton?—Yes, I do. I do not think they could reduce their freights by 2s. a ton; besides they are handicapped 5s. to 7s. 6d. a ton outside of Christchurch, and a great deal of the traffic that I rely on is outside Christchurch. You cannot work a 1,500-ton boat, and get her despatched favourably at the ports of loading and discharging.

53. Supposing a company placed large steamers on, would you prefer them as against the Midland Railway Company?—If I could save 6d. or 3d. a ton I would save it in that way, but I should have to take into account the breakage of the coal at 2s. per ton on the Coast; and I have pointed out that medium-sized bottoms are more economical to work than the large ones in our business; that is if the larger bottoms had no other trade. The large bottoms would soon fill up your storage, and they would then be idle.

54. *Mr. Wilson.*] Is not the question of the harbour a somewhat important one at Greymouth, especially considering the bar in bad weather?—Oh, yes; the bar is always a source of anxiety, but it used to be a great deal worse than it is now.

55. In the case of sea-borne coal used by coal merchants, does it not entail a considerable stock on hand at a time on account of the cargoes taken over?—Not now; it used to, but they can depend now on a weekly steamer.

56. Is it not a fact that they must now hold a stock of, say, 150 to 200 tons?—No doubt that is so.

57. Would not the railway reduce those stocks to a minimum?—Oh, yes, there would be economy in that way.

58. There would be a saving on capital?—I do not think it is worth considering much.

59. Supposing an arrangement between shippers and the Midland Railway under such circumstances as have been alluded to, there would be no difficulty in getting coal on board the ships at Lyttelton, I suppose?—The question of getting it on board at Lyttelton is simply one of appliances and the cost of providing them.

60. The coal taken by the Direct steamers would be purely a question of cost and facilities?—Precisely so.

61. About the steamers now running. The most of the steamers running over to Greymouth for coal deliver the coal and go back empty or partly loaded, according to freight?—Partly one and partly the other.

62. Assuming the coal trade ceased, is it fair to suppose that fewer steamers would be required to take goods back to the West Coast?—Fewer from Lyttelton, but not from Timaru and other places where produce is available and as cheaply as at Lyttelton.

63. *Mr. Bell.*] What coal does the New Zealand Railways use?—They use our coal.

64. On the Middle Island?—Yes, and partly on the North.

65. Can you say how much coal the lines of the Middle Island used last year?—We are supplying the whole of the Middle Island—some 40,000 tons; perhaps 35,000 tons, if you make an allowance for difference in brown coal.

66. In 1883, when you gave evidence before the Russell Commission, you were then supplying 40,000 tons. Would not all that 40,000 tons of coal pass over the Midland Railway line when it is constructed?—I have not considered that it would. I consider that we would not go beyond Oamaru. I put down the quantity to be carried by the Midland as 10,000 tons.

67. You think the rest would go by sea to Dunedin?—Yes. Of course, when I gave that evidence to the Russell Commission I was assuming that the Government would have the lines.

68. Is it not an advantage in the case of railway coal to have it unbroken?—Yes; they estimate 3s. a ton difference between screened and unscreened.

69. There would be 3s. a ton difference to them in taking the coal by rail?—I think so.

70. *Hon. Sir J. Hall.*] Is it a fact that when a fault was found in the Brunnerton Mine you applied for an extension of lease?—I cannot put it that way. There was a well-developed fault when I took possession of the mine—that was in 1874. Some few years subsequently I applied to the owners of the royalty for a concession to help to develope that fault. I estimate that it cost me £10,000 to prove it, and I got no assistance whatever.

71. *Mr. Mills.*] If, as you estimate, the railway will carry all that coal to Christchurch and the neighbourhood—more than half the present output at Greymouth—what effect will that have on Greymouth and the harbour: will it not be disastrous?—No; the fact of sending 75,000 tons by rail would not necessarily reduce the sea-borne traffic by that amount; it would only reduce that portion of it that we now sell for land consumption at Christchurch, which I estimate at 25,000 tons.

72. You would expect the Westport and Newcastle trade to be reduced by 50,000 tons?—Yes.

73. *Mr. Blow.*] But what quantity of coal do you sell in Christchurch now?—For stove purposes about 25,000 tons.

74. That is the average quantity?—Well, I have not looked into the matter accurately; but I think about 6,000 tons go to the gas works, and I think I may say we sell another 6,000 tons generally, perhaps more, independent of our railway contracts.

STATEMENT as to the completion of the taking of the evidence.

Dr. Newman: Is the evidence for the company now closed.

Mr. Bell: Closed more than three weeks ago.

Dr. Newman: You do not propose to call any more evidence?

Mr. Bell: No.

Dr. Newman: Mr. Blow, does the Government propose to call any more evidence?

Mr. Blow: No further evidence; but Mr. Seddon has a statement in course of preparation that he may wish to put in. It is a statement showing the traffic-prospects of the line, based on the figures given by Mr. Maxwell, in his evidence as to the estimated traffic, item by item. It is not yet done, but we are now preparing an estimate to lay before the Committee, so that you can see what the traffic results are likely to be.

Mr. Bell: Mr. Maxwell gave us that.

Mr. Blow: No; only the figures from which you can get an estimate.

Mr. Bell: If the Government is going to put in a different result from that which we have had given in evidence, then it is only right that we should be allowed to cross-examine again upon that result. We should have the opportunity of showing that the new tabulated statements are incorrect; and to cross-examine Mr. Maxwell by means of a tabulated statement prepared by the Public Works Office is, I must submit, manifestly unfair.

ADDRESSES TO THE COMMITTEE.

WEDNESDAY, 5TH OCTOBER, 1892.

The Hon. Mr. SEDDON's Address.

Hon. Mr. Seddon, addressing the Committee, said: Mr. Chairman, it is my intention to be very brief; the evidence that has been taken will speak for itself, but I would like to put my view of the position to the Committee, and I will first of all ask the Committee to take into consideration that the company are before you with a petition primarily asking for a change in the contract. They inform the Committee that they are unable owing to their financial position to further proceed with the contract which they have undertaken. I take it that if we placed this matter on the same footing as would be the case with an ordinary contractor—if, in a case of this kind, the contractor made the same statement as is made here by this company—there would be a call upon the sureties of that contractor. In all ordinary contracts there are sureties provided for the due fulfilment of the contract, but in this case there were none—there were no such sureties—and hence it resolves itself into this, so far as I can see, that either the present company must go on with its contract, or, if unable to do so, after having exhausted every means possible—then I would take it that the company throws itself entirely upon the clemency of the Government of the colony. The petition itself as given by the solicitor of the company—in speaking on this question to the Committee he said, so far as the grievances enumerated in the petition, they are of a secondary character; that is, that, in taking into consideration whether further concessions should be made, if you come to such a conclusion at all, you should take into consideration these complaints—these alleged grievances. I think that first of all I had better briefly touch upon the grievances. Of course, they are of secondary importance; the company have put that very fairly and fully before the Committee. We come first of all, then, to the question of making these mining reserves. Now, the first point which has been raised is more one of interpretation than anything else, and it is raised for the first time. It has not been raised at any time by the company in the course of the contract, nor during the time of making the reserves—*i.e.*, the point raised is that you can only take one mining block within each B1 block—a block must not be more than 10,000 acres, and it must be wholly contained within one of the blocks set apart in the contract. To prove that contention, the company take the interpretation clause 1, where the word "block" is interpreted, and which reads as follows: "'Blocks' mean the blocks of Crown land respectively delineated and numbered on the said map marked 'B1'." But the very first words in that interpretation clause are as

follows: "In construing these presents, if not inconsistent with the context, 'blocks' mean," &c. Now, I say that to apply the company's interpretation to the word block where it is used in subclause (*c*) of clause 16 is not consistent with the context. Subclause (*c*) of clause 16 reads as follows: "All lands which from time to time, in the opinion of the Governor, are or may be required for *bonâ fide* mining purposes, and the several purposes connected therewith or incidental or conducive thereto, and which lands shall from time to time be set apart and defined by Proclamations to be issued in that behalf; but no more than ten thousand acres shall be so set apart or proclaimed in one block at any one time; and the lands so set apart and proclaimed from time to time shall not in the aggregate exceed seven hundred and fifty thousand acres." Now, the word "block" there is governed by the context. It would be simply a straining of words—in fact, it would be impossible to say that in that clause it has reference to the blocks shown on the B 1 map. If you look at map B1 you will find that some of these blocks are not of 10,000 acres. There are some, of course, much larger, one or two containing nearly 150,000 acres. Now, had they followed this out and said there should be only one block of 10,000 acres in each B1 Block, it would mean that only 10,000 acres could be reserved for mining purposes out of a block of perhaps 140,000 or 150,000 acres, notwithstanding that the whole of the 150,000 might be a goldfield, and in the centre of the workings.

Mr. Bell here made a remark, to the effect that the company did not contend that only one block could be reserved within each B1 block, but that only one block could be reserved at a time; and that every block so reserved must be wholly within one or other of the B1 blocks.

Hon. Mr. Seddon: Very well, then—they have given way in their contention. What does it amount to? Supposing we work it out on their construction as now stated. It may be that in this B1 block (pointing to map) the boundary-line of the B1 block might cut the mining block in two; one-half of the 10,000 acres would be in one B1 block and the other half in another block; or, in other words, the whole thing would be this, that there would be 5,000 acres on one side of the dividing-line and 5,000 on the other. And then two Proclamations would be necessary instead of one. Such is the contention of the company, and I say that it is a contention that will not hold water for one single moment. It is not borne out by the section and subsection to which this refers. The boundary-lines of the mining blocks are simply approximate—they are simply sketched in—they are simply put there as a matter of convenience, so as to give the natural features and the natural configuration of the country. Therefore, so far as the argument on that point is concerned, the contract does not bear that construction; the word "block" referred to the block of 10,000 acres which is to be reserved for mining purposes or purposes incidental thereto. That is my contention, and I say that that contention is supported by the highest legal authority. Well, the next point we come to is the question as to whether in the exercise of the power given to reserve this land—whether that power has been exercised fairly and with the true intention of the contract. On that point I think, myself, that the evidence is overwhelming in support of the action taken by the Government that the power has been fairly exercised. Then, as to the point that has been raised as to the blocks being set apart from "time to time." The company have contended on that head that it was only after prospecting or as occasion arose, owing to actual gold-workings, that the Government should exercise this power. My reply to that is this, and I am supported in this also by the highest legal authority,——

Mr. Bell: I think we ought to have the authority.

Hon. Mr. Seddon: I am speaking now in the capacity of counsel, as it were,——

Mr. Bell: If you are speaking as counsel, counsel speaks on his own authority.

Hon. Mr. Seddon: It is quite sufficient for me to say that the Government is bound by the opinions of its Law Officers.

The Chairman here suggested that the authority might be stated.

Hon. Mr. Seddon (continuing): At all events, I will consider that later on, and if the Committee desire it, and there is anything that turns upon it, I think there will be no objection. Very well, then, the next question that comes up is as to the land being actually required for use as a gold-working before it can be reserved. I wish the Committee to look straight at this phase of the case—does the language of this subsection support the opinion expressed by me and by my advisers? Then, going behind that, does the action taken by Parliament support this contention? Look at the speech delivered by Sir Harry Atkinson, which is recorded in *Hansard*, and which has been referred to here; and then you have the evidence, you have the speech of the chairman of the company at a formal meeting held in London, all supporting my position. You have the direct evidence of myself as one of the members of the Committee, specially selected. I do not wish to be considered at all egotistical in saying that, but I say I was specially selected.

Hon. Sir J. Hall: By whom?

Hon. Mr. Seddon: Sir Harry Atkinson himself asked me. I was opposed myself to the modification in the contract, and doing away with the alternate blocks, on the general ground that it was against the public interest. Then, when it was pointed out that it was necessary to make these reserves as soon as possible, it was on that ground that I consented to be a member of that Committee. The words "time to time" were inserted in the clause because it was not intended that the land was all to be reserved in one block, in the way that Mr. Larnach did it. Besides, it was pointed out that to do it in one block might be injurious to the company, and not what was required to conserve the mining industry. I would also ask the Committee to look at the position antecedent to this contract, and if you do that I think you will say that not only is the power given, but that it has been exercised, on the advice of Ministers, fairly and reasonably. It may be, and perhaps will be contended by the other side that some time took place before the power given was exercised; but if members will look at the correspondence they will find right through that correspondence—you will find there the explanation why the previous Government did not make

this Proclamation. The intention was there, of that there is no doubt whatever. You have heard Mr. Morris's evidence, and you have heard of the Hon. Mr. Fergus's words, "Leave it to me; better with me than the company. Don't make any arrangement with the company; rely upon the Government." There is more than that: there is the letter of Mr. Fergus, on the 29th August, 1890, I think, and there you see what he informed the company on this point. It is just as well now to refer to the provisions of section 33. If members will go back to the proceedings of the Select Committee they will find that the provisions under that section dealing with West Coast lands were not gone into as fully as they were when the contract was drawn. Practically the whole of the contract, except as regards this particular section and subsections, were dealt with by the Committee of 1887 fully. Now it was necessary, pending the collection of reliable information with regard to possibly auriferous lands, to do justice to the company as well as to the colony, so far as mining reserves were concerned, and it was thought that in the meantime there should be a protection; and a power was given that notwithstanding the selection made by the company the Minister for Public Works could acquire the land on the ground set forth in clause 16. Then there was the further provision, to render it impossible to interfere with the mining, that the Minister was to have two months' notice within which to approve or disapprove of the selection made. I simply say, therefore, that, reading subclause (*c*) of clause 16 with clause 29, the evident intent and spirit of the contract was that the mining industries were to be conserved. I do not think it is necessary for me to say one single word about the concessions that have been made except this, that the company did have concessions made to them of great magnitude. Of that there can be no possible doubt; and I do not think that the company will say that they have not received very substantial concessions. There have been only two direct charges made, as appears by the petition and the evidence of Mr. Wilson. The other charges—as to the proclamation of the reserves, and so on—were general. One of these charges is in regard to the land near Kumara—the application of William Morris. The evidence upon that point is very conclusive, and the evidence given here, with the proceedings in the Warden's Court, justify us in taking that land; and I may say at once that the amount involved was only about 200 acres, the valuation of the land being 15s. an acre. Then you come to Jackson's land—something was said about that. The evidence there, again, shows that every information was procured and every precaution taken. Where it was possible to do so, the Government have met the company by saying, "Very well, we will withdraw these lands to meet your convenience." There has been no wish to strain the language of the contract as against the company. As regards the Blackball reservation, their contention must fail after the evidence we have had from local authorities that we have not taken sufficient. What could the Government do more than they have done? We have taken the advice of the local authorities and mining experts, and we have gone to those whose opinion in all such cases must guide the Government. You have had the evidence of Mr. Gordon, and he is not one who would strain the contract unfavourably to the company. You have had the evidence of the District Surveyor, Mr. Snodgrass—his evidence was clear and distinct; and you have had the evidence of Mr. Montgomerie. I will not say much on his evidence; he was not very clear; but there is this to be said about it, that he had advised the Council, and that his opinion was recorded. The opinions of the others were not recorded, and they have changed. He was in a tight place, therefore, and you are bound to consider the position he was placed in. However, I can leave the mining question safely in the hands of the Committee. The company have been apprised of each block we have taken, maps have been sent to them; but I would call the attention of the Committee to another position which the company could have taken up. It has not exhausted its powers—it has the power to go to arbitration; the company has the right to demand arbitration. Now, the company has not exhausted its right—it has come to the Committee without exhausting its powers under the contract; and I would say this, that if they had come to a Court of Arbitration there would have to be specific charges made, and the arbitration would take place on them. But the company have not done that; they preferred to make a general allegation that there had been a straining of the law as against the company and to come to this Committee.

We come now to the next question—the deviation at Lake Brunner; and I say at once that the company would have done better in that case if they had taken up a similar position to that adopted in the incline question, and withdrawn their allegations of delay. What did they do? They framed their Bill and submitted it to the Government. It was put through, and effect given to their wishes. But the Legislature put in a certain provision, and the provision was not complied with; it was, therefore, impossible to give effect to it. It would not have been a safe position for any Government to grant the deviation under these circumstances. Every contention of the company, I say, has been proved not to have been well founded. I would ask the Committee to consider what has been my opinion. I have been a supporter of the scheme from the start; I have helped and assisted it because all my interests are centred in the West Coast. Is it likely, placed in the responsible position I am in, that I would strain the law as against the company? Certainly not; but at the same time you have got to look at the matter from another point of view, for if I had, being a Minister, allowed the law to have been broken, what would have been said? It would have been said then, and with great force, that I had forgotten my position as a Minister, and acted as a West Coast member.

Then, the next question is as to the incline. I do not know that there is any necessity to say anything about that now. Considerable time was taken up, and a considerable lot of evidence was taken, but it was only after we had taken the evidence of the Engineer-in-Chief and Mr. Maxwell that the withdrawal took place.

Mr. Bell: That is not a generous thing to say, Mr. Seddon, that we withdrew because of Mr. Maxwell's evidence.

Hon. Mr. Seddon: I did not say that.

Now, I may say with regard to the selections under clause 33, that the company is solely

responsible for any delay that took place. The Crown wished to place every facility in the way of the company. The selections could have been applied for under clause 33 singly, for it was never intended that a number of applications could be sent in at one time right amongst these gold-workings, as they could only be granted after the gold-mining was protected. To deal with them *in globo* would have altogether negatived the intention of the Legislature; it would have been a most dangerous thing to do, and it was never intended that it should be done. The company took up that position: they do not deny that. They were apparently ignorant of the fact that they were asking for what the terms of the contract would not give them. They should have known the law, however; the Government was not responsible for that. It is not for the Government to take the position of advisers of the company. At all events, this question was settled, and satisfactorily settled, before it was brought before the Committee at all. That being the case there was no necessity whatever for the company to bring this up, unless, like a little boy throwing pebbles at a window, they wanted to throw a number on the chance of one of them breaking a pane of glass. At all events, so far as the Government is concerned—I speak for the present Government, of course—but, after going through the papers, I will say that the course followed by me was indicated and acted upon by my predecessor—there has not been any intention on the part of the Crown to strain this clause against the company. In my case the straining has been in favour of the company.

That question of the Abt system may be regarded as settled, the granting of permission to use a steep incline having been approved.

Mr. Bell: We have never received notice of it, then.

Mr. Wilson: Two months ago you said that, but we have never received the formal consent.

Hon. Mr. Seddon: The answer to that is simply this: You had lodged your petition, and if consent had been given just after that, it would have been said, "We lodged our petition, and the very next day the Government offered their consent."

Mr. Wilson: We should not have said that.

Hon. Mr. Seddon: You knew that it was recommended.

Hon. Sir J. Hall: What is the next step?

Hon. Mr. Seddon: The next step is the consent of the Governor, but the matter having been referred to the Cabinet and approved of, that would have followed as a matter of course.

The next question we come to is the question of extension of time. There were three points brought before the Government. The first was the Abt system. We were told that if that were granted the company could finance. We were told then that if an extension of time were given the company could finance. Then the company thought that it was owing to our taxation proposals that they were placed in financial difficulties; but you have the evidence as to whether they could have got the money. Before our taxation proposals were even mooted or put before Parliament they were in difficulties in the matter of raising money. We are not responsible for the money-market at Home. No action of ours prevented the company raising the necessary capital. I leave the question of extension of time—that is a matter the Committee may deal with, a matter upon which the Government would be only too pleased to get the advice of the Committee. And it must be borne in mind that, outside any complaint whatever, there is power to grant an extension. Supposing there was no grievance, the company satisfied and the Crown satisfied, and the work had taken longer than was anticipated, the company could, of course, have come to the colony and asked for an extension of time, which there is power to grant; at the same time there is this against that view: the company, if they had had the capital, could have finished the line in three years; and they ask for five years. That is purely a matter for the Committee to advise the Government upon. It was too much for any Government to take the responsibility of doing after the company's petition had come in, and in face of the fact that Parliament was to be sitting in a month or two. I saw the difficulty, for if I had pledged the colony to an extension of time, Parliament when it met would have censured the Government, and said it would have been much better to have left it to a Committee to advise.

I now come to the proposals for a guarantee, which have come upon the Government as a great surprise, and the admission made shortly after as to the real position of the company. I regret very much that in a work of this national character financial trouble should have arisen; I regret it very much, but it was not unanticipated by me. It was quite clear to me that the capital of the company was too small, and that the undertaking was too great with the limited capital, even when taking the most favourable view of the money-market in London. Well, you have had this matter before you, and heard what the experts have had to say. I was very careful myself. I have a general way of reckoning things up and coming to a conclusion. Had you asked me to go into detail——

Mr. Bell: I did.

Hon. Mr. Seddon: And my reply was that I declined. I would have shown the Committee, amongst other things, in my rough-and-ready way of reckoning, that I failed to see where the money was coming from in the way anticipated, that it would have cost more than was set forth, and that I believed a too sanguine view had been taken. The men who gave evidence before the Commission in 1883 were good men, and were, doubtless, not desirous of misleading, but it is only fair to say that they took as a basis the circumstances as they appeared at that time. But circumstances have changed materially on the West Coast from what they were when that evidence was given. This Committee, at all events, have had expert evidence on the present position, and it is for them to suggest. I would say this: that I should regret any straining as against the company, or that there should be an opinion that evidence has been submitted which would bear that construction, because it is in the interests of the colony that this work should proceed. If any undue straining took place, when the company went to raise its capital it would be damned by the evidence given by the Government as against the company. Now, the company would never for a moment

be allowed to let a line of that importance lie dormant. The people of Canterbury would not rest easy and allow the work to remain unfinished; and if, after this, the Government brought forward a proposal, then, that Government would be met with this evidence. I say, therefore, that in the evidence submitted there has been no such wish on the part of the Government of the colony—far from it. I should prefer to see the line there myself. There should be no straining in that direction—all the other way, in fact; because you can never tell: we shall go on increasing in population and wealth, and the traffic will be considerable. I have always been of that opinion. There may be some places over there where that has not been the case, but in the coal districts further north the increase will go on.

Mr. Bell: I do not see what Mr. Seddon is saying about this evidence; he does not mean to say that there has been no straining of evidence—to strain it as against the company or the venture.

Hon. Mr. Seddon: I will just say, in very few words. So far as the guarantee is concerned, I do not think the present Government would agree to it, and I would not advise any Parliament to give such a guarantee: it is unlimited as to time. Of course, there has been a suggestion by the company to fix the limit at twenty years; so that, at all events, you would know what was likely to occur between this and twenty years' time. I would, however, prefer to leave these proposals to the Committee to advise upon. I have had a table prepared, and I would ask the Committee to let it be considered as part of my speech, for I have not time now to read it. I had intended to do so, but I do not think there can be any objection to letting it stand as part of my speech. We have taken the evidence of Mr. Maxwell and Mr. McKerrow, and worked the matter out, and these are the results. [For tables prepared by Messrs. Gordon and Blow, and referred to by the Hon. Mr. Seddon, together with the remarks of Messrs. McKerrow and Maxwell thereon, see pages 178–83.]

Mr. Bell: Have they been shown to Mr. Maxwell and Mr. McKerrow?

Hon. Mr. Seddon: No; but I have no doubt the Committee will concur with me that they should be shown to them and checked. I will ask that these should go in as a portion of my speech, and then I shall be prepared, when they have been checked by Mr. Maxwell, to correct them accordingly. I have Mr. Maxwell's estimate of traffic, and the working of it out by Mr. Gordon. Mr. Gordon's is not so favourable as Mr. Blow's. This is worked out on the basis of Mr. McKerrow's evidence and Mr. Maxwell's as well. Both statements are here, gentlemen, and I will leave them with the Committee. Whilst justice is done to the colony—and I wish that done—at the same time I do not wish anything done to injure the company, and I will leave it to the Committee to decide what of this part of my statement may be recorded and printed. I do not think, when I have concluded by expressing my wishes to the Committee, that the company will think I have been at all unfriendly or unfavourable to them. I wish to do that which is best for all concerned, and to make allowances that will be beneficial to the company while not unprofitable to the colony. I know that if anything were to arise now it would place the colony in a serious dilemma.

Mr. Bell: I think, Sir, the statements should not go in until the other side has seen them, and it is agreed that they are admissible.

Hon. Mr. Seddon: If time had permitted I should simply have read them, and there could have been no question as to my right to do so.

Mr. Bell: Yes, that is so, Mr. Seddon. I agree to that.

Hon. Sir J. Hall: What are the reasonable concessions the Committee might grant?

Hon. Mr. Seddon: It is not for the Government to suggest: I would rather not make any suggestion. It is a matter for the Committee to advise upon, and not for me.

Mr. Bell: Before Mr. Seddon goes he must not think that I accept what he said about the Government not acting unfairly in putting Mr. Gordon before the Committee. I accept what he says as to his intentions, but not as to the effect of his action.

Hon. Mr. Seddon: Neither you nor any one else can alter the fact. I have not been a party to keeping back facts.

Mr. Bell: Facts are one thing, and opinions another.

Hon. Mr. Seddon: It may be all opinion; it is a question of evidence—of fact from the witnesses' point of view.

Mr. H. D. Bell's address.

Mr. Chairman, the Midland Railway Company has a contract to complete two lines of railway—the East and West Coast, and the Nelson to Greymouth. It has not the funds to carry on either work further; it has very nearly expended all the money it has, and is unable to raise more. It therefore approaches the Government, the other party to the contract, and says: (1.) The East and West Coast line is desirable, can be constructed, will probably pay, and be one which the Government will ultimately acquire. We do not ask for money from the colony now, but we ask for assistance to enable us to raise the necessary funds. (2.) We think the North and South line is one which may be postponed; it probably will not pay, and if the company builds it the Government will probably not buy it. But, of course, if this line is still considered essential by Parliament it may be possible to arrive at terms under which it may still be included in our work. We are willing to submit to any reasonable conditions to insure the Government against liability under any assistance it may give us; and we will even give up without compensation the greater part of the land-grant, which was the principal inducement offered by the Government to us, and which has since formed the principal ground of cavil against our contract. The object of this petition is to induce Parliament to direct what steps shall be taken to insure the completion of the line, for if no steps are taken the works must soon stop. We lay the proposals before the Committee, and ask them to recommend the House to authorise the Government to arrange with the company some course by which the funds can be provided. We have anticipated the answer, "You made the contract, and you must complete according to its terms, or take the conse-

quences:" (1.) By alleging and proving that circumstances over which the company had no control, and in the origin of which it was in no sense implicated, and which it could not have anticipated, and not any fault of the company, have rendered the finance of the company impossible; and (2), By asking the Committee to consider what are the consequences which we are to take.

I propose now to examine both these answers: and for that purpose it is necessary to state very briefly the history of the formation of the League and the Company; the inducements offered by the colony; the contract, and the subsequent modifications thereof; and the course of action adopted in the colony.

I.—The History of the Contract up to the Signature of the Contract of 1888.

"The Railways Construction and Land Act, 1881," was passed to enable railways to be constructed by contractors on the land-grant system; and in the first schedule to that Act certain lines are mentioned in respect of which the Governor might immediately enter into contracts before the session of 1882 if he thought fit. Among such lines are the Nelson Creek to Belgrove, and the East and West Coast (Middle Island) Railways. It is always necessary to bear in mind that this Act of 1881 is "the principal Act," and that the subsequent statutes relating to the East and West Coast and Nelson Railway and the Midland Railway Company are all amendments of that Act.

In the end of the year 1882 the East and West Coast Railway League was constituted at a convention of local bodies held at Christchurch; and as the result of their efforts, aided by the Westland League, "The East and West Coast and Nelson Railway Act, 1884," was passed. That Act increased the land-grant up to 50 per cent. of the estimated cost of the railway, the land being valued at its market-value prior to the making of the contract, and without regard to prospective value, the minimum being 10s. per acre. It also provided that all Crown lands within fifteen miles of the railway should be surveyed into convenient rectangular blocks, of which none should have a frontage exceeding one mile to the railway; the contractors and the Government to take such blocks alternately. If there was not sufficient land adjoining the railway, then the Governor was required to set aside land elsewhere benefited by the railway; but the contractor *might select all such land*, the alternate-block system not applying there. (See section 8, subsection 2.)

Obviously, under this alternate-block system, the contractors might possibly acquire some auriferous land. This was partly met by subsection (9) of section 8, which enacts that "no lands now used for mining purposes or which shall be known gold-workings shall be deemed Crown lands under this Act;" and, by subsection (5) of the same section, which, after declaring that the company should be entitled to any coal found on lands in their grant, specially reserves the Crown's right of resumption for mining purposes under the Act of 1882. For the purposes of the land-grant the cost of the east and west line was to be taken at not more than a million and a half (section 8, subsection 7), and the cost of the Nelson line at not exceeding one million.

The Railway League despatched delegates to England to endeavour to procure the construction of the railway by English capital; and in the month when these delegates left the colony—namely, in January, 1885—a contract under the Acts of 1881 and 1884 between the colony and a New Zealand syndicate was entered into. Honourable members will find this contract (which has in the evidence taken before them been called "the original contract"), set out at length in the schedule to "The East and West Coast Railway Act 1884 Amendment Act, 1886." This syndicate contracted (1) to deposit £5,000 within twelve months; (2) to expend £150,000 within two years; (3) to complete the lines within ten years or within such further time as should be allowed. Clause 17, however, provided that if the deposit of £5,000 as not made, the contract should simply be void, and the Crown should have no right of action. The plan A, attached to this contract, shows he route of the railway. The plan B shows the blocks of land set aside for selection by the company. The corresponding plans on the present contract are marked A1 and B1.

The delegates of the syndicate first negotiated with the Messrs. Meiggs, whose proposals involved a guarantee by the colony of a more onerous character than anything involved in the present petitioner's proposals. In July, 1885, the then Colonial Treasurer, Sir J. Vogel, moved in the House the appointment of a Committee to consider the proposed Meiggs' contract, and accepted the rejection of that motion as a declaration by the House that it would not confirm an arrangement on such lines, and the negotiations therefore came to an end.

In 1886 the delegates entered into an arrangement with the promoters of the present company, which was then formed in London, to take an assignment of the original contract. The company made certain stipulations for variation of the conditions, which appear in the correspondence printed in the second schedule to the Act of 1886. The Stout-Vogel Government, as there appears, found that they could not give effect to the variations without Parliamentary sanction, but in that correspondence undertook to obtain such sanction.

The Atkinson Government, in the second session of 1887, introduced "The Midland Railway Contract Act, 1887," in accordance with the report of a Select Committee appointed in that session (Appendix, 1887, Session II., I.-6) to consider proposals for amendment of the contract. That Committee settled the draft of the contract of 1888. Mr. Seddon, in his evidence, has referred to the proceedings of that Committee, and to the speeches made in the House upon the several stages of the Act, for the purpose of enabling the present Committee to arrive at a conclusion as to the meaning which is to be attached to the clause giving the Government power to make mining reserves with a limit of total area. I shall only briefly refer to that part of the case, but shall take occasion to dissent from the view which he presents of the intention of the Committee and the House in 1887, and shall at the proper stage quote from other speeches in support of my contention.

The valuations made by the Committee of 1887 were not limited to such as the company had stipulated for in the correspondence with the Agent-General; and I think it may be best to state briefly the principal alterations:—

(1.) The company were permitted to add to the cost of the line a sum not exceeding £400,000 to represent interest during construction.
(2.) "Mining purposes" are defined.
(3.) Provision was made for an incline instead of a tunnel at Arthur's Pass if the Governor, on the report of two eminent engineers, is satisfied that such a line will be suitable for heavy traffic, and can be worked at a satisfactory cost.
(4.) The company (clause 12) may call upon the Crown to work certain constructed parts of the line, and to pay the company 40 per cent. of the gross receipts.
(5.) Subsection (*c*) of clause 16 is new; it has been often referred to, but I must ask leave here to read it again.

All lands which from time to time in the opinion of the Governor are or may be required for *bonâ fide* mining purposes, and the several purposes connected therewith or incidental or conducive thereto, and which lands shall from time to time be set apart and defined by Proclamations to be issued in that behalf; but no more than ten thousand acres shall be so set apart or proclaimed in one block at any one time; and the lands so set apart and proclaimed from time to time shall not in the aggregate exceed seven hundred and fifty thousand acres.

(6.) Clause 18 is new; and this also I must read, as it is the foundation of one of our causes of complaint.
(7.) Clause 20 is also new, and I shall have occasion to refer to it later.
(8.) Clause 25 abolishes the system of alternate block selection.
(9.) The provisions of clause 33, providing in the case of lands on the West Coast a special method of disposal of land.
(10.) Clause 42 expressly provides for an extension of time if delay has not been caused by the wilful default of the company.
(11.) Clause 47 provides for arbitration if any dispute arises as to the construction, meaning, or effect of the contract.

The new contract was executed on the 3rd August, 1888, and thus three years and six months out of the ten years had expired before a real contract was entered into by the colony. The company could not, of course, as a mere matter of business raise its capital until it had an executed contract. It would have had to pay a year's interest for nothing had it done so.

I have now concluded the history of the contract up to 1888, except, of course, that part of it which relates to the Committee of 1887, and I pass on to ask the Committee to consider:

II.—The Inducements offered to the Company to enter into the Contract of 1888.

The company was persuaded to undertake this work:—

1. By the land-grant provisions and the anticipation of the increment in value which the railway would give to the adjoining lands;

2. By the prospect of royalties from coal and timber;

3. By the prospect of timber and coal traffic, the most important goods traffic (with cattle and sheep) to be anticipated for some years;

4. By the reiterated public and official statements of members of the Government and officers of the colony that the line would be a paying one from its opening.

5. To some extent, no doubt, by the statements of the delegates, and opinions and pamphlets collated by the Railway Leagues. But this is hardly appreciable, since the men in London who took the shares and purchased the debentures certainly regarded nothing but official reports as of any value.

I of course do not ask the Committee to take into consideration any statements which the company may have had from the league or the syndicate. I confine my observations to the other four inducements.

The reservations for mining along the line, and the graduated tax, have together gravely diminished the value of the land-grant to the company, and have besides prevented that settlement along its lines which would have provided local traffic. When I come shortly to address the Committee on the points of the mining reserves and the taxation, I trust to make it plain that the first inducement held out originally to the company, and also the second, as to rents and royalties, have proved misleading. But it is difficult to understand the position of the colony when the third and fourth inducements are considered.

I will ask the Committee to bear with me while I compare the public statements of the public officials of New Zealand as to the prospects of this line in 1885, 1886, and 1871, with the statements of the public officials of New Zealand of the prospects of this line in 1891-92, and to compare the financial position of this company, and its chance of getting its funds from the London money-market then and now, and to say whether the position of the company at each period was and is not the result of the action of the colony.

I read from the Public Works Statement of 1885—surely a public document which we might expect to carry weight—the following:—

There now, however, seems some difficulty in obtaining the construction of the lines under the Act of last year, and it remains for the House to consider what should be done. The Government are of opinion that the lines are of immense importance. They will tend to increase the mining population, and to develop a large amount of mineral traffic, and commerce generally. There are also considerable tracts of land, which will be profitably occupied by settlers, whilst the bringing of the produce of the eastern side of the Middle Island to the western at a cheap rate will tend to promote the welfare of the West Coast settlers, and open a new market for the agriculturists on the eastern side.

I read from a speech delivered by the Colonial Treasurer, Sir J. Vogel, in October, 1885, this:—

But lately, as I stated the other evening, I am beginning to think that the railway is so desirable that it may be better that the colony should make and own it, rather than procure its construction by even a small guarantee, which would involve in the end a heavier cost if the colony purchased the railway, because of its having given the lands in

addition. What I am now considering is the treatment you were subjected to when it appeared that, by some extra concessions, the railway might be made. From one end of the districts concerned to the other, men of large properties came forward, and were ready to see themselves burdened with a liability for part of the guarantee rather than that the arrangement should not be made.

This railway virtually brings to useful purposes a new territory to the colony and a new population. I believe that it will ultimately prove one of the best-paying lines in the colony; but, even if it did not, the revenue it would bring to the other lines would, from a railway point of view, alone be quite sufficient inducement to carry it out.

I read from a speech of Mr. Richardson, the Minister for Public Works in February, 1886:—

And, in addition to that, the population is at the two ends of the line, and the traffic would nearly all be that which pays best of all to a railway, namely, with long carriage. And there is no need to anticipate having those continuous stoppages and large number of intermediate stations which make our railways so expensive to work. I estimated last session that the traffic would return a nett profit, from the opening of the line, of at least 2 per cent., and I feel sure that I am within the mark. I am sorry to have troubled you with so many remarks on this subject. My excuse is its importance to this part of the colony, and I would only add, if the construction of this line causes this district to prosper it helps the prosperity of the whole colony.

I read from a speech of the Colonial Treasurer, delivered in February, 1886, in Auckland:—

You know our reasons for desiring the completion of these lines, and you know, if I had my way, these railways would have been very much nearer completion, if not completed, than they are at the present day. But I wish to say a word about this East and West Coast and Nelson Railway, because up here it has few friends, and I think you are fair enough to listen to the arguments which can be adduced in its favour. After a most careful investigation by the Public Works Department, we were assured that, on completion, the line would yield 2 per cent., besides aiding very much the other lines already constructed. It will open up some million acres of Crown lands, which would otherwise remain for an indefinite period useless. The lands are of all sorts, some good, some very bad. However, the great part of it is likely to contain rich minerals, which may be the source of enormous wealth to those who search for them. There are gold, coal, and timber of a most valuable description. One block of 60,000 acres is represented to have a full value of half a million of money. Now, the population which would be directly benefitted by this railway amounts to one-third of the whole colony. It will unite several great districts, and enable them to exchange, on the one hand, agricultural productions for gold and coal, and enable the large plains of Canterbury to be supplied with that great agency of human manufacture, coal, which so abundantly exists upon the West Coast. I shall conclude by quoting a few observations made by the Hon. Mr. Bowen, in which he aptly epitomises the arguments in favour of this railway—"Briefly, those who advocate the immediate prosecution of the East and West Coast and Nelson Railway do so because they are satisfied that it will pay better than any other railway now projected in New Zealand; because it is a part of the trunk line, connecting all parts of the Island together; because it will practically add a new territory to the colony—a territory teeming with all sorts of minerals—with large, undeveloped wealth hitherto cut off.

I read from a speech delivered by Mr. Richardson, as Minister for Public Works, in the debate on the Meiggs' proposals:—

I will now go a little more into detail and make comparisons, with a view of estimating the traffic on this railway, and calculate it as is done when it is proposed to contruct a railway in any other part of the world, and also compare the population on this line with that of some of the lines at present constructed in the colony. I would point out, in the first place, that the total population of the four counties on the eastern side of the great range of the Middle Island at the present time, I am informed by the Registrar-General, allowing for ordinary increase, is 105,829. The population of the Counties of Westland and Grey is 19,775. The population of the Nelson District, which would be served by the railway, is 22,464. Therefore we have in the district which would be served by the construction of this railway a population of 148,000 people at the present time. That will be found to be close upon one-third, or between that and one-fourth, of the white population of the colony. Supposing this line were constructed at a rapid rate, in, say, five years, there is very little doubt, even in the ordinary course, the population would be largely increased, and the increase of population which must accrue by the construction of the works themselves would also be very large.

This railway will, therefore, as far as the carriage of timber is concerned, command the timber-market of Christchurch, Ashburton, and the whole of the country comprised in the four counties I have referred to. The consumption of timber in that district is from fifteen to twenty million feet per annum. In estimating the traffic at the commencement of the running of this line I have not taken the figures of the Commissioners, but have taken a very much smaller amount. I have taken simply five million feet per annum. Supposing that amount were carried, and making allowance for all deductions, it would still leave an enormous amount to be supplied from the kauri forests in the North, from the Sounds, and from Southland, as well as that cut locally.

Major ATKINSON.—What would be the average cost?

Mr. E. RICHARDSON.—The cost, taking the line through from Brunnerton to Springfield, ninety-five miles, at the present tariff rate, would be 3s. per 100ft., and five-eighths of a penny per mile for all further distances. I now come to speak of coal. The freight on coal on ninety-five miles of this line at the present time is exactly 10s. per ton; right through to Christchurch, 138 miles, 11s. 5d. per ton; to Ashburton, 163 miles, 12s. 6d.; to Temuka, 198 miles, 14s. 4d.; to Waikari, 164 miles, 12s. 6d. If coal is taken across by railway it will save an amount of handling which will add very largely to its value when it gets to its destination. In the first place, it will save absolutely two loadings and dischargings in and out of the steamers and railway trucks, and it will also save, as the honourable member knows, a large amount of shifting in the holds of these vessels, which considerably deteriorates the value of the coal; and, in addition to this, the carriage by railway from Lyttelton to the place of consumption. If the honourable member will simply refer to the printed documents I have already referred to he will find the present consumption of coal in the four counties I have named—not referring in any way to the large consumption by direct steamers at Port Lyttelton—the consumption of coal on land in those districts to be close on eighty-six thousand tons; and that is largely increasing year by year. I am not going to quote the estimate of traffic the honourable member for Gladstone just now mentioned. That was one prepared in 1883 by the Commissioners after taking all the evidence they could get on both sides of the Island, and was referred by them to the General Manager of Railways for pricing out. As far as I understand that report, their estimate was intended to show the probable tariff at the end of some three or four years after the line was opened; and show a traffic equal to £115,675. By that estimate, which the department considers a fair one, taking into consideration the population basis—which, really, at the present time, is all one has to go upon—and the rates which at present exist, and the reduced ones which are likely to exist by water-carriage owing to the improvement of those harbours, there will be, on the ninety-five miles, an amount of traffic from all sources of £88,375 on the Springfield–Brunnerton line. Taking the Foxton–New Plymouth line as a basis for the purposes of comparison at its first opening, when that population was very nearly the same as that between Nelson and Greymouth, the anticipated traffic on the latter would amount to about £37,500 per annum at the opening. Of course that would increase after the line was opened. Taking this amount of traffic, the working expenses of both lines would certainly not average nearly as much as on either of the heavier lines now at work in New Zealand, such as that from Wellington to Masterton, excluding the Rimutuka incline, the Foxton–New Plymouth, the Auckland to Mercer, on all of which the gradients are steeper and the curves more severe; and for various other reasons, one main reason being that the bulk of the traffic will run the full length of the line; and for long spaces in the middle of it, for some considerable time, the trains would only stop for water and coal purposes, and therefore the traffic would be most advantageous to carry. I believe myself that that line would be worked by a private company for something like 50 per cent. on the receipts, if the rates are as I have stated. Takin the cost of

the Springfield and Brunnerton line, ninety-five miles, we have a profit of £30,048, which would be not quite 2 per cent. upon the cost; and that is to start with. Of course, on the Nelson and Brunnerton line the distance is longer and the population more scattered, and comparing it with the Foxton-New Plymouth line at its opening we should have a traffic equal to £37,500 to start with, and I take the working expenses at £34,000. We have reliable reports as to the quantity of land which is agricultural and fit for settlement along that line: still, there is not the probability of traffic that there is along the other line; therefore it cannot be estimated so highly. On the other hand, there will be a very large traffic owing to the mineral resources known to exist along that line.

I am not prepared to say that the colony should undertake the construction of these lines under the proposals as telegraphed from Home without very fully considering them; and hence the necessity for a Committee. I look upon it myself—as I did when the proposals first came from Home—that the request for a guarantee was made more to ascertain whether we had any *bona fides* in the value of the line or not. I am quite sure, from the figures that came out, that the people who have taken this matter in hand at Home have carefully studied all estimates and reports sent Home, and their figures have come out at very much the same amount as those produced by the Public Works Department. The asking of a guarantee like this would of course be a safeguard to them, and I believe it was asked really to ascertain whether we believed that the line would pay or not pay. For my part, I have shown to-night that there is every reason to suppose that the line will, from the very commencement, pay as well as any line that we have constructed yet in the colony, and, from the very nature of the line—unless we are very much deceived as to the value of the vast mineral resources of the West Coast—the traffic must continue to increase in its remunerative character.

It must be borne in mind that this is a speech of the Minister for Public Works, and that this, with the other statements I have read, was sent to England. These declarations of public men, and statements made by the Public Works Department, were sent to England to the delegates there and used by them in the London market. They are not the statements of the delegates, but official statements of the Government of that day.

And now I hear Mr. Gordon called by the Minister for Public Works to demonstrate that this railway can never pay; and Mr. Maxwell and Mr. McKerrow called with the intention of proving the same point, though their evidence has really shown that Mr. Gordon is utterly wrong. I am no expert, but I know that I am only prevented by the exigency of time from calling a mass of expert evidence to completely overwhelm and extinguish this evidence. But suppose Mr. Seddon is right in calling this evidence, what does he prove by it? Surely this, that the railway ought never to have been promoted, and ought not now to be made by the Government or by the company—that it is, and always will be, a white elephant. That is what Mr. Seddon is now proving—that the line cannot pay working-expenses in any hands, and therefore that it ought not to be constructed at all. But he is doing something more even than that: He is proving that the public men of the colony in 1886-87, with whom his district was practically associated, were utterly reckless in making the statements which induced this company to purchase a concession which was worse than worthless: he is proving, from the Public Works Department, whose calculations the Minister for Public Works referred to in 1886 as showing a profit of at least 2 per cent., that the then calculations were utterly misleading; and he does not indicate when the discovery of their error was made, or why that discovery was not earlier communicated to the company. I submit that it is greatly to be regretted that this class of evidence was postponed by the Government till the close of their case—that we never had a hint from them that it was intended to present such a plea—and that they have thereby prevented us from meeting it. For the Committee know that we have now but a day or two at the outside when we can be heard before them, and I prefer to call no witnesses in rebuttal rather than to present hurried and partially-prepared evidence on so important a part of the case.

III.—The Course of Action of the Committee and the Parliament of 1887.

I have only time to deal with this part of the case in a few words. Mr. Seddon has referred to his own action as a member of the Committee, to the speeches of Sir H. A. Atkinson in the House, and to his recollection of conversations with Sir H. A. Atkinson and Sir F. Whitaker. This will be found at pages 68, 69, and 70 of his evidence. I compare this with the recollection of Mr. Scott, who was the company's general manager. (See page 51 of Mr. Scott's evidence.)

15. Was it explained that of mining reserves selections would only be made from time to time?—The question of the mining reserves, you are aware, did not arise when I was in London. I was in the colony when this question arose, and I explained to the directors the view taken of the question by me and those acting with me out here. There was considerable difficulty at the time in arriving at the definition of the mining reserves. Eventually the area of 750,000 acres was named. Personally I took considerable objection to the area; so did the gentlemen who were acting with me as a committee of advice; but, after going very carefully into the whole question, and having regard to all the circumstances, we were content to adopt that limit, for we were advised that the limit was comparatively unimportant, the real meaning of the clause being that such land should be reserved according as required for *bonâ fide* gold-mining. Some provision was also inserted as to the limits and size of blocks, so that they should be only taken from time to time as required, in order not to have the whole reserved unnecessarily. I explained to the directors the view we took of that, and the reasons why we agreed to that limit. This explanation was sent Home before the draft contract was accepted by the company.

16. I wish to know your understanding of the expression "from time to time"?—I consider that the clause means only such lands shall be taken as required for the *bonâ fide* purpose of gold-mining.

17. Did you go into this question fully with your committee of advice at the time, and were you responsible for drawing up that contract?—I was solely responsible. I was manager out here at the time. The committee was simply a committee of advice. They had no communication with the directors at Home except through me. I must add that there was absolute unanimity between all of them, and confirmation of anything that I have stated can be easily obtained from them.

18. Do you think the delegates would have been successful in London, or that the second contract would have been completed in London, if the financiers or if the directors supposed that it was intended to make the mining reserves in the way they have been, which I take to be against the spirit of the contract?—The question as put is somewhat difficult to answer; for how such a difficulty would be treated in London is very much a matter of guess. But certainly I would not have advised the directors to complete the contract if I had before me the manner in which the reserves have now been made, or are apparently intended to be made. Personally I think it would have been impossible to induce any one else to take up the contract in such circumstances.

Mr. Seddon also refers to a speech of his own in *Hansard*, Volume 58, page 208 (see page 34 of Mr. Seddon's evidence), and I compare this with another speech of Mr. Seddon's also extracted from *Hansard*, Volume 58, and other speeches delivered by honourable members in the same debate.

It must be remembered that subsection (*c*) of clause 16 was then in precisely the same form as it appears in the contract, except that the clause was then numbered 2. This appears from *Hansard*, Volume 58, page 607, where the clause is set out at length. The first quotation is from Mr. Seddon's speech, Volume 58, pages 592, 593 :—

Now, I must say that I concur in what was stated by the honourable member for Dunedin West in reference to some remarks by the honourable member for St. Alban's; because the mining interest is not at all sufficiently protected under subsection (*c*) of clause 2. In the Committee I endeavoured to have the provision as to reserving land for mining so worded that no doubt could possibly exist; but as the clause now reads it means nothing more or less than that, at the time the Governor makes any reservation of land for mining purposes, it must be proved that the land is wanted absolutely for mining itself. The terms are very clear, that any land is simply to be reserved for *bonâ fide* mining; and if land was taken not strictly for mining it would be objected to by the company. The words are, "All lands which, from time to time, in the opinion of the Governor, may be required for *bonâ fide* mining." Well, under these words, unless the Government was in a position to prove, when any land was reserved for mining purposes, that at that time it was absolutely wanted for mining, it would be held that the power of reservation had been used to the detriment of the company, and no doubt the company would have a right of action against the Government.

And again, lower down on page 503 :—

What I think was a fair compromise is now replaced by a right to the company to take the whole of the land along the route of the railway except what may be reserved for mining. We are told that we retain the right to get 750,000 acres for mining; but, as the contract is worded, and without the power to take land for purposes accessory to mining, we may get, not 750,000 acres, and not 100,000 acres. Therefore if the contract is passed as it is, with the right to take land only for *bonâ fide* mining, and with the company given power to take the whole of the rest of the land along the line, we are giving up everything it was intended to keep at the time the first contract was made, and which was supposed to be some recompense to the colony for the concessions granted to the company.

Mr. Allen said (see pages 601, 602),—

What is it we get for giving, as I think, the whole guarantee, but at any rate, a large part of the guarantee—up to, at any rate, 5,448,000 acres of land? It would appear from subsection (*c*) of clause 2 that we are to get 750,000 acres of mining land; but I may tell the House that we do not get 750,000 acres of mining land. In the original contract we had the right to select alternate blocks, and of this 750,000 acres we should thus have got, as alternate blocks, no less than 270,000 acres; but under this new contract the utmost we can get is a further 480,000 acres. But are we to get even that? Supposing I am correct in my argument—and I am sure I am—shall we get the whole of the 480,000 acres? If any one will take the trouble to read clause 2, subsection (*c*), of this proposed contract, he cannot help coming to the conclusion that unless the land be required for *bonâ fide* mining purposes, or for purposes connected with mining, we cannot get even the extra 480,000 acres. . . . . And I say again that I am willing to give way upon a great many points, to make these large concessions, if those receiving these concessions from us will allow us to alter clause 3 so as to make it absolutely safe to the colony—if they will allow us to alter subsection (*c*) of clause 2, so that we may take 750,000 acres altogether; for under that clause as at present framed we may only select 10,000 or 20,000 acres, because, as it reads now, unless it is required for *bonâ fide* mining purposes we cannot take it. We should demand at least 750,000 acres, and we should insist on having them, because we are making an enormous concession to the company, and I think we should receive something in return.

Then, Sir J. Vogel said (page 606),—

Instead of carrying out the contract on the old lines proposed in reference to the alternate blocks, the contract is now framed on this principle to enable the land to be used throughout for settlement and mining purposes as it is required. We have not insisted on the company taking the land before it requires it. We have placed it in such a position as will leave it open for use during the time of the whole contract. Instead of reserving large special blocks, which possibly might not be used for a considerable period, it is taken when it is wanted. The contract, as now framed, is in the interests of promoting settlement, and enabling mining industries to be carried out. It is not to be supposed for a moment you can induce persons to bring three millions of money into the country and spend it in an undertaking of the kind without giving them the prospect of large profits. Surely we are not so selfish as to wish the company to spend its money and not reap adequate returns. The country is there, and will be shut up for generations unless there is a railway made. The company come down and undertake to construct the railway, which is of a speculative nature, but they are induced to undertake it on account of the prospect of considerable profits.

Then, Mr. Downie Stewart proposed to add to subsection (*c*) the words "and the whole of such block need not be auriferous." That was not agreed to; but Mr. Seddon, speaking to the amendment, said (page 609),—

I say that if you keep this narrow term here, "*bonâ fide* mining," you will find you have no right to reserve any land, and you will have to show cause why you should take any more than is required for the actual working of the mine. On the goldfields there is required a large amount of land that surrounds the actual workings, so that miners can go to and from the mines, and when they have worked out one piece of ground can go and take up another claim or right.

Then, lower down, on the same page, this appears—

Mr. TAYLOR.—I shall support the clause as it stands, for this reason: As I read the clause, it is a far better clause in the interest of the mining community than that which is proposed by the honourable member for Kumara. The clause says, "for the special purposes connected therewith or incidental or conducive thereto." I take it that refers to all necessary purposes connected with mining.

Mr. SEDDON.—No.

And on the next page, this (Mr. Taylor is still speaking),—

This particular clause does not require amendment. It provides for all that the honourable member for Kumara wants——

Mr. SEDDON.—No.

Mr. TAYLOR.—I say this clause provides all that is required.

Major ATKINSON.—I understand these words do cover it; but, if the honourable gentleman will give me his amendment, I will undertake that every one of those objects included in the amendment shall be covered in the contract. I will submit the amendment to the Crown Law Officers, and will undertake that all the intentions are included in the contract.

Mr. SEDDON.—Having that assurance from the Premier, I will ask leave to withdraw the amendment. I feel that justice will be done to us.

Now Mr. Seddon in his evidence said,—

Neither can I understand how Mr. Scott, the then general manager of the company, could have inferred, from any interview or conversation he might have had with Sir Harry Atkinson, that such was the correct interpretation. From the interviews I had with Sir Harry Atkinson and Sir Frederick Whitaker I derived a diametrically opposite impression, and the several amendments that were made, particularly as regards the words "the several purposes connected therewith, or incidental or conducive thereto," were inserted at my suggestion to make the matter perfectly clear. There was some little doubt as to whether the words "mining" and "for mining purposes" did not embrace everything. However, after discussing the matter with Sir Frederick Whitaker, he came to the conclusion that my contention was right, and we had these words inserted. I showed him that if the lands which were below

the workings were available for selection by the company—namely, the low-lying lands, on which the *débris* and stuff from mining operations would go, passing thence along the shallow creeks, and spreading along the sides of the creeks, to the direct injury of the adjacent lands—that this, if allowed, might be the cause of damages being claimed against the Crown, and therefore it was better to take these lands into consideration as land conducive to mining operations. It was conceded, and in due time a provision to this effect became a part of the contract.

The extracts I have read from *Hansard* show clearly that Mr. Seddon is mistaken, and that his evidence is here incorrect. The fact, I believe, is that it was clause 20 of the contract which was inserted at Mr. Seddon's instance, my reason being that I find Mr. Seddon speaking in the debate (page 621) as follows:—

Mr. SEDDON.—At the end of this paragraph I wish to add the following proviso: "Provided also the selection and acquirement of any lands within the authorised area, and within a mining district, and which said lands may abut on any river or watercourse, shall not be deemed to give any right or title to the flow of any watercourse or water therein, and no damage shall be recoverable for the pollution of such water, or for depositing tailings or mining *débris* therein." I wish to add this proviso because it is the intention of the Legislature in future, in selling land in mining districts, to see that no riparian rights should be given to the owners of this land, as against those carrying on the mining industry. I think it is all-important that this should be expressed in the contract, or otherwise a large tract of country known to be auriferous may get into the hands of private individuals, and we shall have the colony paying a large amount of compensation, the same as is now being paid for the Teremakau and Ahaura Rivers.

And I find that clause 20 of the contract meets the point raised. That clause I have previously read to the Committee; and I will now read section 3 of "The Mining Act Amendment Act (No. 2), 1887":—

No person who, after the date of the passing of this Act, shall purchase, lease, occupy, or otherwise acquire any Crown lands within a mining district under any law for the time being in force regulating the sale or acquisition of such lands shall be deemed to have any right or title to any watercourse or the water flowing therefrom, running through, in, or upon such lands which would interfere with or prejudice the right of any holder of a miner's right or mining lease or licensed holding to discharge into such watercourse any tailings, mining *débris*, or waste water produced or used in or upon any claim within a mining district.

THURSDAY, 6TH OCTOBER, 1892.

Mr. Bell resumed,—

IV.—The Action of the Company since 1888.

The company issued £250,000 of share-capital, and £750,000 of debentures. It has constructed 38½ miles from Stillwater to Reefton, and has under construction 5 miles from Belgrove southwards; It has constructed 5 miles from Springfield westward, and 15 miles from Stillwater to Lake Brunner eastwards, and it has under construction 16 miles from Lake Brunner to Jackson's eastwards, leaving 58½ miles of the east to west line and 80 miles of the north to south line surveyed and laid out, but not yet contracted for: that is to say, it has nearly finished 80 miles of railway, almost as much as the whole length of the Wellington–Manawatu Railway. The million already raised will be wholly expended in the expenses of floating the first issue, on the works in hand, and on the provision of debenture-interest for the next three years. It thus becomes now necessary to raise the further capital required. It would not have been prudent to raise the whole amount required for the contract at its inception, since that would mean the continuous payment of interest on idle capital, and it was therefore arranged to raise the capital from time to time as it should be required; and had the conditions remained the same we should have had no difficulty.

But the conditions have changed. It is unnecessary for my general purpose to say whether the London money-market had been rightly or wrongly influenced. It is sufficient that the change of conditions has influenced it, and the company cannot therefore now raise its necessary capital to go on except at a ruinous loss.

Whether the change of conditions is due to an original misconception by the company of its rights and privileges under the contract, as to which it and its shareholders and debenture-holders are now being undeceived, or whether the change is due to the action of the colony in contravention of the rights of the company under the contract, the change has occurred principally in consequence of its altered prospects. Its prospects being altered, the company cannot continue its work unless the contract is modified; and the real question is whether it is not advisable that some modification should therefore be agreed to. If the line is to be made, and if the Government accept Mr. Gordon's evidence, then it is obviously better that the Government should risk loss of interest only, instead of loss of both principal and interest. If the more reasonable prospect of profits, which is shown in our proposals and which we could have substantiated by abundant evidence to-day, as we have by the prognostications of 1885–86, is accepted, then the colony will run no risk whatever.

My object is to prove that the conditions are changed, and that what the company reasonably, even if wrongly, anticipated would be the results of their contract, has wholly failed of realisation.

To complete the East and West Coast line, from Jackson's to Springfield, will cost £1,070,500. Our debentures are now quoted at £77. As I have already said, we suggest that the north and south line be abandoned for the present, except an extension from Belgrove into the Motueka Valley; and we ask the colony to enable us to raise the funds to complete the East and West Coast line.

I now pass to the several circumstances which have so altered the prospects of the company that it cannot raise the capital, except at a ruinous loss, without the modifications asked for.

I have already said that it is unnecessary for me to contend that the action of the colony has been wrongful; it is only necessary that I should show that it is such as reasonable persons construing and entering into the contract in 1888 would not have anticipated. And I shall endeavour to adopt that line. But I must not be understood as for a moment conceding that the company's view that its altered position is the result of the colony's action is erroneous.

(a.) The change of Taxation.

The difficulty of the company's position under this change has hardly been sufficiently appreciated. The inducement held out to it was the land-grant of 50 per cent., equivalent to £1,250,000

worth of waste lands, *and the increment* to accrue from the value added to the land by the construction of the railway. The offer was to create the company a very large landowner, and to present it with what is called the unearned increment. This is proved and emphasized by speeches made then and since by public men, and notably by Sir George Grey, who declared the contract to be therefore a wrong. But, right or wrong, it was the contract of the colony, on the faith of which the company commenced its work. Then followed a change of taxation, and a graduated land-tax was imposed, avowedly for the purpose of bursting up estates and preventing large holdings. On the east coast nearly the whole of the land in the company's area is pastoral land, which can only be disposed of in fairly large blocks. On the West Coast, what is left to us after the mining reserves can only be parted with in small areas; and it is on the West Coast that we have always been led to expect the increase, by settlement, of the value of our lands. I do not think I can exemplify the position and difficulty better than by quoting the questions put to Mr. Wilson by an honourable member of the Committee (Mr. Tanner):—

58. Mr. TANNER.] I think you said that when you were granted these large areas of land you reasonably inferred you might hold them?—Certainly.

59. Are you aware that one of the chief reasons for the construction of the line was to open the land for settlement?—We shall use it for settlement. The bush-land will take years to settle. If we are not forced to sell it we can get a fair price for it.

60. Is that likely to conduce to rapid settlement?—We do not hold it in that sense, except that we must become proprietors of it. If we do not select it we cannot sell it.

61. Have you sold any?—Certainly.

62. In what blocks?—On the western side, in from 500 to 200 acres; on the eastern side in larger blocks.

63. Is the statement in the papers correct that you have sold 58,000 acres in one block on the eastern side?—Very probably we may do so. Some of the land is not suitable for settlement.

64. Do you think that is facilitating settlement?—Yes. The company's policy has been to settle the land wherever it was possible. When the company selected runs up at Springfield—Rutherford's run and Dean's run—I cut up the land in small areas of 200-, 300-, and 700-acre blocks, so that the small farmer at the foot of the hills could buy the back country. It cost £300 or £400 to cut this land up, and I got about two offers from small people, and the whole of it was bought in by runholders at the company's upset prices.

And again, on the examination of Mr. Scott, Mr. Tanner asks (page 67),—

103. Are you aware that the population within that district where the land was sold is now slightly less than it was before the company came into existence?—I should not think it can possibly have affected it one way or the other.

104. But if the population is decreasing, does that bear out the statement with regard to settlement going on?—The company endeavoured, and it was particularly my wish, to get settlement there as much as possible, and we tried our best to do it. We went round the district to try and induce the people to buy these lands, and we cut them up into such sizes as the people said they wanted. Then we offered them by auction; but, with the exception of about nine lots—I speak from memory—none of those who said they would buy turned up. There was comparatively little competition, though there was a good sale.

105. They were all bought for cash?—No. Two-thirds were left on deferred payments at low interest. [Statement as to area sold and the names of purchasers, &c. See Appendix, page 35.]

If, then, we hold the land to get the promised increment by waiting for settlement we shall be ruined by the graduated tax, since the lands yield no revenue. If we sell now we lose the benefit of the increment, and are charged with delaying settlement by selling in large areas. How could the company have anticipated such a position; and is it surprising that such a change in its prospects should have altered its position in the money-market?

(*b.*) *The Debenture-tax.*

The clause in the Land and Income Assessment Act of 1891, which expressly requires a company to deduct income-tax from its debenture-holders, while itself paying land- and income-tax on the property which the moneys of those debenture-holders has created in the colony, thus providing a double tax, has gravely altered the position of this and all other New Zealand companies in the London market. The amendment Act of this year does not purport to relieve the debentures of trading or railway companies from the double tax. Could the company by any possibility have anticipated, when raising its first million, that so great a change would be made in the law of the colony before it sought to raise further capital; and is it responsible for the fact that if it now approaches the money-market it must offer debentures depreciated by this cause so much below the market values of 1888? I am not now contending that the company can legally claim exemption from laws which Parliament chooses to pass affecting the colony, though there is much to be said on that point did time permit, for the contract is the colony's, and it may be that the colony has no right to derogate from its grant. My present point is that the company cannot be blamed for not raising all its capital in 1888, or made responsible for the circumstance that it cannot raise the balance now, unless it be also shown that the company ought reasonably to have anticipated such changes in the law, so gravely affecting its position when actually a contractor with the Government.

(*c.*) *The making of the Reserves.*

I cannot help thinking that a lamentable waste of valuable time has been caused by the Government leading so much evidence under this head, that evidence being directed to a minor issue, and not to the real point: For the true question is whether, having regard to the words and meaning of the contract, it was and is a fair and just thing to make such reserves; the minor question is whether the reserves are really required. The lands may be required for mining now or hereafter, or they may not, and it may or may not be wise to reserve them; that is a minor question. If they were required ten times as much as has been urged, that would not justify the reservation unless the contract authorises it, and the construction of the contract is the real question. I do not necessarily mean the legal construction: I mean the reading which fair and just men would adopt. All the evidence has been directed to the minor question, which I treat as irrelevant at present to my argument; and such passages as I shall refer to here will bear chiefly on the main issue. I repeat, that it is only necessary for my argument to show that our reading was fair, and that we could not reasonably have anticipated in 1888 that such an interpretation would

be adopted by the Government in 1892; and, therefore, that the change in our condition and prospects effected by the making of the reserves is one which we could not have foreseen in 1888.

Now, before the contract of 1888, what were called "Larnach's reserves," were proclaimed, under the contract of 1885. That Proclamation was withdrawn, as not being legally permissible under the terms of the original contract. But that Proclamation had covered all the lands since reserved by Mr. Seddon's Proclamations, or shown on the plan before this Committee as intended for reservation by Mr. Seddon. Therefore both parties to the contract of 1888 had before them the fact that the previous Government had thought the Grey Valley should be reserved.

If the intention of the contract of 1888 was that the whole Grey Valley should be again coloured yellow for reserve, why was it included in the B1 blocks available for selection by the company in the plan B1 attached to the second contract? It is impossible for me to believe that the Law Officers would have permitted the plan to be in that form if it were meant to reserve the whole valley. Again, if it was the intention of the Government to reserve the whole valley, what was the meaning of providing in clause 16 that no more than 10,000 acres should be set apart in any one block at any one time. I am not here relying on what I conceive, with all deference to the Crown Law Officers, to be the legal interpretation, namely, that the word "block" in subsection (*c.*) of section 16 has the meaning given to the word "block" by the interpretation clause, and therefore that "ten thousand acres in one block," means "ten thousand acres out of any of the B1 blocks."

My argument is equally cogent if I accept Mr. Seddon's interpretation of the word "block," as merely relating to the area of reserve. But I may say, in passing, that Mr. Seddon's argument that our interpretation cannot be correct, because some of the B1 blocks are less than ten thousand acres, is not quite intelligible to me. I do not understand why a restriction to a class is to fail as to all because it is in terms inapplicable to some. The point is that, if the whole Grey Valley was to be reserved, then clause 15 and the introductory part of clause 16 are wholly misleading:—

15. The particulars of the certified valuation within the authorised area and the blocks of land which the company shall from time to time be entitled to select in accordance with these presents are shown on the map hereunto annexed, marked "B 1" (which said map, with the additions herein mentioned, is similar to the map marked "B" attached to the original contract, and referred to in the Third Schedule to "The East and West Coast (Middle Island) and Nelson Railway and Railways Construction Act Amendment Act, 1886"), which said particulars are hereby declared to be binding on the Queen and the company.

The company shall not be entitled to make a selection or receive a grant of any land outside the authorised area on any account or claim under these presents or any Act relating thereto.

16. Subject to the conditions herein contained, all lands within the limits of the authorised area shall be available for selection by the company, with the following exceptions:—

The valley ought, from that aspect, never to have been in the area for selection at all, and the limitation to ten thousand acres in one block at a time must be treated as meaningless. What is the meaning of these words to an ordinary intelligent reader? Mr. Seddon's argument is obviously that they mean nothing at all. For what difference is there between taking two hundred thousand acres in one block at one time, and taking twenty blocks of ten thousand acres at intervals of a day or a week? What kind of construction is that which requires the use of Her Majesty's name for the evasive device of consecutive Proclamations? I do not myself doubt for a moment that the law would uphold my construction; but put that aside, and assume that Mr. Seddon's will prevail in law. Can the Committee conclude that any one reading the contract in London, in 1888, would so interpret it? Here is a company asked to construct a line of railway, and promised the increment in value of land, and the advantage of traffic by settlement along its line, and consenting to a clause for mining reserves in this form. It then finds that, by Proclamation following Proclamation, every foot of land, hill, slope, and valley is reserved, all settlement prohibited, all land removed from its right of selection, and itself relegated to the glaciers for land for selection! If the plan coloured yellow had been sent to England to the company before it signed its contract, is it conceivable that it would have signed it? Whatever the legal right of the Government may be, is it possible to deny that the company has been misled, if the Government construction is right? I have heard questions asked by honourable members in the direction of showing that the Government could not get 750,000 acres of reserve unless it took the Grey Valley: for instance, Dr. Newman's questions to Mr. Young:—

26. You are aware that the Crown has the right to take 750,000 acres?—Yes; for *bonâ fide* mining.

27. Could the Crown get 750,000 acres of gold-bearing country anywhere else within the area of the Midland Railway reservation?—It could take an equal area on other parts of the Coast, which would not monopolise this land close to the railway. There is no reason why the railway area should be specially selected.

28. The Crown has the right sooner or later to take up the 750,000 acres?—Yes.

29. Could the Crown along your line, or anywhere else, take the 750,000 acres?—The right is not specially along the line, but over the whole of the West Coast.

And I have wondered whether, assuming that could be established, it was presumed that it followed that the reserves were therefore properly made. Here is a contract in the name of Her Majesty which to any ordinary reader promises reserves dotted over the area, and taken with real spaces between, and at genuine intervals of time when special reason was shown. Here is a process which creates one continuous reserve, taken at fictitious intervals of time, and without any intervals of space, for reasons existing just as much before the contract was signed as since it was executed. It is well to defend the property and the purse of the colony, and I understand that; but is it well to consider that duty to the colony before the duty to respect the real equitable obligation into which the colony most undoubtedly entered?

That some of this land is, and that more may at some time hence be, required for mining purposes is not denied; that the contract itself was an imprudent one for the colony in this respect may be urged; but the right to make a continuous reserve of this kind is and must be denied. Not one reason has been given which would not apply to numbers of other valleys and slopes on the West Coast. Everywhere gold discovery is possible.

For a description of this land, and of the advantages of which the company has been deprived, I refer to Mr. Scott's evidence:—

33. It has been stated that none of this land in the Grey Valley is worth anything for settlement. You know the country: what is your opinion as to its being suitable for settlement?—It is most certainly of use for settlement of one kind or another during a period of years. You will see that there is a certain amount of freehold upon it, and those freeholders are constantly wanting to extend their holdings. The natural features of that country are these: There is the Grey River, also the Inangahua River, forming the principal features of a wide valley. The ground rises from the lowest flats, which are nearly awash with the Grey River. Then, there are terraces of land in the shape of a plateau rising to low hills beyond, dropping again to a wide depression of lower-lying lands, and then again rising to the main range of mountains about eighteen miles away from the Grey River. Some parts of the intermediate hills are rough and craggy; but, in my opinion most, you may say the whole, of this country is covered with bush. The good available land is more or less patchy, but the country is suitable for grazing; in the first instance cattle being put on, and subsequently sheep. What is going on in most of the other parts of the colony is going on here to a small extent—namely, sheep are replacing cattle. Possibly those who hold the freehold have the best lands, but there are other lands nearly the same. The land varies from better to worse right through. How long it may be before these lands are settled I cannot say, but that they have a value for settlement, if there were no gold-mining to prevent other settlement, I have not the slightest doubt. The best answer to the contrary opinion is that the people of the district are ready to buy parts of them for settlement purposes, and give us fair prices—from £1 to £1 10s. an acre. Even, in cases near a town like Reefton, they give £2; but that is an extreme price for land distinct from timber.

Another argument for the continuous reserve is easily met. It was almost admitted that the lower flats were not auriferous, but it is contended by the Government that they must be reserved because of the claims which might arise by the tailings and *débris* passing down the creeks. For example, take Mr. Montgomerie's evidence, pp. 120 and 122:—

21. Will you state to the Committee your objections?—In the district I am in there are one or two creeks—for instance, Boatman's Creek—where they cannot be worked by alluvial miners on account of the land having been sold, and therefore there are always complaints with regard to the taking-up of creeks, as land is required for tailings sites, battery sites, and so on.

22. Then, to follow out such a system as that would be of no service?—With regard to the lower portions of the flats, it is hard to say whether there is payable gold there or not. That is, the flats towards the railway.

* * * * * *

87. You also said that in working the higher ground the *débris* goes down into the flats?—Yes.

88. Well, if the flats were alienated the owners would stop all this?—Yes. They have at one place—Boatman's Creek—and the miners cannot work the creek.

89. The flat lands have been sold there?—Yes.

90. And the owners are stopping the workings?—Yes. The miners cannot work, because they probably may encroach upon the freehold.

91. You do not think it would be a wise thing to alienate these flats?—No; not all of them.

What, then, is the meaning of clause 20 of the contract?

The selection by and grant to the company of any lands within any mining district constituted under "The Mining Act, 1886," which may abut on or include any river or watercourse, shall not be deemed to give the company, or any person claiming through or under the company, any right or title to the uninterrupted flow of the water therein, or to give any claim for damage by reason of the interruption of such flow, or for the pollution of the water in such river or watercourse by mining operations, or by the deposit of tailings or mining *débris* therein, or to give any further or better title in respect of any such river or watercourse, or the water therein, than would be acquired by any person purchasing lands from the Crown that are or may be subject to the provisions of section 3 of "The Mining Act Amendment Act (No. 2), 1887."

Is it not obvious from this that the contract expressly anticipated that reserves would be made on the hills and that the flats would be selected by the company? What, again, is the meaning of clause 23?—

23. Nothing contained in these presents shall affect the right of the Queen to resume, pursuant to "The Mining Act, 1886," any lands granted to the company, as effectually as if the same had been alienated by the Crown by way of absolute sale or lease.

Is it not obvious that the company were thus led to understand that their right of selection would extend through possibly gold-bearing lands, amid which the Crown could make reserves.

I have almost disregarded the minor question of whether it is or is not an advantage to the colony that the continuous reserve should be made in this form, and have therefore not reminded the Committee of the strong evidence to be gathered from the original replies of the County Councils; and from Warden Kenny's letter of 23rd March, 1891, and the District Surveyor's concurrence, that the method of advertising selections in lieu of making these huge reserves would have been found as advantageous as it would have been equitable. But I must read those documents here:—

The County Clerk, Grey, to the Hon. Minister of Mines.

Sir,— Grey County Council, Greymouth, 3rd December, 1890.

In reply to letter from H. J. H. Eliott, Esq., Under-Secretary, of number and date quoted in margin, I have the honour, by direction of this Council, to state that, in consequence of the imperfect manner in which the maps supplied from your department for the Nelson portion of Grey County have been prepared, it is impossible for the Council to mark thereon with any degree of accuracy the areas which, in its opinion, should be reserved for mining purposes.

The Council would, therefore, suggest that public notice should be given of all applications for the purchase of land within the area set apart for selection by the Midland Railway Company, and full particulars of all such applications to be open for inspection at the different Wardens' offices. By adopting this course it is urged that the local body interested would be afforded an opportunity of lodging objections to granting such portions as, in its opinion, should be reserved for mining purposes.

I have, &c.,

Hon. Minister of Mines, Wellington. M. Phillips, County Clerk.

P. Brennan, Chairman, Inangahua County, to H. A. Gordon.

(Telegram.) 7th March, 1891.

Inangahua Council has decided not to make reserves from lands which Midland Railway Company can select. Council will be satisfied if all applications be first submitted to them for approval or objection. P. Brennan.

The Chairman, Buller County Council, to the Hon. the Minister of Mines.

Sir,— Buller County Office, Westport, 13th March, 1891.

In reference to the reservations of the auriferous areas in this county under the Midland Railway Contract, I have the honour to forward herewith the views of this Council on the matter.

That the locking-up of the land in this county from settlement through the reservations for the Midland Railway Company should cease as soon as possible.

That, as the large area reserved for the company within the county is more or less auriferous, no reservations should be defined, but that all applications for sale or lease of land made to the Midland Company before being dealt with by the Waste Lands Board should be advertised locally, and submitted to the County Council for their consideration.

That a copy of any objections against such applications be lodged with the County Council, their decision and remarks thereon to be immediately forwarded to the Waste Lands Board.

The Council, desiring to facilitate settlement, would endeavour to conciliate any factious opposition, and give every assistance, so that settlement may be pushed forward, and titles obtained from the Land Office as quickly as possible.

I have, &c.,

The Hon. Minister of Mines, Wellington. MICHAEL ORGAN, County Chairman.

See also Appendix, pages 16 to 18.

Warden's Office, Westport, 23rd March, 1891.

Re reservation of areas under Midland Railway Contract and your Circular No. 9, of 24th October last, forwarding two maps of the Buller County, and requesting me to mark on them the auriferous land which, in my opinion, should be reserved from selection by the Midland Railway Company; and a similar circular, enclosing two maps of the Inangahua County for the same purpose.

I have already explained in a telegram to H. A. Gordon, Esq., Inspecting Engineer of Mines, the causes of the delay which has occurred in the return of these plans to your office.

I find that the Inangahua County Council has finally decided that it would be better for the Government at present not to make reserves from lands which the Midland Railway Company can select. I find that this is also the opinion of Messrs. Montgomerie and Snodgrass, the Government Surveyors at Reefton and Westport respectively, and I have ascertained that the majority of those most competent to form a judgment in the Buller County have arrived at the same conclusion. The practical difficulties in the way of marking a reserved area on the maps so as to secure a result satisfactory to the public mind are in truth enormous, and, I believe, insuperable. I would therefore beg leave respectfully to suggest that the plan (or some modification of the plan) proposed in the letter of Mr. R. Wilson, manager of the Midland Railway Company, to the Chairman of the Inangahua County Council, dated 6th February, 1891, might advantageously be adopted. I understand that you have copies of the correspondence between Mr. Wilson and the Inangahua County Council; but in case this should not be so I enclose copy of letter of Chairman, Inangahua County Council, to Alan Scott, Esq., secretary to the company, dated 10th January, 1891, and copy of letter (on printed slip) of R. Wilson, Esq., manager of the company, to Chairman of County Council, of 6th February last, for your perusal. As these documents are only lent to me by Mr. Montgomerie, Government Surveyor at Reefton, I would be obliged by your returning them to me when you have quite done with them.

I retain the maps far the present pending any further instructions you may have to give.

To the Under-Secretary for Mines, Wellington. H. EYRE KENNY, Warden.

And this is Mr. Montgomerie's evidence (page 124):—

158. From your opinion of the district and the conditions of the country generally, would it have been possible to deal with this question of mining and settlement by advertising the applications for land for settlement, and submitting these to competent men who have full knowledge of the mining requirements of the district and conditions of the country?—I think so.

159. *The Chairman*] This is what Warden Kenny writes from his office on 23rd March, 1891 [letter read]: "I find that the Inangahua County Council has finally decided that it would be better for the Government at present not to make reserves from lands which the Midland Railway Company can select. I find that this is also the opinion of Messrs. Montgomerie and Snodgrass." Does that correctly state your opinion?—Yes.

160. "The practical difficulties in the way of marking a reserved area on the maps, so as to secure a result satisfactory to the public mind, are, in truth, enormous, and, I believe, insuperable." Do you agree with that?—Yes.

161. "I would therefore beg leave respectfully to suggest that the plan (or some modification of the plan) proposed in the letter of Mr. R. Wilson, manager of the Midland Railway Company, to the Chairman of the Inangahua County Council, dated 6th February, 1891, might advantageously be adopted." Do you agree with that?—I perfectly agreed with that.

162. That the Council should decide whether the reserves should be made or not?—It was the opinion of the majority of the people about there at the time that that was the best manner of dealing with it.

I ask whether the course indicated there was not and is not the fair, the just, and the reasonable one to adopt, and this was also the Miners' Association's view at first (See Morris's evidence, page 115). You remember that Mr. Seddon put to Morris this question: "The miners would not ask for anything which would be against the interests of the colony?" and Morris answered: "I do not know that; I think we would"—a frank admission of the real truth, and an exposition of the case for the reserves. I have discussed only the question whether the terms of the contract are such as to notify the company that such an advantage was to be taken by the colony to the detriment of the company. The Hon. Mr. Seddon adopts the view that he has to reserve 750,000 acres somewhere, and that this is one of the best places for him to get some; and that, to get it, he is entitled to proclaim from day to day adjoining areas.

He puts this clearly in Mr. Blow's reply, of 29th July, 1891, to Mr. Wilson's letter of 20th July, 1891. These two letters read as follows:—

SIR,— New Zealand Midland Railway Company, Christchurch, 20th July, 1891.

I have the honour to acknowledge the receipt of your letter of 14th instant covering copy of letter from the President of the Kumara Miners' Association on the subject of mining reserves, which I have read with interest. The views of the Miners' Association on this question, as expressed in the concluding portions of this letter, seem to point strongly to the conclusion that the method of dealing with the West Coast lands, already suggested by the company and approved by the Inangahua and Buller County Councils, will be the best under all the circumstances.

There is no doubt, as is pointed out by the Miners' Association, that if large mining reserves are now made the power of subsequently reserving lands which may be discovered to be auriferous will be much curtailed, and it is therefore obviously better for all parties at present to reserve only such lands as are actually proved for gold-mining, and to treat each application to select land outside such reserved areas on its individual merits. The company is willing, in the event of this understanding being arrived at, that all applications should be advertised for a month, as already proposed.

With reference to the third term mentioned in the President of the Miners' Association's letter, as I have no knowledge as to the area referred to as being coloured yellow, I cannot offer an opinion, but presume that the tracings which I have asked for in my letter of the 11th July will show exactly what lands the Government propose to reserve in this district.

In alluding to the area of 145,938 acres as the proportion of the 750,000 acres proposed to be allotted to their district, the Miner's Association is under a misapprehension as to the true bearing of the provisions of the Midland Railway Contract with reference to the mining reserves; the meaning of the contract being that only such lands as may be *bonâ fide* required for gold-mining purposes are to be reserved by the Governor, and in any case the total of such reserves shall not exceed 750,000 acres. It is not intended by the contract that the amount of these reserves should necessarily reach that area unless required for actual gold-mining purposes.

Should the whole 750,000 acres be so required to be used for *bonâ fide* gold-mining it would mean such an increased population and corresponding traffic in the districts that the company need then feel but little anxiety as to the exact lands to be so reserved, but in the meantime it must take precautions against lands being reserved which are not really required for gold-mining, as such reserves would impede instead of increase the population in the district.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief, and General Manager.

Hon. the Minister for Public Works.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 29th July, 1891.

SIR,— *Midland Railway Mining Reserves.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 20th instant, in reference to the above-mentioned subject.

In reply thereto, and particularly in reference to your statement that the meaning of the clause of the Midland Railway Contract in reference to reservation of land for mining purposes is that "only such lands as may be *bonâ fide* required for gold-mining purposes are to be reserved by the Government, and that in any case the total of such reserves shall not exceed 750,000 acres;" also that "it is not intended by the contract that the amount of these reserves should necessarily reach that area, unless required for actual gold-mining purposes," I am to state that the interpretation which the company places on the clause in question is not concurred in by the Government, and indeed is considered to be entirely contrary to the provisions of the contract and of the law bearing on the subject.

I have, &c.,
H. J. H. BLOW,
Acting Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, &c., N.Z. Midland Railway, Christchurch.

But I return again to the principal line of my argument, and ask the Committee whether the company's prospects of raising money and its condition are not altered by the transmission of that map to London. Could the company, in 1888, have anticipated the yellow and red colour along the whole length of its Reefton line; and does not that colouring seriously detract from the value of its concession, whether the colouring be put there rightfully or not.

For what has been the result? No settlement can take place—the land is absolutely tied up; but the Warden can grant residence areas, and the benefit of townships which the company might reasonably have expected to gain will so pass to the Crown. Take, for instance, the case of the Blackball Company's lease. Mr. Wilson in his evidence, page 3, says:—

> Many people have applied for residence areas on the very place where there will be a township at some time, and we naturally hoped to get the benefit of this township land. Owing to the report of the Warden we cannot get the land, and have to be content with an aërial tramway to the mines.

And in Mr. Gordon's evidence we find this (page 46):—

> 270. Is it a fact that, as soon as ever the news came out from Home that the Blackball Company was floated, and it had got the money, many applications were made for business-licenses between the coal-leases and the river, on land which would have been the most suitable place for a township?—I do not know anything about that.
> 271. Well, for residence areas?—I cannot speak from my own knowledge of anything of the sort. I know there are some residence areas there.
> 272. Is it a fact that a great many people applied for residence areas, and got them, who are not actually engaged in mining?—They are not actually engaged in mining perhaps, but they get their livelihood from the mines in some shape or form.
> 273. From gold-mining or coal-mining?—Partly from both.
> 274. But principally from the coal-mines?—I would not say that. They have hitherto got their livelihood from gold-mining.
> 275. Under the contract, was not the company supposed to have all the benefit from the increased value of township land?—I do not know whether that is so or not.

Again, the coal area is covered by these mining reserves, and we have it in evidence that miners have obtained gold-mining licenses from the Warden with the intention really of mining for coal—they have failed, because the Warden cannot grant coal licenses—but the attempt proves the methods by which the company's rights are evaded. The contract gives the company the coal, and the colony excludes them by mining reserves!

And, since this Committee has been sitting, proceedings have been reported in the Warden's Court in respect to the Blackball lands which seem to me to indicate that in the near future the disguise will be thrown off, and a Government township laid off on the lands of which the company has been deprived. I ask permission to read from the report of the Warden's Court sittings at Ahaura, in the *Grey River Argus* of the 3rd October instant:—

> There were sixty-seven applications for claims or rights of various kinds from different parts of the district, all of which were granted. Although this is a large number, it may be explained that there is nothing special stirring, the only extension of any old workings at present being those in the Granville district, and no new finds to justify any miner to change his scene of operations. *There were nine applications for residence areas of one acre each at Blackball, adjourned to the 24th October, owing to the probability of Government taking up the land as a town site.*

So that we are to lose the profit of the township, and those profits are doubtless to be "incidental or conducive" to the revenues of the colony. It is comical to compare this innocent disclosure by the Warden of the real object of the Blackball reserve with the evidence and statements which were simultaneously being adduced before this Committee by Mr. Seddon.

(*d.*) *The Royalties from Timber, and the Timber-traffic.*

The Committee will remember that clause 18 was specially inserted in the contract to enable the company to get the timber royalties and traffic, even where the land itself was reserved for mining. It has spent a considerable sum in developing the timber-market in order to earn these profits, and in 1888 it was led to expect large returns from this source.

The point I desire to emphasize is this, that the contract provides that on lands reserved for mining purposes the company may get the timber. It follows, therefore, that the contract expressly declares and promises to them that the mere fact of the land being reserved is not to mean that the

timber is required for mining purposes. Yet Mr. Seddon now contends that, because the land is reserved, therefore some day the miners may want the timber, and therefore the company must not have it. It is plain that no one could have conceived that such an interpretation would be put on the contract. The reservation as to saw-milling industries in existence is made use of by the Government (as indicated by a question put by Mr. Seddon to a witness) to further prohibit the company, the Minister asking where these saw-millers are to go when they have exhausted their present areas. The miners now use milled timber, as was proved by many witnesses, and it is quite immaterial to them whether the company or the Government receive the royalty from the millers—one would suppose that the Government charged no royalty, but the regulations disprove that—*see* Regulation 263, page 78 (Hon. Mr. Seddon's evidence), Sawmill Timber Applications:—

Any person, being the owner or lessee of any saw-mill and saw-mill plant, or desirous of cutting timber for sale for *bonâ fide* mining purposes, or for any purpose incidental or conducive thereto, or for sale to such saw-mill owner or lessee, shall make application to the Warden for permission, in the form in Schedule 42 hereto, and a copy of such application shall be posted for seven days outside the Warden's office. If no valid objection be made, the Warden may grant a certificate in the form of Schedule 43 hereto, on payment of a fee of five shillings for a certificate, which shall be in force for six months, or ten shillings for a certificate which shall be in force for twelve months, from the date thereof, and such license shall entitle the holder thereof to cut timber on the mining reserves hereinafter mentioned, subject to payment of the following royalties: Kauri, totara, matai, silver-pine, and kawaka, 6d. per 100 superficial feet; all other timber, 3d. per 100 feet; and timber cut into blocks for paving sluices, 2d. per 100 superficial feet: Provided that no such certificate shall entitle the holder thereof to cut timber on land within any proclaimed forest reserve; and, in the Land Districts of Westland and Nelson, such certificate shall only entitle the holder thereof to cut timber on lands which have been proclaimed mining reserves under the provisions of the contract with the New Zealand Midland Railway Company (Limited), dated the 3rd August, 1888.

It is quite incorrect, therefore, to say that it is conducive to mining purposes to keep the company from this timber; it is conducive only to the revenues of the colony. Mr. Seddon contends the contrary. See page 41, 29th August:—

112. Referring to Blocks 1, 2, 3, 4, 10, 12, 5, and 6: are these blocks which have been reserved required for *bonâ fide* mining purposes, &c. ?—Yes, they are all required; every acre of it. It is all wanted for mining, and conducive to mining.

113. There has been a question raised about some land near Kumara: it that required for mining ?—It is certainly wanted for mining purposes. If that block was taken away you would take away not only auriferous land, but deprive the miners of the opportunity of getting timber for mining purposes.

114. Is the timber there conducive for mining ?—Yes.

And Mr. Montgomerie's evidence, page 122:—

76. What would be the effect if the timber was allowed to be disposed of—that is, on these lands ?—Well, that would not do. They are carting timber now about twenty miles—that is, from Reefton to the Big River.

77. Is the timber an essential in working these mining-lands ?—They could not do without it.

78. Then, the conserving of the timber would be conducive to the miners ?—It is necessary to them.

Observe that the witness is referring to the flats near the railway line, where, of course, the land is most valuable. The true origin of the difficulty thrown in our way in relation to the timber is that the miners want to cut sleepers and sell them under cover of the land licenses granted for mining purposes. See Mr. Scott's evidence, page 53:—

40. Did the company in dealing with this question of timber suggest that *bonâ fide* miners for *bonâ fide* mining purposes might cut timber free of royalty ?—It has been formally stated on behalf of the company that, so far as the company was concerned, they did not want the actual miners to pay a sixpence, either on the company's own land or anywhere else, for timber cut by them for use in their own mines. The company did frequently, as a matter of fact, call the attention of Government to the circumstance that people were cutting the forest without license or any authority, for other than gold-mining purposes, and strenuously urged upon the Government that this should not be permitted. The Government have recently taken steps to prevent this unauthorised cutting of timber. It has been stated over and over again on behalf of the company that, so far as the company was concerned, miners might cut what they themselves wanted for *bonâ fide* gold-mining purposes on the company's land. The objection was really made to a large number of persons who were cutting railway-sleepers. The reason for the demand for these was that the company themselves required sleepers, and the Commissioners of Railways have advertised for silver-pine sleepers. The silver-pine grows in clusters and patches. It is a very valuable timber, and there is only a small quantity of it. It is greatly wasted in being cut into sleepers. It is very wrong, I think, to allow people to cut it when and wherever they like. For these reasons the company objected to its being cut indiscriminately in this way. They had also found that the black-birch was practically as good for sleepers. Another fact was that the silver-pine being cut in this way seriously affected the value of any forest area; the millers wanted some timber of all kinds in an area, and the silver-pine is regarded as the "fat" of the business.

And Morris's evidence, pages 109, 111, and 112. He stated:—

14. What led immediately to my interview with Mr. Scott and my writing to Mr. Wilson, was a letter received by a party of miners in our district, ordering them to cease the operation of timber-cutting on a piece of land for which they actually held a certificate from the Warden, and at the same time were holders of miners' rights. They sent the letter to me at once, and I called a meeting. Mr. Algie, a sawmiller, also complained to me about certain conditions that the company desired that he should comply with, consequent upon his being permitted to carry on his operations as a sawmiller.

* * * * *

29. At all events Mr. Fergus said, "Hold your tongue, and the Government will do better for you than the company"?—It has been so often repeated by me that I can almost recollect Mr. Fergus's words. At all events I can give the substance of them to the Committee. I wanted it one way, and Mr. Fergus of course declined. He said, "If you listen I will show you my plan, which is this: We will let the company select the blocks of land, and we will cause a strict inquiry to be made forthwith as to whether each block so selected is auriferous or otherwise. If it proves to be auriferous, you will have it; and the company will have to select something else. That is the way we intend to deal with the mining reserves on the West Coast."

30. How long ago is that ?—I do not recollect the date. It was the last visit Mr. Fergus paid to the Coast as Minister of Mines. It might have been his first, too.

31. When the company stopped the miners cutting the timber, had the company any right to the ground ?—I do not know whether they had a right to it or not.

32. They stopped them cutting it ?—The letter stated that they were to take notice that they should not proceed any further with the operation of timber-cutting until they had agreed with the Midland Railway Company to pay certain rents, and a royalty at per hundred feet. Algie got a printed form, showing rates of payment required by the company.

33. Would that interfere with the mining industry?—We could not tolerate that. No; it would not be conducive to the mining industry to interfere with the timber.

* * * * *

51. Coming to the timber question, would it be advisable, in your opinion, that the company should have the sole right to the timber?—No; we cannot do without lots of timber. We want the timber reserved as well as the surface-soil. If the company want the timber, then move us out of the country, for we cannot do without it.

52. Is it a necessary requirement?—There is certainly a lot of it. Some regulation might be made as to what should be left for us. But we require a large quantity. Any person going over the West Coast must have noticed that round what are called old workings there is scarcely a tree to be seen anywhere. It has been used up for one purpose or another.

As explained by him at page 116:—

78. *Hon. Mr. Seddon.*] You have given it in your evidence that the miners were stopped cutting timber, and that Algie was interfered with. Was Algie cutting sleepers?—I think he was cutting everything required for the goldfields at that time.

79. What timbers were the miners cutting?—I think they were cutting sleepers for some of the contractors there, and firewood.

I am told that while this Committee has been sitting the Minister has issued instructions that no licenses to cut timber are to be granted except for mining purposes. Possibly he has had his attention called to clause 31 of the contract [clause read]. He indicated, when addressing the Committee on a question to a witness, that clause 18 refers to future as well as existing sawmills. But he forgot to indicate that no future sawmills can have a license except with the consent of the company under clause 31.

V.—The Delays, and our Request for Extension of Time.

The time at my disposal does not permit me to do more than repeat the allegations of the petition, except so far as they impute unreasonable action to the Government in the matter of the incline variation. I must not be understood as conceding that we have not grave cause of complaint in respect of the delay in granting the Brunner deviation, and the delay in arranging for settlement of the lands under clause 33 of the contract; on the contrary, the correspondence and evidence disclose barrier after barrier put in the way of the company in these respects without any reasonable ground. But on this, as on all the other heads of my case, I return to the main line of my argument, and ask whether we could reasonably in 1888 have anticipated that such a course would be taken, rightly or wrongly, by the Government, and whether we are not entitled under this head to an extension of time. Mr. Seddon says we ought to have known in 1888 that the time —ten years from January, 1885—was not sufficient, and have then stipulated for further time. My first answer to that argument is that the time might have been sufficient had the conditions not been changed, and had these delays not occurred, through no fault of ours; and my second answer is that we did stipulate as Mr. Seddon suggests, in the contract itself. (See clauses 2 and 42.) It is under the contract we claim an extension, when we prove that the delay has not been caused by our wilful neglect or default. Could we have anticipated in 1888 that we should be refused what we carefully stipulated for.

VI.—The Proposals of the Company.

I have already said that we were reluctantly compelled to abstain from calling evidence to meet the evidence adduced at the close of the Government case. If the labours of this Committee are to close this session we could not meet it thoroughly within the time available, and I prefer to leave it as it stands rather than to present an incomplete case. But, I may say that the evidence of Mr. Maxwell is really in our favour, since he establishes a probable traffic sufficient for the case we make; and the evidence of Mr. McKerrow much discounts that given by Mr. Gordon. Mr. Maxwell has told the Committee: (1) That he anticipates that the company will, immediately it opens the East and West Coast line, earn £24,000 net profit over and above working expenses; (2) that the traffic will increase considerably after the line is opened, and specially that the timber-traffic will continually develop and increase; (3) that 70,000 tons of coal will be carried in the first year, and that this will also increase and develop. And I may add that, in estimating a net profit of only £24,000 for the first year, he must have calculated the working expenses at an abnormally high figure, since we make his figures of the year's returns amount to £89,157, and even allowing 60 per cent. for working expenses, the first year's profit, adding £4,000 for the Reefton line, would be £39,600 instead of £24,000.

Then, all the witnesses agree that the railway will command the supply of coal to Christchurch, and the whole of Canterbury north of Ashburton, their evidence being confirmed by Mr. Mills, M.H.R., in introducing his questions; and that honourable gentleman's opinion on the question of competition by sea is, of course, that of an expert. We have also Mr. C. Y. O'Connor's report of the 14th October, 1887, which has been printed, and which shows that the Public Works Department then took a widely different view of our prospects from coal and timber [see Appendix, pages 41–43]. Mr. Maxwell's estimate is, we believe, far too low; but it must be admitted that no witness called by the Government could speak with so much authority and from so long experience as he can, for he has been General Manager of the New Zealand Railways for years, and left that office only to become a Railway Commissioner. He has always erred, if at all, on the side of caution, and we have no doubt we could show he has so erred here, had we time to call our evidence; but, at all events, it is impossible to believe that the returns can be computed at less than so cautious and competent an expert assumes them.

Mr. Martin Kennedy, who was called by the Committee, has completely substantiated our statement for coal and minerals generally, and his rough statement of £50,000 for that part of the traffic greatly exceeds ours.

Before discussing our proposals it is advisable that I should briefly state what I understand to be the respective rights of the Crown and of the company under the contract.

First: The colony gives the company land up to the waste value of a million and a quarter.

Second: The colony has the right to buy the line at cost price *plus* 5 per cent., *plus* £400,000 for interest during construction; the company retaining its land-grants as its profit.

Third: Clause 9 of the contract specially protects the rights of debenture-holders as assignees of the part of the railway charged in their favour.

Fourth: If the company fails to complete its contract, power is given to the colony by the Act of 1881 to complete it and charge the cost to the company; and power is conferred by the contract in the like case (clause 43) on the Governor to purchase the completed portion at cost price without the additional 5 per cent., but with the addition of interest during construction, the company in either case retaining its land-grants.

Fifth: The colony can work our constructed lines, paying us 40 per cent. of the gross returns.

Sixth: The colony cannot therefore confiscate our railway property, or deprive us of our land-grants, or close the area for our selection; and if, as Mr. Seddon says, our incomplete lines will not pay, he does not offer us much encouragement to go on to relieve that position when he endeavours to prove further that the completed line will be even worse in its traffic-results. We do not accept that view at all—we are satisfied he is wrong; but how can the colony object to our pausing, if every step forward is to lead us to further disaster? The point is, that we are anxious to proceed, and ask the colony to help us to do so, and are satisfied that the results of the East and West Coast line, when complete, will prove that it is a remunerative as well as a beneficial work; but that we insist that, if the colony refuse to aid us, on the ground that the work will not be remunerative, it cannot complain if we do not proceed further with it.

That being the position, I return to our proposals as I stated them when I began my address We ask, (1) That to enable us to raise capital to complete the East and West Coast line, the colony should guarantee interest on £1,600,000; and (2) That the colony should permit us to abandon the connection between Reefton and Belgrove, except the construction of the five miles extension from Belgrove to the Motueka Valley. As to this, however, we have made alternative suggestions for its construction if desired.

It will cost a further sum of £1,070,000 to complete the line from Springfield to Stillwater. We propose to give up our land-grant, except that already earned and pledged to the company's creditors. This balance of land-grant for the East and West Coast Railway is by the contract guaranteed to produce to us at least £618,000, for the contract provides that if the land first selected does not sell for so much we may go on selecting till we receive that sum. This will set free to the Government for sale and settlement the whole area now set apart for selection by the company. I say, at least £618,000, but it is a probable million. The contract guarantees us £618,000, waste value, and it is not unreasonable to value this as at least a million. It is true we ask the colony to pay us the £618,000 by annual payments, commencing at the expiration of five years from the present date and extending over ten years from that time. But, first, the colony gets the land back; and, if it is worth £618,000 to us to sell, as waste value, the colony can realise that amount at least in such a period from it; and, secondly, we offer that this sum shall be used in taking up the now current debentures; and, thirdly, we further offer that the sum shall be treated as part payment by the Government for the line when it purchases it. This is presenting a guaranteed £618,000, and a probable million, to the Government. I must say that, in my opinion, we have gone too far in this offer, and that something less ought to be exacted. For at present we have, first our line, and second our land-grant, guaranteed still to produce to us £618,000. When the Government purchases, the contract provides, as I have above shown, that the colony must pay us the whole cost of the line, with 5 per cent. interest added, and, besides, leave us in possession of the land guaranteed by Government to produce £618,000, and other accrued land-grants, as our profit. By this proposal we accept the £618,000 as part payment of the line and surrender our land-grant—thus surrendering in actual cash £618,000, and all the possible increment on the waste value of the land. It is the necessity of the position, and not the magnitude of the risk which the colony is to run, which induces us to offer such a huge concession on our part; and I yet hope that the colony may generously abstain from requiring so much from us. If it be admitted that the line is a work of national importance which ought to be made, whether by the colony or the company, then obviously the colony runs no risk, but gains a freedom from liability for principal, by guaranteeing our interest. If it be further conceded that all such lines must sooner or later be purchased by the colony, then the colony not only runs no risk, but gains £618,000 at least, besides the setting free of this great area of land set apart for selection. Of the £1,600,000 we propose to invest £300,000 in the colony at interest, to provide for payment of interest on and during construction and for some year or two after completion, until the railway receipts are sufficient to pay the interest.

Mr. Wilson has worked out the results in the tables attached to the proposals [see D.–4, 1892, pages 5 and 6] now printed, and before the Committee, and he proves, even on low traffic-returns, that the colony will not be called upon to pay anything under its guarantee. I do not now read or comment further on those tables, since they are easily intelligible to any honourable member who will take the trouble to peruse them. The guarantee will enable us to raise the necessary capital; but the colony will not in any event which can reasonably be predicted be called upon to pay anything in consequence of giving it.

One or two questions asked by the Committee seemed to indicate that this trust fund of £300,000 is regarded as a financial device to induce the colony to give the guarantee, and that it is not necessary finance. But it is necessary to create such a fund and set it aside in any event. The company would have to do it if it could raise the money itself, and every company in similar case has to do the same. If a company is formed to take over a going concern earning revenue, it, of course, provides its interest out of revenue; but, if a company is formed for the purpose of constructing a work which can earn no revenue for some years, then it has to provide interest during construction out of capital, and it must raise in addition to the capital required to construct the

work further capital sufficient to pay its interest, and must set aside and invest such additional capital to be applied annually in payment of interest, and such payments must continue for some time after construction is completed, and, in speculative concerns, for some considerable time after. This £300,000 investment, therefore, is not a device to induce the colony to believe that it will be safe in the guarantee, but is a sum which the company must raise and invest in any event, to provide interest during and after construction until the traffic-returns suffice to meet it.

The criticisms by the Public Works Department are,—

1. That it does not follow that the line will be constructed so cheaply or so well by the company as by the Government. To this we reply, (*a*) that we are willing to submit to any reasonable control; and (*b*), that experience has shown, in the case of the Manawatu Railway, that such companies succeed better than the Government, both in construction and management.

2. That the traffic estimates are unreliable, and will not produce anything worth consideration over working expenses towards the interest. To this I have already replied. It is an argument against the construction of the line by the colony as well as by the company, and is available only if the colony is now about to declare that the line from the West Coast to Canterbury is to be finally abandoned. For, obviously, if the line cannot pay, and the colony construct it, the colony will lose the annual interest as well as become liable for the principal; whereas if the company constructs it under the colony's guarantee of interest, and it does not pay, the colony will upon its guarantee have to pay the interest just as under the other alternative, but will not be liable for the principal.

And that is the real question for the Committee. Is the line to be constructed? The company is willing and anxious, and will struggle to do its part to complete it. But through no fault of its own it is without funds. It turns to the colony and asks it to do its part. The colony can help the company, and the company is willing to pay heavily for that help. The company can do a work which the colony desires, if the colony lends that help. To talk of risk is absurd. The colony is secured by the railway and the land-grant. If the colony were called upon under its guarantee it would simply step into the rights of the debenture-holders, who will be mortgagees of railway and land. I cannot, myself, understand where the risk of loss to the colony is suggested. I do understand the argument (though I do not agree with it) that the colony if it gives the guarantee may be called upon to pay under it, but it passes my comprehension to see how the colony risks the loss of money so paid, for the security is complete—the railway is here and cannot run away; and the railway is to be made with the guaranteed debentures. Whoever pays money upon the guaranteed debentures will become mortgagee of the line and a creditor of the company, and be therefore secured also on its uncalled capital.

And the only reason which has been given for refusing the help is one which, if sound, proves that the company should never have been invited by the colony to undertake the work at all. To this, add the circumstances which I have narrated; and I submit that we have made out and established the propositions I have been supporting—namely, that the company was induced to enter into the contract of 1888 by prospects of advantages of which, rightly or wrongly, it has been deprived; that it could not have reasonably contemplated, in 1888, the position to which it is reduced in 1892 wholly and entirely through the deprivation of these advantages; that its proposals now offer a great advantage to the colony in exchange for assistance, which must mean no risk of loss to the colony, unless the company has been grossly misled by the prospects of traffic and profits.

Mr. Seddon, in his address just delivered, has spoken of imposing conditions, and of our petition as reduced to a prayer for clemency. We refuse to occupy the position which Mr. Seddon so defines. We are here because we think we have a just claim, and have a right to ask the colony to assist us in this matter; but we do not come here on our knees, praying to Parliament for the clemency of the Crown. Praying for clemency! We ask for right. And that is what I understand a man may come to this House for—for right and justice. If we have none, in the name of right send us away. I do not know whether Mr. Seddon intended his words to have that meaning—I hope he did not; but he seemed to put it as if we were at the bar of the House for having committed some offence against the colony.

At so late a period of the session it is hopeless to expect legislation. It is not our fault that the matter only reaches its final stage now. I lament it, because the interest is a heavy charge until the line is completed through to earn the mineral traffic. We do, however, ask the Committee to report to the House on our petition, on the following points:—

1. Have not the conditions of the company's prospects and its power of raising money on the London market been gravely altered since 1888, through the course of legislation in the colony and through circumstances beyond the company's control, and which it could not reasonably have foreseen?

2. Ought not Parliament to resolve that the Government should during the recess negotiate with the company and endeavour to arrange some modifications of the contract, which will enable the company to complete the East and West Coast line?

3. Is it not necessary that the East and West Coast line should be completed as soon as possible, whether by the company or the colony?

4. Should not a reasonable extension of time be forthwith granted by the Government?

5. Ought the construction of the Motueka Valley to Reefton portion of the North and South line to be abandoned?

6. Is it reasonable to urge now a possibility of failure in traffic-receipts as an objection to any arrangement by which the colony shall assist the company?

7. Ought not the company to be relieved of the local taxation?

It is only necessary for me to add that the proposals we have made are not the only possible basis of arrangement. We are quite willing, for example, to sell our land-grant to the Government for Government bonds to be handed to us as we complete sections of the line and become entitled to the grant; and, to show that this would be satisfactory to the West Coast, I quote Morris's evidence, pages 114, 115. [Read.]

44. Then, in your opinion, the whole of this country ought to be taken back by the Government for mining purposes?—The whole of the West Coast should be taken back by the Government if they desire to encourage mining operations.

45. And, in your opinion, the West Coast lands never ought to have been included in the area of the grant to the Midland Railway Company?—That was my opinion from the beginning.

* * * * * *

62. *The Chairman.*] Can you tell the Committee whether it would be in the interest of settlement if the area as reserved for the company was resumed and dealt with by the Government?—Yes, I can inform the Committee without fear of successful contradiction from any quarter that it would give a great impetus to the West Coast if it were settled to-morrow that the Government had again taken over the whole of the West Coast—that they had relieved the company from any further trouble—that the whole Coast was open for mining and settlement purposes. It would be just the making of the West Coast.

63. Then, in your opinion, the state of affairs existing now—that is, with regard to the large area set aside for selection by the Midland Railway Company—has the effect of retarding settlement and preventing gold-mining?—I have no desire to find fault with the company—it is a fair company; but it is the uncertainty existing; we are not able to deal with anybody. I think I am speaking the mind of the miners when I say that it would suit us better if the state of uncertainty were removed by the Government retaking the whole of the land, and relieving the Midland Railway Company, as I have stated.

We now, Sir, leave the case to the determination of the Committee; and I have, in conclusion, to thank you for your patience and consideration throughout the inquiry.

The Chairman: Have you anything to add on the subject of local taxation?

Mr. Bell: No, sir; that point is clearly stated in the petition. We have asked to be relieved from local taxation because it is not fair. Why local bodies should get this tax because the railway is not built by the Government we cannot understand. The Government might buy the line to-morrow, and the local authorities would then have to go without the revenue.

The Chairman: With regard to the tables put in yesterday by Mr. Seddon, Mr. Bell?

Mr. Bell: I have not had time to study them.

The Chairman: While Mr. Bell was speaking, I asked Mr. Ward to speak to Mr. Seddon to know whether he was prepared to withdraw the tables. I understand Mr. Ward to say that Mr. Seddon desires the tables put in, with the comments of the officials appended thereto.

Mr. Bell: I must ask leave to speak two or three sentences with regard to these tables. The tables, sir, are unfair, misleading, and ought never to have been issued from any public department. Mr. Maxwell calculated the first year's receipts at £24,000 with an increasing traffic. The tables pretend that Mr. Maxwell averaged the traffic for twenty years at £20,000 a year. Mr. Blow has put in a statement based upon Mr. Maxwell's evidence before the Commission of 1883.

Mr. Blow: No.

Mr. Bell: What Mr. Maxwell has stated there has no bearing whatever on the position of to-day; and yet that goes into the Appendices of the Journals with the *imprimatur* of the Under-Secretary for Public Works, though with Mr. Maxwell's comments thereon. Mr. Maxwell's estimate is now stated by Mr. Blow at £20,000; but he omits to mention that there is £4,000 from the line between Reefton and Stillwater which is to come into computation of the company's revenue. I repeat, Sir, that anything more grossly unfair than this I have never known. Then look at No. 3 Statement, which Mr. Blow calls a liberal estimate. I am unable to say anything more, Sir, about these tables, because I have not had an opportunity of studying them; but these two instances alone will show that it has not been a desire of the department to bring forward a real view of the proper position, but a desire to bring forward evidence of a character which will discount the prospects of the company. Any scientific man of figures could do that. If my friend Mr. Blow were instructed to bring forward figures to put a different aspect on the matter he could do so with perfect facility. He does not pretend to be an expert, except at calculation. He makes a computation from one point of view and takes into consideration circumstances against, and not for. These comments are not only incorrect, they are misleading. I do not for a moment say they are deliberately misleading, because no one would suppose that the Public Works Department would put forward a forgery, but they are erroneous, and, as I have said, have no bearing whatever on the present position of the company.

The CLERK, Public Accounts Committee, to Messrs. McKERROW and MAXWELL, Railway Commissioners.

Memorandum for Messrs. McKerrow and Maxwell, Railway Commissioners.

AT the meeting of the Public Accounts Committee to-day, the Hon. Mr. Seddon addressed the Committee upon the Petition of the New Zealand Midland Railway Company (Limited), and, at the conclusion of his address, asked leave to have embodied in it, the two statements enclosed herewith, marked "Number 1" and "Number 2."

"Number 1" is a statement prepared by Mr. Blow, purporting to be based upon the figures given by Mr. Maxwell in his evidence.

"Number 2" is a statement prepared by Mr. Gordon, purporting to be based upon the figures given by Mr. McKerrow and Mr. Maxwell in evidence.

The Committee agreed to receive the statements, upon the understanding that they were to be submitted to you to give you an opportunity to verify or make any comments upon the same.

May I say that the matter is very urgent, and the Committee would be glad to receive your reply as early as possible.

E. W. KANE,
Clerk, Public Accounts Committee.

5th October, 1892.

MEMORANDUM by Mr. JAMES MCKERROW upon the Statement of Tables compiled by Mr. H. A. Gordon.

Railway Department (Head Office), Wellington, 6th October, 1892.

REFERRING to the enclosed statements, B 4 to B 7 inclusive, prepared by Mr. Gordon, and showing the estimated financial results of the East and West Coast Railway (Midland Company) for the first twenty years after the railway is in working order, I have to point out that, in so far as my evidence is concerned, the mistake is made of assuming that my estimate of £14,860 (taken as £15,000) is the average net profit for twenty years, whereas my estimate was for the first year after the railway was in operation. As regards the succeeding years, my evidence before the Committee was that there would most likely be a gradual, though not a rapid, increase in the volume of traffic and profit.

Mr. Maxwell informs me that, according to his views, the estimate for the Reefton line would be £4,000—not £2,000, as given by Mr. Gordon.

The Chairman of the Public Accounts Committee. JAMES MCKERROW.

Number 2.—STATEMENT by Mr. H. A. Gordon, Inspecting Engineer, Mines Department, in reference to the N.Z. Midland Railway Company's Proposals, embodied in the Hon. Mr. Seddon's Address.

B 4.

In addition to this must be added interest on the payments made of the £618,000 which is the value of the land proposed to be released. Although this is the value of the land at the present time, it is not enhanced in value by the construction of the railway, inasmuch that the available land for settlement is not alongside this railway, but a considerable distance from it, the company having selected almost the whole of the adjacent lands available for settlement. Therefore interest should be calculated on the payment of this £618,000, as it has to be added to the debt of the colony. This has to be paid in ten annual payments, and, to calculate the smallest rate of interest on these payments, say, 3 per cent., it would amount to the following :—

Number of Annual Payments.	Amount paid at the end of each Year.	Interest on Payments at the rate of 3 per cent.
	£	£
First year	61,800	1,854
Second year	123,600	3,608
Third year	185,400	5,562
Fourth year	247,200	7,416
Fifth year	309,000	9,270
Sixth year	370,800	11,124
Seventh year	432,600	12,978
Eighth year	494,400	14,832
Ninth year	556,200	16,686
Tenth year	618,000	18,540
Total interest...	...	101,870
Loss on guarantee	...	683,800
Loss on the proposals to the colony ...	...	785,670.

3rd October, 1892. HENRY A. GORDON.

B 5.

Midland Railway Company's Proposals.

Mr. MCKERROW's Estimate of Traffic :—

Estimated revenue	£58,850
Estimated expenditure	43,990
Profit on working	£14,860
Take profit on working Reefton line, same as indicated by Mr. Maxwell, namely	£2,000
Profit on East and West Coast line, say	15,000
Total profits	£17,000

Therefore, £48,000 — £17,000 = £31,000, as an annual payment :—

Number of Years Guaranteed.	Amount of Guarantee paid by Government.	Amount of Interest capitalised at 3 per cent.
	£	£
First year	31,000	930
Second year	62,000	1,860
Third year	93,000	2,790
Fourth year	124,000	3,720
Fifth year	155,000	4,650
Sixth year	186,000	5,580
Seventh year	217,000	6,510
Eighth year	248,000	7,440
Ninth year	279,000	8,370
Tenth year	310,000	9,300
Eleventh year	341,000	10,230
Twelfth year	372,000	11,160
Thirteenth year	403,000	12,090
Fourteenth year	434,000	13,020
Fifteenth year	465,000	13,950
Sixteenth year	496,000	14,880
Seventeenth year	527,000	15,810
Eighteenth year	558,000	16,740
Nineteenth year	589,000	17,670
Twentieth year	620,000	18,600
Total interest	...	195,300
Capital paid on guarantee	...	620,000
Total loss to the colony	...	£815,300

B 6.

RESULT of Working Midland Railway Company's Lines on basis of Mr. McKerrow's Estimate of Traffic, allowing the indicated Profit on Working the Reefton Line as compared with Nelson Line by Mr. Maxwell—namely, an Annual Profit of £2,000 and £15,000, as estimated for East and West Coast Coast Line by Mr. McKerrow. (*See* Midland Company's proposals, Enclosure 1 in No. 5):—

—	Trust Fund to pay Interest.	Interest on Trust Fund at 4 per cent.	Receipts from Traffic.	Interest at Rate of 3 per cent. on Capital.	Balance of Capital and Loss.	Interest on Loss capitalised at Rate of 3 per cent.
	£	£	£	£	£	£
					Cr.	
End of first year ...	300,000	12,000	Traffic receipts for three years pawned to meet interest on debenture capital, £745,000.	55,500	256,500	...
End of second year ...	256,500	10,260		55,500	211,260	...
End of third year ...	211,260	8,450		55,500	164,212	...
End of fourth year ...	164,212	6,568		55,500	115,280	...
End of fifth year ...	115,280	4,612	5,000	92,750	32,142	...
					Dr.	
End of sixth year ...	32,142	1,286	7,000	89,660	49,232	1,376·96
End of seventh year ...	...	...	9,000	86,570	128,802	3,864·06
End of eighth year ...	...	...	11,000	83,480	201,282	6,038·46
End of ninth year ...	...	...	13,000	80,390	268,672	8,060·16
End of tenth year ...	...	...	15,000	77,300	330,972	9,927·16
End of eleventh year ...	...	...	17,000	74,210	388,182	11,646·46
End of twelfth year ...	...	...	19,000	71,120	440,302	13,209·06
End of thirteenth year...	...	...	21,000	68,030	487,332	14,619·96
End of fourteenth year	...	...	23,000	64,930	529,262	15,877·86
End of fifteenth year ...	...	...	25,000	61,750	566,012	16,980·36
End of sixteenth year ...	...	...	27,000	61,750	600,762	18,022·86
End of seventeenth year	...	...	29,000	61,750	633,512	19,005·36
End of eighteenth year...	...	...	31,000	61,750	664,264	19,927·86
End of nineteenth year...	...	...	33,000	61,750	693,012	20,790·36
End of twentieth year ...	...	...	35,000	61,750	719,762	21,592·86
Total interest on loss, capitalised						£200,939·80
Total amount of loss on working						719,762
Total loss to company						£920,701·80

B 7.

COMPARISON of ESTIMATES of the Traffic and Working Expenses of Midland Railway Company's Line, East and West Coast Railway.

—	Traffic Receipts.	Cost of Working and Maintenance.	Cr. or Dr.	Profit or Loss on Working.
	£	£		£
Midland Railway Company	...	...	...	...
Mr. McKerrow, Chief Commissioner of Railways ...	58,850	43,990	Cr.	14,860
Mr. Maxwell, Commissioner of Railways	85,000	65,000	Cr.	20,000
Mr. Gordon, Inspecting Engineer, Mines Department ...	59,877	64,158	Dr.	4,281

RESULT of GUARANTEE of 3-per-cent. Interest on £1,600,000 for Twenty Years, according to the different Estimates of probable Traffic.

Names of Persons estimating Traffic.	Loss to the Colony.
	£
Midland Railway Company	Nil.
Mr. McKerrow, Chief Commissioner of Railways	815,300
Mr. Maxwell, Commissioner of Railways	683,800
Mr. Gordon, Inspecting Engineer, Mines Department	1,262,400

[For remainder of Mr. Gordon's statement (Number 2) see that following statement (Number 1) of Mr. Blow, page 181.]

MEMORANDUM by Mr. J. P. MAXWELL, Commissioner of Railways, upon the STATEMENT (marked Number 1) of Mr. H. J. H. BLOW, Under-Secretary, Public Works Department, embodied in the Hon. Mr. SEDDON's Address.

Remarks on Papers marked A 1 and A 3 submitted to me in Mr. Kane's Memorandum of 5th October, 1892.

SIR,— 6th October, 1892.

I have taken the liberty of making two notes in ink on the face of the papers sent to me. I think, after hearing my evidence, that it would be unfair to allow the comparison to be made without these notes, as it would be misleading.

I have, &c.,
J. P. MAXWELL.

The Chairman, Public Accounts Committee.

A 1.

Number 1.—STATEMENT by Mr. BLOW on the Midland Railway Company's Proposals.

Company's proposals:—

Company gives up land-grant, value	£618,000
But gets cash, in ten annual payments...	618,000
Net gain	*Nil.*
Company to be relieved of all local taxation	= £6,000 per annum.
Company to get 3 per cent. guarantee on £1,600,000 ...	= 48,000 "
Net loss	£54,000 "

And all prospect of the Reefton–Motueka Section being constructed definitely abandoned.

As to whether any payment likely to be required under the guarantee:—

1. Mr. Maxwell's estimate to Commission in June, 1883*—

Receipts	£120,000
Working expenses	120,000
Profit	*Nil.*

*NOTE.—The evidence indicates that the memorandum of 1883 referred to does not apply to the line now under consideration, and that the conditions of working are different, hence this comparison is irrelevant.—J. P. MAXWELL. 6th October, 1892.

2. Mr. McKerrow's estimate now £14,660

3. Mr. Maxwell's estimate now £20,000

Suppose we take No. 3, which seems very liberal, how will it work out? (Explained by table attached.) At end of six years the whole £300,000 Trust Fund will be swallowed up, and a deficiency of £25,796 be left.

A 2.

Year.	Capital.	Interest receivable.	Receipts from Traffic.	3-per-cent. Interest payable.	Balances.
	£	£	£	£	£
First	300,000	12,000	Traffic receipts for three years pawned to meet interest on £745,000.	55,500	256,500
Second	256,500	10,260		55,500	211,260
Third	211,260	8,450		55,500	164,210
Fourth	164,210	6,568	23,000	92,750	101,028
Fifth	101,028	4,041	25,300	92,750	37,619
Sixth	37,619	1,505	27,830	92,750	*25,796

* Deficiency.

A 3.

NOTE.—Column headed "3 per cent. interest payable," includes—

1. 3 per cent. on £1,600,000 ... ... £48,000
2. 3 per cent. on original share capital, £250,000 7,500
3. 5 per cent. on debentures, £745,000 37,250

£92,750

So that it is evident that company is asking not only for guarantee of 3 per cent. on £1,600,000, but for guarantee of 2 and 3 besides.

Also, suppose Mr. Maxwell's *first* estimate should turn out nearest to truth, *or suppose there should be a loss on working*, how is loss to be made up? †

† NOTE.—The evidence indicates that the first estimate referred to does not refer to the line now under discussion, and that the conditions were different. The hypothesis seems unnecessary and prejudicial, as it is scarcely within the bounds of probability, as far as experience and facts enable us to judge, that there should be a loss on working.—J. P. MAXWELL, 6th October, 1892.

REMARKS by Mr. J. P. MAXWELL upon the Statement of Tables of Mr. H. A. Gordon's Statement (Number 2), embodied in Hon. Mr. Seddon's Address.

Remarks on Paper marked B 2 submitted to me in Memorandum from Mr. Kane of 5th October, 1892.

SIR,— 6th October, 1892.

The basis of this statement is erroneous. My evidence was to the effect that the Reefton line might possibly give a profit similar to the Nelson one; in which case, allowing for the length, the profit should be taken at about £4,000 a year. The amount of profit for the first year would then be £24,000, not £22,000 as stated.

I consider the character of the table misleading. In dealing with subsidies of an annual character it is not usual to reckon interest on the subsidy—in the case of mail contracts, for example: this is never done, as a subsidy is usually regarded as a current expense in carrying on the government of the country.

The Chairman, Public Accounts Committee. J. P. MAXWELL.

B 2.

Continuation of Mr. H. A. Gordon's Statement (Number 2) on the Midland Railway Company's Proposals.

Number 2.—Mr. MAXWELL'S Estimate of Traffic:—

	£	s.	d.	£	s.	d.
Profit on working Reefton line	2,000	0	0			
" East and West Coast line ...	20,000	0	0			
				22,000	0	0
Guarantee of 3 per cent. on £1,600,000				£48,000	0	0
Annual amount of interest to be paid by Government ...				£26,000	0	0

Number of Years Guaranteed.	Amount of Guarantee paid by Government.	Amount of Interest on Guarantee paid at 3 per cent.
	£	£
First year	26,000	780
Second year	52,000	1,560
Third year	78,000	2,340
Fourth year	104,000	3,120
Fifth year	130,000	3,900
Sixth Year	156,000	4,680
Seventh year	182,000	5,460
Eighth year	208,000	6,240
Ninth year	234,000	7,020
Tenth year	260,000	7,800
Eleventh year	286,000	8,580
Twelfth year	312,000	9,360
Thirteenth year...	338,000	10,140
Fourteenth year	364,000	10,920
Fifteenth year	390,000	11,700
Sixteenth year	416,000	12,480
Seventeenth year	442,000	13,260
Eighteenth year	468,000	14,040
Nineteenth year	494,000	14,820
Twentieth year	520,000	15,600
Total interest on amount paid		163,800
Amount of capital paid		520,000
Loss on guarantee in twenty years		£683,800

REMARKS by Mr. J. P. MAXWELL upon the Statement of Tables of Mr. H. A. Gordon's Statement (Number 2), embodied in the Hon. Mr. Seddon's Address.

Remarks on Paper marked B 3, submitted to me in Mr. Kane's Memorandum of the 5th October, 1892.

SIR,— 6th October, 1892.

The nature of my evidence appears to be misrepresented. I explained particularly that I considered my estimate of profit to be for the first year's working, and that there would be a gradual increase with the growth of population. I estimated the profits of the Christchurch line at £20,000, and those of the Reefton line, if assumed similar to, say, Nelson, at about £4,000, allowing for the relative length of line: total, £24,000 a year.

I made no mention of "an average" as the heading to the table wrongly alleges. I consider that it would be misleading and improper to introduce a table based on statements attributed to me which I did not make.

I think the results of the table are misleading.

The Chairman, Public Accounts Committee.

I have, &c.,
J. P. MAXWELL.

B 3.

Continuation of Mr. Gordon's Statement.

Number 2.—RESULT of working East and West Coast Railway on basis of Twenty Years Profits—namely, £22,000 per annum, as given by Mr. Maxwell as an Average; but, seeing that the Trade would be likely to increase, the Profits would be likely to increase in same Ratio, taking the Annual Profits at £22,000 × 20 = £440,000.

—	Capital at 4 per cent.	Interest 4 per cent.	Receipts from Traffic.	Interest at 3 per cent.	Balance of Capital and Loss.	Annual Loss capitalised at 3 per cent.
	£	£	£	£	£	£
					Cr.	
End of first year ...	300,000	12,000	Traffic for three years pawned to meet interest on £745,000	55,000	256,500	...
End of second year ...	256,500	10,260		55,000	211,260	...
End of third year ...	211,260	8,452		55,000	164,212	...
End of fourth year ...	164,212	6,568		55,000	115,280	...
End of fifth year ...	115,280	4,612	11,000	92,750	38,142	...
					Dr.	
End of sixth year ...	38,142	1,526	13,000	89,660	36,992	1,009·76
End of seventh year .	...	...	15,000	86,570	108,562	3,256·86
End of eighth year ...	...	...	17,000	83,480	175,042	5,251·26
End of ninth year ...	...	...	19,000	80,390	236,432	7,092·96
End of tenth year ...	...	...	21,000	77,300	292,732	8,781·96
End of eleventh year ...	...	...	23,000	74,210	343,942	10,318·26
End of twelfth year ...	...	...	25,000	71,120	390,062	11,701·86
End of thirteenth year...	...	...	27,000	68,030	431,092	12,932·76
End of fourteenth year	...	...	29,000	64,940	467,032	14,010·96
End of fifteenth year ...	...	...	31,000	61,750	497,782	14,993·46
End of sixteenth year ...	...	...	33,000	61,750	526,532	15,795·96
End of seventeenth year	...	...	35,000	61,750	553,282	16,598·46
End of eighteenth year	...	...	37,000	61,750	578,032	17,340·96
End of nineteenth year	...	...	39,000	61,750	600,782	18,023·46
End of twentieth year...	...	...	41,000	61,750	621,532	18,645·96
Loss on working on this basis is ...			621,532	...	...	175,754·90
Interest on annual loss			175,755			
Total loss			£797,287			

APPENDIX.

I.—CORRESPONDENCE RELATIVE TO THE SELECTION OF LAND UNDER CLAUSE 33 OF THE MIDLAND RAILWAY CONTRACT.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

New Zealand Midland Railway Company (Limited), Christchurch,
23rd June, 1890.

Sir,—

In dealing with small applications for land within the authorised area under clause 33 of the Midland Railway Contract, we have hitherto understood that the fact of the Commissioner of Crown Lands handing to the company his assessment of the land applied for, included the assent by the Government to the sale of that land, and that before handing it over he had taken any necessary steps to ascertain whether the particular land might be so dealt with. As evidence of this the assessments have provided for applications about which there is any doubt being advertised. It was therefore deemed unnecessary to refer such applications direct to the Minister for the two months mentioned in clause 29 of the contract, but the Commissioner of Crown Lands for Nelson has written me under date of 20th instant, stating that it is necessary to do so. This clause was not intended to apply to dealings under clause 33, but to selections by the company of whole blocks.

The delays which must necessarily arise from every small application having to be first referred to the Commissioner for assessment, and then to the Minister for a period of two months, will be so great as to be a serious delay to applicants, and greatly hinder any dealings with such lands, while clause 33 was inserted to facilitate prompt dealings with small applications. Such delays will be made a public grievance if it thus becomes impossible for the company to meet the natural demands of settlement by dealing with lands under this clause.

The difficulty may be avoided by the Government authorising the Commissioner of Crown Lands for the district to give its assent at the same time as he makes the assessment; and I have the honour to suggest that you should cause such a course to be adopted.

I have, &c.,

For the New Zealand Midland Railway Company (Limited),
Robert Wilson.
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

New Zealand Midland Railway Company (Limited), Christchurch,
4th July, 1890.

Sir,—

Re *Morris and Watson and Co.*

In consequence of a communication from the Commissioner of Crown Lands, Hokitika, I beg to inform you that the company wishes to deal with the lands as per plan and description attached, by letting them to Morris and Watson and party respectively.

The Commissioner informs us that, after inquiry into the question by both himself and the Warden, he is prepared to consent to the company dealing with the land, but subject to its being referred to you under clause 29 of the contract.

In order to save time, and meet the convenience of the applicants who have already advertised their applications for the land, I now beg to inform you of the company's wish to deal with this particular land, though, as we have already pointed out, we do not consider it necessary under the contract that all such applications should be so referred; and do so in this case without prejudice to the question, as to whether it should be the practice in other cases.

As I understand that full inquiry has been made by the Government officers into the particular matter, I would further ask you to consent to the company's dealing with the land at your earliest convenience, without waiting for the expiration of the two months provided by clause 29. It is now eight months since the application was made to the Commissioner of Crown Lands, and the applicants have been already put to considerable inconvenience.

I have, &c.,

For the New Zealand Midland Railway Company (Limited),
Robert Wilson,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

The Hon. the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 29th August, 1890.

SIR,— Re *Midland Railway.—Land Selection.*

In reply to your letters of the 23rd June and 4th ultimo on the subject of the procedure to be adopted in effecting sales or leases of land under clause 33 of the Midland Railway Contract, and applying for authority to lease certain land to Messrs. Morris and Watson and party under the provisions of the clause referred to, I have the honour to inform you that this matter has received very careful consideration. The Government is, however, advised that, although clause 33 provides a special mode of dealing with the lands on the western side of the mountain range, it does not shut out the provisions of clause 29, and that the usual notification under the latter clause must be made in all cases. The Government is further advised that there is no power which would authorise a Minister to delegate his functions in this matter to the Commissioner of Crown Lands.

With regard to the application of Messrs. Morris and Watson and party for the land referred to in your letter of the 4th ultimo, I regret to have to state that, as the land in question is partially auriferous, and in the opinion of the Governor is likely to be required for *bonâ fide* mining purposes, and the several purposes connected therewith or incidental or conducive thereto, it comes within the exceptions specified in clause 16 of the contract, and I have, therefore, to object to its being dealt with as desired.

I may add that steps will be taken to set apart and define such lands by Proclamation as required by the contract.

I have, &c.,

T. FERGUS,

Minister for Public Works.

R. Wilson, Esq.,
General Manager, New Zealand Midland Railway Company, Christchurch.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited),
9th September, 1890.

SIR,—

In reply to your letter of the 29th ultimo, while not concurring in the opinion that a reference to the Minister under clause 29 of the contract is necessary in cases of dealing with lands under clause 33, I have the honour to point out that my suggestion was not that the Minister should delegate his functions under the contract to any officer, but merely that he should instruct the Commissioners of Crown Lands (whose duty it is, as already arranged, to assess the value of all lands to be dealt with under clause 33) to advise the Minister at the same time whether there is any cause for his objecting to the particular land applied for being dealt with, and that the request of the company for an assessment of the land shall be sufficient notification to the Minister under clause 29, assuming that he be entitled to such notice.

By this means much loss of time and inconvenience to applicants would be avoided, as, if necessary, the whole two months would have to elapse should the Minister, or the Commissioner of Crown Lands on his behalf, not earlier notify his agreeing to the company's dealing with the particular land; but if the notification thus came to the Minister, through the Commissioner of Crown Lands, whom I presume to be the official land officer, and who is consulted on all land matters in connection with his district, I imagine that the Minister could consent or otherwise to particular pieces of land being dealt with in much less time than two months. Already applications have to be advertised for a month, and it would seem possible, immediately that time expired, to ascertain in the majority of cases whether there is any need for delay. Should it be necessary to make further inquiries in particular cases, further time could of course be taken, up to the two months or longer, if necessary, by arrangement with the company.

Shortly after the signing of the Midland Railway Contract, 1888, an arrangement was come to with Ministers that the company should communicate direct with the Commissioners of Crown Lands on these subjects expressly to save the delays which the exigencies of the post and other causes would create if a reference to the Minister was necessary in all cases.

In the past, owing to the peculiar difficulties of the situation, there has been among the inhabitants of the district concerned considerable dissatisfaction with the delay in dealing with the lands, and for this they have blamed the company; but it is becoming known that now and for the future the delays do not rest with the company.

In making such a suggestion the company is not asking the Minister to delegate his functions, but merely to execute those functions through some officer with whom the company, to save time, can be in direct communication, the Minister obviously being unable to attend to all detail matters personally.

The company's chief wish and interest is to assist in every possible way the spread of settlement within its area by giving every facility, within the rights of the Government and the Company, for carrying out speedily sales to all applicants, and I have no doubt that the Government equally wish to assist in such a desirable object.

I have, &c.,

For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited),
9th September, 1890.

SIR,—

In further reply to your letter of the 29th ultimo *re* Morris and Watson's application, I notice that you object to the company dealing with these lands on the grounds that they are partially auriferous, and that steps will be taken to set apart the land as mining reserves. I am surprised to hear that these are considered auriferous lands, as the company is of opinion that they are not such within the meaning of the contract, in which opinion they are confirmed by very experienced authorities, whose evidence can be brought forward. I would remind you of the promise made by the Hon. the Minister of Lands, under date of 13th August, 1888, that the company will be given full opportunity of conferring with the Government before any mining reserves are made.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
15th September, 1890.

SIR,—

Referring further to your letter of the 29th ultimo, and to mine of the 9th instant in reply thereto, as the company does not wish to cause delay in dealing with any western lands under clause 33, but is anxious to assist settlement, I have now the honour to enclose a list of (209) applications which the company wishes to deal with at the earliest possible date. Some of these have been assessed by the Commissioner of Crown Lands, others have been sent for assessment, but are not yet returned.

This list is forwarded without prejudice to the question as to whether it is compulsory for the company to refer the applications to the Minister under clause 29 of the contract.

I have further to request that you would be good enough to notify your consent, or otherwise, as early as possible.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works.

NOTE.—Similar letter of 23rd September, 1890, a list of twenty more applications was forwarded.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company (Limited).

Public Works Office, Wellington, 3rd October, 1890.

SIR,— Re *The Midland Railway.—Land Selection.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 9th ultimo on the subject of Messrs. Morris and Watson's application for a lease of certain land, and stating that experienced authorities have assured the company that the land referred to is not auriferous.

In reply, I am to state that, in the opinion of the Mines Department, a portion at least of the block in question is considered to be auriferous, and likely to be required for mining purposes, so that the Minister is unable to see his way to consent to its being selected by the company and leased as proposed.

As regards the setting apart of mining reserves under the contract, I am to state that the Commissioner of Crown Lands at Hokitika, the Wardens at Hokitika and Greymouth, and the several local bodies in the Westland and Grey Districts have been invited to make suggestions on the subject, on receipt of which the matter will receive the careful consideration of the Government.

I have, &c.,
H. J. H. BLOW,
Assistant Under-Secretary for Public Works.

R. Wilson, Esq., C.E.,
General Manager, New Zealand Midland Railway Company, Christchurch.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 7th October, 1890.

SIR,— *Midland Railway.—Land Selections under Clause 33 of Contract.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letters of the 15th and 23rd ultimo respectively, forwarding lists of lands which the company wishes to deal with in terms of clauses 29 and 33 of the Midland Railway Contract.

In reply I am to state that the several parcels of land referred to in the lists forwarded are so insufficiently described that in many cases it has been found impossible to locate them. I am therefore to request that you will kindly supplement the information already supplied by furnishing the numbers of the sections in each case, and also by indicating their position on a lithograph plan of the district.

I have, &c.,
H. J. H. BLOW,
Assistant Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, New Zealand Midland Railway Company, Christchurch.

The GENERAL MANAGER, Midland Railway Company, to the ASSISTANT UNDER-SECRETARY for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
28th October, 1890.

SIR,— *Land Selections under Clause 33.*

Referring again to your letter of the 7th instant, to which a reply was sent on the 9th instant by telegraph as follows: "In reply yours seventh, is it not sufficient that particulars asked for have already been supplied Commissioner of Crown Lands. What you ask will take some time, and applicants irritated by delay"—though we have not heard from you in reply, I would again point out that sufficient information has been supplied the Commissioner of Crown Lands to enable him to locate the various applications. It would be impossible to furnish the numbers of the sections, as in most cases the applications are for unsurveyed lands; and in few instances are the existing lithographs of the Nelson District sufficiently accurate to enable us to locate the applications on them. The only maps on which they can be properly located are those in the possession of the Government or the District Land Office. The large scale plans of the authorised area furnished by the Government to the company are also so inaccurate as to be of little use in locating these applications.

I believe that the Commissioner of Crown Lands has been able, from the information supplied to him, to determine the position of all the applications, and will be able to advise the Government on the subject.

I have, &c.
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

H. J. H. Blow, Esq.,
Assistant Under-Secretary for Public Works, Wellington.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 31st October, 1890.

SIR,— Re *Midland Railway.—Land Selections under Clause 33 of Contract.*

I have the honour, by direction of the Minister for Public Works, to forward herewith, for your information, copy of memoranda of instructions *re* the above, recently issued by the Hon. the Minister of Lands to the Commissioners of Crown Lands at Nelson and Hokitika.

I have, &c.,
H. J. H. BLOW,
Assistant Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, New Zealand Midland Railway Company, Christchurch.

Enclosure No. 1.

The UNDER-SECRETARY of CROWN LANDS to the COMMISSIONER of CROWN LANDS, Nelson and Hokitika.

General Crown Lands Office, Wellington, 18th October, 1890.

HEREWITH I forward a copy of instructions for dealing with land on the western side of the range within the area of selection of the Midland Railway Company.

In order to make these instructions complete it will be necessary for the printed form of application addressed to the General Manager of the company to be altered as follows: After the word "situate," in the second line in the first page, the following words to be inserted: "Within the authorised area of selection as shown on Map B 1 attached to the Midland Railway Contract, and being within the Survey District;" And the following clause should be added at the

end of the form: "As the company request the Queen to sell [or lease] the land described in this application, it is desired that the Commissioner of Crown Lands at will cause the value of such land to be assessed."

Will you please see that any forms sent to you are altered accordingly.

H. J. H. ELLIOTT,
Under-Secretary.

Enclosure No. 2.

Instructions for dealing with Applications for Land on the Western Side of the Range within the Area of Selection of the Midland Railway Company.

1. The company shall, in writing, authorise any person or persons desirous of purchasing or leasing lands on the western side of the range, to make choice of the land required as provided in clause 33 of the contract.

2. Applicants for land, whether for sale or lease, shall be required to advertise their applications, with a clear description of the locality and boundary, twice in some newspaper circulating in the district where the land is situate, with a notice at the foot that objections must be lodged with the Commissioners of Crown Lands, , within one month from date of issue of the advertisement.

3. At the expiration of the month, upon the company requesting the Queen to sell or lease such lands, the applications to be forwarded to the Commissioner of Crown Lands for assessment, with a copy of the newspaper containing the advertisement attached.

4. If no objection be lodged, and the Commissioner is not aware of any objection, the land to be assessed, and the applications submitted to the Minister of Lands for his consent to the sale.

5. If assented to by the Minister, the company to be notified of the assessment and consent to the sale.

6. If the company conclude the purchase of the land at a price per acre not being less than the assessed value, the Commissioner to be notified and the deposit for survey, according to gazetted regulation scale, lodged with the Receiver of Land Revenue within one month.

7. On receipt of the deposit being notified to the Commissioner, the survey to be ordered.

8. On completion of the survey and payments for the land and grant fee to the Receiver of Land Revenue, the certificate of title to be issued direct to the purchaser.

9. If sale not arranged by the company within three months from the date of the notification of the Minister's assent to the sale, the application to be considered cancelled, and if the land has been surveyed the deposit to be forfeited.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
SIR,— 11th November, 1890.

I have to acknowledge the receipt of your letter of the 31st ultimo, forwarding copy of proposed instructions to the Commissioners of Crown Lands of Nelson and Westland, as to dealing with land under clause 33 of the Midland Railway Contract, and to point out that in some respects these instructions would be unworkable, and are at variance with the Midland Railway Contract. The chief objection is to advertising the lands before the assessment be made by the Commissioner. It is obvious that the applicants will not go to the expense of advertising until they have come to terms with the company as to the price, &c., and, of course, the company cannot fix their selling price until the assessment be made. It is necessary, therefore, for the assessment to be made before the application be advertised, and at the same time as the Commissioner makes his assessment he should state whether there are any objections within his knowledge to the land being dealt with, leaving only open any objections which may be called forth by the advertisement.

Further, if the routine proposed by these regulations were adopted it would mean first that a month must elapse after the applicant had agreed to advertise, then obtaining the assessment would probably take another month, and the consent of the Minister would occupy another two months. Thus, it would take four months before any piece of land could be definitely dealt with. The contract, however, provides that the value shall be *forthwith* assessed, and even if the provisions of clause 29 apply to sales, under clause 33, which the company does not yet admit, the longest delay allowed by the contract is two months and not four months.

For convenience I enclose draft of some alterations which I would suggest should be made in your instructions to the Commissioners of Crown Lands.

As the present applications have been held over a long time, I have the honour to request that you will give the matter your earliest attention.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

Enclosure.

Suggested alterations in Instructions to Commissioners of Crown Lands.

1. THE company shall, in writing, authorise any person or persons desirous of purchasing or leasing lands on the western side of the range to make choice of the land required as provided in clause 33 of the contract.

2. Applications with authority as above to be forwarded by the company to the Commissioner of Crown Lands who, on being requested by the company to sell or lease, shall forthwith assess the value of the land applied, and notify the same, or his reasons for not assessing, by telegraph or first post.

3. In case of an agreement for sale resulting at a price, not being less per acre than the assessed value (except with the consent of the Queen), or for a lease or license on rent or royalty, the Minister for Public Works and the Commissioner of Crown Lands to be forthwith notified thereof, and the application to be advertised by the applicant, at his expense, with a clear description of the locality and boundaries, twice in some newspaper circulating in the district where the land is situated, with a notice at foot that objections must be lodged with the Commissioner of Crown Lands within one month from the date of issue of the advertisement.

4. If all or part of the lands be not required for any of the purposes set forth in subsections (*a*) (*b*), (*c*), or (*d*) of clause 16 of the Midland Railway Contract, the Minister for Public Works shall at once notify the company of his approval of such sale, lease, or license, and, on such approval being given, or if he shall not signify his disapproval of such sale, lease, or license within two months from receiving the above notification thereof, the Commissioner then to cause the survey to be made, and to carry out the sale as provided in clause 33.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
11th December, 1890.

SIR,— *Regulations for dealing with Lands under Clause 33 in M. R. Contract.*

Referring to the suggested amendments to the regulations which I sent you on the 11th ultimo, I have the honour to state that on further inquiry I find that it will be extremely injurious to the interests of settlement in the districts concerned if the two months' reference to the Minister must always elapse before any land can be dealt with. I hope you will, therefore, see the necessity of devising some means for doing away with such a long delay.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Department, Wellington, N.Z., 23rd December, 1890.

Re *Midland Railway.—Regulations for dealing with Lands under Clause 33 of the Midland Railway Contract.*

Referring to your letter of the 11th ultimo and 11th instant, forwarding draft of some suggested alterations in the instructions recently issued by the Hon. the Minister of Lands to the Commissioners of Crown Lands at Nelson and Hokitika, on the subject of the selection of lands within the authorised area, under clause 33 of the Midland Railway Contract, I have now the honour, by direction of the Minister for Public Works, to forward to you herewith a copy of the amended instructions which have been prepared to give effect to your suggestions as far as possible, and which it is proposed to issue to the Commissioners, provided that you concur therein.

I have, &c.
H. J. H. BLOW,
Assistant Under-Secretary, Christchurch.

R. Wilson, Esq., C.E.,
General Manager, New Zealand Midland Railway Company, Christchurch.

Enclosure No. 1.

Instructions for dealing with Applications for Land on the Western side of the Range within the Area of Selection of the Midland Railway Company.

1. The company shall, in writing, authorise any person or persons desirous of purchasing or leasing lands on the western side of the range to make choice of the land required as provided in clause 33 of the contract.

2. Applications, with authority as above, to be forwarded by the company to the Commissioner of Crown Lands, who on being requested by the company to sell or lease shall forthwith assess the value of the land applied for, and notify the same, or his reasons for not assessing, by telegraph or first post.

3. In case of an agreement for sale resulting at a price, not being less per acre than the assessed value (except with the consent of the Queen), or of a lease or license on rent or royalty, the Minister for Public Works and the Commissioner of Crown Lands to be forthwith notified thereof, and the application to be advertised by the applicant at his expense, with a clear description of the locality and boundaries twice in some newspaper circulating in the district where the land is situated; a copy of such paper to be sent to the Commissioner of Crown Lands, with a notice at foot that objections must be lodged with the Commissioner of Crown Lands within one month from the date of issue of the advertisement.

4. If all or part of the lands be not required for any of the purposes set forth in subsections (*a*), (*b*), (*c*), or (*d*), of clause 16 of the Midland Railway Contract, the Minister for Public Works shall at once notify the company and Commissioner of his approval of such sale, lease, or license, and on such approval being given, or if he shall not signify his disapproval of such sale, lease, or license within two months from receiving the above notification thereof, the Commissioner then to cause the survey to be made, and to carry out the sale as provided in clause 33.

5. If the company conclude the purchase of the land at a price per acre, not being less than the assessed value, the Commissioner to be notified, and the deposit for survey, according to the gazetted regulation scale, lodged with the Receiver of Land Revenue within one month.

6. On receipt of the deposit by the Commissioner the survey to be ordered.

7. On completion of the survey and payments for the land and grant fee to the Receiver of Land Revenue, the certificate of title to be issued direct to the purchaser.

8. If sale not arranged by the company within three months from the date of the notification of the Minister's assent to the sale, the application to be considered cancelled, and if the land has been surveyed, the whole of the survey deposit, and, if it has not yet been surveyed, one-half of such deposit shall be forfeited.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

New Zealand Midland Railway Company (Limited), Christchurch,
30th December, 1890.

Sir,— *Regulations for dealing with Lands under Clause 33.*

I have to acknowledge the receipt of your letter of the 23rd instant, enclosing draft regulations to be issued to the Commissioners. These are receiving careful attention; but one point arises at the outset in considering them—namely, they are drawn on the basis of all applications for land under clause 33 being advertised.

If considerable mining reserves are about to be made, this advertising is both unnecessary and objectionable from the company's point of view. If, however, mining reserves are not to be made at present the company would be prepared, as you already have been informed, to agree to the system of advertising. I must await your reply on this point before returning the regulations.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
Robert Wilson,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

(Telegram.) Christchurch, 27th January, 1891.

Hope can count on your assistance get regulations settled for dealing with lands in Westland. Waiting reply to letter 30th December to Minister Public Works.

Hon. R. J. Seddon, Wellington. Robert Wilson.

The Acting Engineer-in-Chief to the General Manager, Midland Railway Company.

Sir,— Public Works Office, Wellington, 7th February, 1891.

Re *Midland Railway.—Regulations for dealing with Lands under Clause 33 of the Midland Railway Contract.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 30th December last relative to advertising applications for lands under clause 33 of the Midland Railway Contract, as required by the draft regulations for dealing with these lands, forwarded for your concurrence on 23rd December, and intimating that, should the Government be about to make large reserves for mining purposes, the system of advertising proposed would not be necessary.

In reply I am to state that the question of the reservation of land for mining purposes has not yet been decided by the Government, but under any circumstances the Hon. Mr. Seddon considers that it will be necessary for all applications affecting lands under clause 33 to be duly advertised.

I have, &c.,

R. Wilson, Esq., C.E., Wm. H. Hales,
General Manager, Midland Railway Company, Christchurch. Acting Engineer-in-Chief.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

10th February, 1891.

Sir,— *Regulations for dealing with Lands under Clause 33.*

You will see a letter from the company to the Minister for Public Works, dated 30th December, asking whether large gold-mining reserves are to be made at once, and stating that if so the company could not agree to the system of advertising all applications for lands proposed in the draft regulations submitted with your letter of 23rd December, 1890. [Reply of 7th February received since writing.]

In the absence of any reply thereto, and in consequence of subsequent communications with the County Councils and others in the districts concerned, from which I learn that the public have no wish that such reserves should be made at present, provided that the company is prepared to advertise the lands as proposed in the accompanying draft regulations, I have now the honour to submit the same for your consideration on this understanding. If, however, I am wrong in assuming that reserves are not to be made, there would have to be some alterations made in the form proposed.

The proposed regulations sent with your letter of 23rd December, 1890, were carefully considered and discussed with people in the districts concerned who are interested in lands, and it is generally considered that they would not work in a satisfactory manner. In framing these now submitted the requirements of your regulations, you will see, have been provided for, but the method of dealing with these lands will have to be simplified and shortened as much as possible otherwise there will be great inconvenience caused, and settlement will be seriously impeded, if not stopped.

In view of its being necessary to give applicants a final answer whether or not they can have the land they wish for within the shortest possible time, it is necessary to provide that the matter shall pass through as few hands or offices as is compatible with protection to the Government or the company; I would, therefore, strongly urge the Minister should authorize the Commisioner of Crown Lands for the district to exercise the Minister's functions as to ascertaining whether there is any objection under clause 29 of the Midland Railway Contract to dealing with the particular land in accordance with clause 16, sub-clauses (*a*) to (*d*).

The proposed regulations sent herewith are drawn on the assumption that the Commissioner is the proper officer to execute the Minister's functions in this respect, and the Government is further protected by providing that in all cases of doubt the Commissioner should refer the question to the Minister. In the event of such reference being made, I would also urge the importance of the Minister replying at the earliest possible date—by telegraph if possible, without waiting for the two months to elapse. It is obvious that promptitude in carrying out dealings with land is necessary to successful settlement. Although these proposed regulations are drawn on the assumption that the Minister is entitled to direct notification of any section applied for, it must be understood that the company does not agree that such reference is necessary under the contract in respect of lands dealt with under clause 33; but it is proposed, without prejudice, to fall in with the wishes of the Government to that effect, provided no unnecessary delay be caused thereby. The regulations at present issued to the Commissioners on this subject are so cumbrous that the company has been compelled to stop attempting to deal with lands, and great inconvenience and loss will be caused to the districts unless settlement can be resumed at an early date; and I have therefore to request your early attention to this matter, and venture to express a hope that you will see your way to fall in with the company's suggestions, which will be found very reasonable, and which, we believe, will enable settlement to proceed without imperilling other interests in any way.

I have, &c.,

For the New Zealand Midland Railway Company (Limited),

Robert Wilson,

The Hon. Minister for Public Works, Wellington. Engineer-in-Chief and General Manager.

Enclosure.

Draft proposed Instructions from Minister to Commissioner of Crown Lands for dealing with Western Lands under Clause 33 of the Midland Railway Contract.

1. Lands applied for shall be at once indicated on the map in the Survey Office for the district, and the company shall authorize the applicant to make choice of the lands required under clause 33 of the contract.

2. The Commissioner of Crown Lands, on receiving a request from the company so to do, shall forthwith assess relative value of the land so applied for under clause 33, section 2, of the contract, and shall notify the company thereof by telegram or first post; also stating whether there are any objections, under clause 16, subsections (*a*) to (*d*), of the contract, to the land applied for being dealt with, or whether he considers any advertisements are required.

3. If the Commissioner of Crown Lands sees no objections to dealing with land, he shall, on receiving notice from the company of the terms of their agreement with the applicant for the sale or lease of the land, at a price not being less than the assessed value (except with consent of the Queen), and on being requested by the company so to do, forthwith carry out such sale or lease in accordance with the terms thereof, as provided by clause 33 of the contract, so soon as the survey fees, in accordance with the gazetted regulations, scale, and deposit money, have been paid to the Receiver of Land Revenue of the district, who shall lodge such deposit with the Receiver-General's Suspense Account.

4. Should the Commissioner of Crown Lands consider it necessary so to do, he shall notify in manner before mentioned that the application should be advertised. Such advertisement shall be

inserted twice during one month in the local paper, with an interval of at least one week, and shall state that objections to the application must be lodged with the Commissioner of Crown Lands within one month from the date of the first-mentioned advertisement, and shall also state the date of hearing of such objection. Copies of the papers containing such advertisements shall be lodged with the Commissioner of Crown Lands.

5. The Commissioner of Crown Lands shall forward such objections to the Warden, who shall hear and determine the same and report his decision thereon to the Commissioner of Crown Lands at the earliest possible date after the expiration of the month above mentioned.

6. If no objection be so lodged in accordance with advertisement, or if the Warden shall determine that the objections so lodged have not been sustained, the Commissioner of Crown Lands shall forthwith carry out the sale or lease, and order the survey so soon as the survey fees and deposit moneys have been paid as aforesaid. If valid objections are lodged, the company to be informed thereof by the Commissioner, and the application lapses.

7. On completion of the survey and payment of the grant fees and of the balance of the purchase-money to the Receiver of Land Revenue within such time as may have been arranged, the certificate of title shall be issued direct to the applicant, in the case of purchase; and, in the case of lease or license, the certificate of title shall be issued to the company, subject to the lease or license, on the terms arranged.

8. If the payment of the survey fees and deposit be not made to the Receiver of Land Revenue within one month from the date of the Commissioner of Crown Lands' assent to the sale or lease, or of the Warden's decision as to any objection lodged, as the case may be, the application shall be cancelled.

9. If, after payment of survey fees or deposit money, the applicant fails to carry out the purchase in accordance with the terms which have been arranged, the application shall be cancelled, and such survey fees and any other moneys so paid shall be wholly forfeited if the survey has been commenced, but if the survey has not been commenced at the time of such cancellation, one-half of such survey fees shall be forfeited and the whole of the other moneys so paid.

10. In all cases of special difficulty arising under these instructions, the Commissioner of Crown Lands shall refer the same by telegraph to the Minister of Lands for his decision.

The ACTING ENGINEER-IN-CHIEF to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Office, Wellington, 24th February, 1891.

Re *Midland Railway Regulations for dealing with Lands under Clause 33 of the Midland Railway Contract.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 10th instant, forwarding for consideration draft regulations for dealing with lands under clause 33 of the Midland Railway Contract, drawn up on the assumption that the Government does not intend to make large reserves for mining purposes.

In reply, I am to state that Hon. Mr. Seddon would be glad if you would kindly submit alternative proposals for dealing with these lands, on the assumption that reserves for mining purposes will be made.

I have, &c.,

WILLIAM H. HALES,

R. Wilson, Esq., C.E., Acting Engineer-in-Chief.

General Manager, New Zealand Midland Railway Company, Christchurch.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch, 2nd March, 1891.

SIR,— *Land Regulations.*

In reply to your letter of the 24th ultimo, the difference that the company would suggest in the regulations in the event of large mining reserves being made is that in that case there would not be any necessity for putting all applicants to the expense of advertising their applications, and having objections thereto heard by the Warden. As the time occupied by advertising is the main cause of delay in dealing with these applications, the company strongly objects to such an unnecessary hindrance to settlement, unless as a means of saving all parties the difficulty and expense of determining at once the limits of mining reserves. No doubt the Government has no wish to cause unnecessary delay in dealing with lands, and the Minister, through the Commissioner of Crown Lands, could determine at once in nearly all cases the reply required as to any particular piece of land if referred under clause 29 of the Midland Railway Contract.

These being the only alterations which would be required in the proposed regulations in the event of the mining reserves being made, it seems unnecessary to submit an alternative draft as suggested in your letter under reply.

I have, &c.,

For the New Zealand Midland Railway Company (Limited),

ROBERT WILSON,

The Hon. the Minister for Public Works. Engineer-in-Chief and General Manager.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
10th March, 1891.

SIR,— *Regulations for Dealing with Lands.*

We are being much pressed by applicants for land on the West Coast to deal with their applications, which have been held over some time pending the settlement of the regulations for dealing with these lands. As the interests of the district are suffering considerably, we must ask you for an early reply to our letter of 10th February, in order that we may proceed at once.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works.

The ACTING ENGINEER-IN-CHIEF to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Office, Wellington, 25th March, 1891.

Re *Midland Railway Regulations for dealing with Lands under Clause 33 of the Midland Railway Contract.*

In reply to your letter of the 10th instant, requesting an early answer to your previous letter on the above-mentioned subject, I have now the honour, by direction of the Minister for Public Works, to inform you that the matter awaits the return of the Hon. the Minister of Lands to Wellington, now shortly expected.

I have, &c.,
WILLIAM H. HALES,
Acting Engineer-in-Chief.

R. Wilson, Esq., C.E.,
General Manager, New Zealand Midland Railway Company, Christchurch.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
10th July, 1891.

SIR,—

Referring again to my letter of the 10th February last, forwarding draft regulations for dealing with lands under clause 33 of the Midland Railway Contract, and to subsequent correspondence and interviews with yourself and the Hon. Minister of Lands on the same subject, I have the honour to again bring under your notice—(1) That the districts concerned are being greatly retarded, and settlers put to much inconvenience, and are even leaving the districts through the locking-up of the lands; and (2) that the company is not only incurring a present monetary loss through losing opportunities of making sales of land, but will also seriously suffer in the future from a traffic point of view through the delay of settlement along the line of railway.

I desire, therefore, again to point out that the responsibility rests with the Government both in respect to the stoppage of settlement in the West Coast districts, and in respect of the restrictions placed in the way of the company realizing its land grant, which are contrary to the terms of the Midland Railway Contract.

Trusting that you will give the matter your early attention,

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. Minister for Public Works.

The ACTING UNDER-SECRETARY for Public Works to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Office, Wellington, 22nd July, 1891.

Re *Midland Railway Regulations for dealing with Lands under Clause 33 of the Midland Railway Contract.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 10th instant, calling attention to alleged delay in the matter of opening land for settlement under the Midland Railway Contract, on the west coast of the Middle Island, and stating that the districts affected are being retarded thereby.

In reply, I am to state that the Government is not in any way responsible for any delay in this matter, as all the lands which have so far been earned by the company have been duly granted to it, and if the company has seen fit to make almost the whole of its selections on the east side of the range, instead of on the west coast, the Government cannot be blamed therefor. No impediment has been placed in the way of your company selecting lands within the railway area on the west coast of the Middle Island.

It would, moreover, appear that the company desires to avoid publicity being given to the proposed selections of land in localities where gold-mining operations are being carried on. This has

already been, and is likely to be, an obstacle in the way of approval being given to the draft regulations submitted by the company for dealing with lands under clause 33 of the Midland Railway Contract.

I have, &c.,
H. J. H. Blow,
Acting Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, New Zealand Midland Railway Company, Christchurch.

The General Manager, Midland Railway Company, to the Under-Secretary for Public Works.

New Zealand Midland Railway Company (Limited), Christchurch,
28th July, 1891.

Sir,— *Regulations for dealing with Lands under Clause 33.*

I have the honour to acknowledge receipt of your letter of the 22nd instant on the above subject, in reply to mine of the 10th instant, calling the attention of the Government to the injury caused by their not permitting the company to proceed with dealing with lands under the above-mentioned clause.

After careful examination of the correspondence which has passed between the Government and the company on the subject, I am reluctantly forced to the conclusion that the Minister has either not studied the correspondence, or has entirely misunderstood the subject, the Minister's statements, as expressed in your letter, being inaccurate.

In the first place, the lands earned by the company have not all been granted to it, as there are earnings to the amount of £50,000 (about), over and above what has been selected, now due; and the only block of western lands (No. 240) which the company has applied to select (notice of which selection was given on the 24th November, 1888) is still awaiting a final reply. The Minister's remarks, however, about the company's selections of blocks on the eastern side of the range are quite foreign to the point at issue, and my letter to which you reply did not attempt to cast any blame on the Government *re* the blocks which the company has found it expedient to select, and did not even mention the subject in any way. The subject of my letter was clause 33, which was specially inserted in the contract to enable the West Coast lands to be dealt with irrespective of block-sections, it being obvious that the selection of a block, say, of 5,000 acres to 10,000 acres, near Westport, would not in any way facilitate settlement, say, near Hokitika. Successive Governments have caused the delay in settlement, which would have been going on under the clause during the last two or three years, by the unworkable regulations issued by the late Government, which have not been withdrawn or altered up to the present time, though reasonable and workable modifications were proposed by the company, and sent with my letter of the 10th February last. Though this is now nearly six months ago, yet, judging from your letter under reply, consideration of the subject by Government has not apparently advanced.

As to the allegations that the company desires to avoid publicity being given to the proposed selection of land in localities where gold-mining operations are being carried on, if the Minister refers to the correspondence he will find the contrary to be case, and that the company has been urging the Government to adopt the system of advertising all applications where any question of the land being payable auriferous is involved, *vide* my letter of the 10th February, and regulations therewith, and subsequent letters, in which I urged the adoption of advertising instead of making at once large mining reserves, which would, I consider, be a useless and needless hindrance to settlement, without profiting the gold-mining industry. Of course the company would object to the advertising if these large gold-mining reserves were made, as once they are made there can be no necessity for advertising, as the question of auriferous lands would then be done with. There can, therefore, be no obstacle in the way of approval of the draft regulations on this account.

I must ask you for a further explanation of the Minister's statements on these points as contained in your letter under reply.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
Robert Wilson,
Engineer-in-Chief and General Manager.

Under-Secretary for Public Works, Wellington.

The Acting Under-Secretary for Public Works to the General Manager, Midland Railway Company.

Sir,— Public Works Office, Wellington, 20th August, 1891.

Re *Midland Railway Regulations for dealing with Lands under Clause 33 of the Midland Railway Contract.*

I have the honour to acknowledge the receipt of your letter of 28th ultimo, on the subject of the proposed regulations for dealing with lands under clause 33 of the Midland Railway Contract.

In reply, I am directed by the Minister for Public Works to state that reserves of land for mining purposes are now being and will be made as rapidly as possible, and that when the total area of land which it is considered necessary to reserve for this purpose has been so reserved the draft regulations referred to in your letter will be dealt with, and such modifications made therein as may be considered advisable.

I have, &c.,
H. J. H. Blow,
Acting Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, New Zealand Midland Railway Company, Christchurch.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Office, Wellington, 23rd December, 1891.

Re *Midland Railway.—Proposed Regulations for dealing with Lands under Clause 33 of the Midland Railway Contract.*

Referring to former correspondence on the above-mentioned subject, I have the honour, by direction of the Minister for Public Works, to state that upon a closer examination of the provisions of the contract relating to the matter, it would appear that no provision is contained therein for making regulations such as those proposed by your company.

I have, &c.,
H. J. H. BLOW,
Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
Engineer-in-Chief and General Manager, New Zealand Midland Railway Company,
Christchurch.

The GENERAL MANAGER, Midland Railway Company, to the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
24th December, 1891.

SIR,—

Proposed Regulations for dealing with Lands under Clause 33, and proposed Timber Regulations.

In reply to your two letters of the 23rd instant, in which you state that "upon closer examination of the provisions of the contract relating to the matter it would appear that no provision is contained therein for making regulations, and also that there is no power under the contract to make timber regulations such as those proposed by this company," I have the honour to point out that in the first paragraph of clause 33 of the contract it is provided that "The Queen shall from time to time, on the request of the company, sell any such lands for cash or on deferred payments in such manner as may be agreed upon between the Queen and the company, or may let the same on lease to any person or persons desirous of purchasing or leasing the same."

This clearly shows that there is power to make an agreement for mutual convenience between the Queen and the company as to the method of dealing with western lands under clause 33, and this is all the company has been asking to have arranged on a workable basis.

In consequence of your letters under reply the company will be compelled to cause applicants for land and timber to proceed in the manner provided under clause 33, without waiting for any further or more detailed agreement to be made.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
21st January, 1892.

SIR,—

I have the honour by direction of the General Manager to forward herewith, under separate cover, a number of applications (139) for land, which the company desires to deal with under clause 33 of the Midland Railway Contract, and to request that you will "forthwith cause the value of such lands to be assessed," as provided in section 2 of the above-named clause.

These applications can all be located by the Commissioner of Crown Lands for the districts from the information given. There is therefore no reason why they should not be dealt with at once. For convenience the Westland and Nelson applications have been divided according to lists enclosed.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

[Further lists of eight more applications for assessment sent 7th March, 1892, and of four more on 6th May, 1892.]

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
28th April, 1892.

SIR,— *Sale of Land under Clause 33.*

The company has recently agreed with certain persons for the sale to them through the Government of small blocks of land, under clause 33 of the contract, and has given the necessary authority to the purchasers to make choice of the land and pay the deposit and estimated cost of survey to the Receiver of Land Revenue.

The Receiver of Land Revenue at Reefton has declined to receive such deposits; will you therefore kindly have him and other Receivers instructed to carry out the sales.

The lands referred to are those which have already been assessed, and the Government has had more than two months' notice of intention to deal with them.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
28th April, 1892.

SIR,— *Applications under Clause 33, Midland Railway Contract.*

I have the honour to point out that the company has, between February, 1890, and January, 1892, sent to the Government more than two hundred applications for western lands for assessment, under clause 33 of the contract, and without receiving any replies. This delay is quite contrary to the terms of the contract, which states that upon the request of the company, "the Queen shall *forthwith* cause the value of such lands to be assessed," &c., and has already entailed much loss and inconvenience to the company and the public. I have, therefore, to again request your early attention to the matter, and that you will cause the assessments to be forwarded without further delay.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. Minister for Public Works, Wellington.

The Hon. the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 25th May, 1892.

SIR,— Re *Applications for Land under Clause 33 of the Midland Railway Contract.*

Referring to our recent interview on the above subject, and the understanding then arrived at in reference to the matter, I have now the honour to state that the Government is advised that all applications already received from the company for land under clause 33 are informal, as they are addressed to the Minister for Public Works instead of to the Queen, as required by sub-clause 2 of clause 33 of the contract, or the Governor, in terms of clause 49 of the same; also, that you have omitted to state whether the land referred to in the applications is to be sold for cash or on deferred payment, or to be leased, as the case may be.

To save the company any unnecessary trouble and delay in the matter, however, the Government is willing to treat the applications so far made somewhat exceptionally, provided that the company agrees to the following conditions, namely:—

(*A.*) That the company will, as quickly as possible after being informed of the value at which the land is assessed on behalf of the Queen (but only as regards such of the lands as are not within mining reserves already made or proposed, and have not been dealt with under any of the Mining Acts), formally request the Queen or the Governor to have the same sold or leased; and also formally notify the Minister for Public Works that they have selected the same under clause 33 of the contract, and advised the Queen or the Governor accordingly.

(*B.*) That all applications for land within any of the mining reserves (present or proposed), or land that has been dealt with under any Act relating to gold- or silver-mining, will be withdrawn.

(*C.*) That all applications with regard to which any complication may exist or any doubt be held as to the lands affected being auriferous or argentiferous will be advertised if, and as, required by this department.

As regards future applications, I would propose—(1) That the company's application to have the value of lands assessed should be regarded as a preliminary proceeding merely; (2) that on receipt of the Government valuation the company should address a formal request to the Queen to sell or lease the land referred to, and forward the same through this office for submission to the Governor; and (3) that at the same time formal notice of selection be given to the Minister for Public Works, as required by clause 29 of the contract.

Will you kindly intimate your concurrence or otherwise in these proposals as early as possible, so that the applications which are now waiting to be dealt with may be disposed of without loss of time.

Herewith please find list of applications for land that have been assessed. The applications numbered by company 682, 683, 684, 688, 705, 730, 742, and 793, will not be objected to if the company will formally ask to have the same sold, and duly notify the Minister, as mentioned in paragraph 1 on page 2 hereof. In regard to applications numbered 780 and 789, no objection will be offered, provided the conditions suggested by the Surveyor-General on the schedule enclosed are complied with.

As regards applications numbered 152, 476, 648, and 689, these are objected to, and, as arranged at our interview, should now be withdrawn.

In regard to applications numbered 381 and 835, the same must be advertised for one week in some paper published nearest to and circulating in the locality.

I have, &c.,
R. J. SEDDON,
Minister for Public Works.

The General Manager, New Zealand Midland Railway Company, Christchurch.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
31st May, 1892.

SIR,— *Application under Clause 33.*

I have to acknowledge the receipt of your letter of 25th instant.

With regard to the first portion of your letter, the company is willing, of course, to amend the applications sent in, in the direction you point out; but I am glad to learn from your letter that the Government is willing to facilitate dealing with these lands by dispensing with the somewhat needless formality of having the application addressed to the Queen instead of the Minister for Public Works. In future the applications shall be so addressed.

As to the conditions upon which you say the Government is willing to deal with the applications already sent forward, I have to remark as follows:—

(*a*) The company agrees to the course suggested; but it does not appear that the words contained within the brackets are necessary, as it is presumed that the Government will disallow any applications which are required for *bonâ fide* mining purposes, and the words "dealt with under any of the mining Acts" are too wide, as they would prohibit the company selecting lands let under occupation license, subject to termination without compensation at three months' notice.

(*b*) It seems unnecessary for the company to *withdraw* applications which may be within mining reserves present or proposed. The Government will presumably exercise its power of disallowing such applications, and, of course, then they cannot be dealt with.

(*c*) To facilitate matters, the company will agree to the advertising of such applications as the Government may think necessary. The Government must bear in mind that advertising is to be done at the expense of applicants for the land, and therefore any undue expense of this sort must be a hindrance to settlement.

It will therefore be seen that there is no reason why the Government should not proceed immediately to deal with the applications already sent in.

As to future applications, the company is quite willing, for the sake of getting them dealt with as expeditiously as the Government will allow, to act as indicated in your letter; but with regard to paragraph (2), which reads, "That on receipt of the Government valuation the company shall address a formal request to the Queen to sell or lease," &c., this should read, "That after receipt of the Government valuation, and upon the company having agreed with the applicant for the sale or lease of the land applied for, the company," &c. (as in letter under reply).

It is understood, of course, that after assessment the company's formal request to have the lands sold or leased is dependent on an agreement having been made with the applicant for sale or lease of the land in question. This is not apparent in your letter; further, there is no necessity for the notice mentioned in clause (9) of your letter, as by section 33, clause (7) of the contract, it is provided that lands sold or let by the Queen for the company "shall be deemed to have been selected for the company," and that "the value thereof shall be from time to time debited against the company," &c.

I note your remarks with reference to the applications which you now return assessed, and about which I will write in another letter.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

Hon. Minister for Public Works, Wellington.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Office, Wellington, 14th June, 1892.

Re *Applications for Land under Clause 33 of the Midland Railway Contract.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 31st ultimo on the above-mentioned subject, and to reply thereto as follows:—

As regards the applications which have already been sent in, I am to state,—

(*A.*) That it appears to the Minister that the words within the brackets in the paragraph marked *A* in his letter of 25th ultimo are necessary, as one of the conditions agreed upon at your recent interview with the Minister on this subject was, that any applications that had been made to have lands dealt with under clause 33 should (as regards any of such lands that are within any of the mining reserves present or proposed), not be further proceeded with, and it was necessary therefore

to make it quite clear that the proposals for further proceedings with existing applications do not extend to such lands.

It was equally necessary to stipulate that as a general rule applications should not be further proceeded with when they affect lands that have been dealt with under any of the Mining Acts, though it is possible that the Government may allow some of the applications falling under this head to be proceeded with, if, upon due inquiry, there should seem to the Minister to be no valid objection to the same.

(*B.*) As regards paragraph marked *B*, I am to state that possibly it would have been better if the letter of 25th ultimo, to which you are replying, had stated that applications coming under the head of paragraph *B* would not be further proceeded with, instead of stating that they were to be withdrawn.

In cases where the lands applied for are within any of the mining reserves (present or proposed) the company will be duly apprised of the fact, and if it is agreed that such applications shall not be further proceeded with, but that they will be allowed to lapse, that will meet the case. There would seem to be no reason why the company should desire to proceed with these applications, merely to compel the Minister to disallow them.

As regards future applications, I am to state that the Minister has no objection to the alteration you propose should be made in the proposal numbered (2) in his letter of 25th May last, but he is unable to agree with you that the notice mentioned in proposal (3) is unnecessary, as he is advised by the law officers that such a notice is required by the terms of the contract, and there does not in any case seem to be any good reason why it should not be given.

I have, &c.,

H. J. H. Blow,

Under-Secretary for Public Works.

The General Manager, New Zealand Midland Railway Company, Christchurch.

Proposed Regulations for dealing with Applications for Land under Clause 33.

As regards Applications already sent in to the Minister or the Commissioners of Crown Lands.

A. That the company will, as quickly as possible, after being informed of the value at which the land is assessed on behalf of the Queen, and after having agreed with the applicant as to a sale or lease, formally request the Queen or the Governor to had the same, sold or leased, and also formally notify the Minister for Public Works that they have selected the same under clause 33 of the contract, and advised the Queen or the Governor accordingly.

B. That all applications for land which the Minister notifies to the company as being within any mining reserve (present or proposed) will not be further proceeded with, and that applications which affect lands dealt with under any Act relating to gold- or silver-mining will not be proceeded with unless such lands are clearly not required for *bonâ fide* mining purposes, and the several purposes connected therewith, or incidental or conducive thereto in the meaning of the Midland Railway Contract.

C. That all applications with regard to which any complication may exist, or any doubt be held as to the lands affected being auriferous or argentiferous, will be advertised if and as required by the Minister for Public Works.

As regards future Applications.

1. That the company's application to have the value of lands assessed is to be regarded as a preliminary proceeding merely.

2. That the Minister will at this stage notify whether the land may be dealt with or not.

3. That on receipt of the Government valuation, and after having agreed with the applicant for a sale or lease, the company shall address a formal request to the Queen to sell or lease the land referred to, and forward the same through the Public Works Office for submission to the Governor.

4. That at same time formal notice of selection be given to the Minister for Public Works as required by clause 29 of the contract.

5. That the Minister will use all reasonable dispatch in notifying to the company that the Governor has assented to the respective sales or leases, and at the same time will cause the Receivers of Land Revenue to be authorised to receive the deposits and survey fees in respect of the lands so dealt with.

It is understood that the foregoing is for the purpose of facilitating dealings with western lands, and does not prejudice in any way the respective rights of the Government or the company under the contract.

The Under-Secretary for Public Works to the General Manager, Midland Railway Company.

P.W. 92/1651. No. 93/457.

Sir,— Public Works Office, Wellington, 13th July, 1892.

Midland Railway.—Application for Assessment of Land under Clause 33 of the Contract.

In reply to your letter of the 22nd April last forwarding, for assessment under clause 33 of the Midland Railway Contract, an application by Messrs. Loughnan and Halley for a piece of land containing 50 acres, situated in Block II., Waitahu Survey District, I am now directed by the Minister for Public Works to inform you that the land in question is within one of the proposed mining

reserves, and is, therefore, not available for selection under clause 16 of the said contract. The application cannot therefore be entertained.

I have, &c.,
H. J. H. BLOW,
Under-Secretary for Public Works.

General Manager, New Zealand Midland Railway Company, Christchurch.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

P.W. 92/1808. No. 93/899. Public Works Office, Wellington, 17th August, 1892.

SIR,— *Midland Railway.—Applications under Clause 33 of the Contract.*

I am directed by the Minister for Public Works to forward to you herewith a further list of applications for lands to be dealt with under clause 33 of the contract, with the assessment of value duly noted against each. There is no objection to these lands being now dealt with as provided in the contract, and in terms of the letters from this office of 25th May and 14th June last.

I have, &c.,
H. J. H. BLOW,
Under-Secretary for Public Works.

General Manager, New Zealand Midland Railway Company, Christchurch.

[NOTE.—*Enclosed with this letter is list of sixty-six applications, with assessments thereof.*]

II.—CORRESPONDENCE RELATING TO GOLD-MINING RESERVES.

The CHAIRMAN, Inangahua County Council, to Mr. ALLAN SCOTT, Midland Railway Company.

SIR,— Reefton, 10th January, 1891.

At a public meeting held here to consider the question from the Government to define the auriferous land in this county to be reserved, a certain area of about 200,000 acres, selected by the County Council and representatives of mining companies, was approved by the meeting, as defined on the map, which map it was decided should be sent to the Government, and the following committee was appointed: namely, Messrs. Reeves, Guinness, Brennan, Irving, Trennery, and Collings to confer with you to see if some fixed terms could be arranged upon which miners or mining companies could take gold, coal, and timber from land outside the proposed reserve.

Previous to sending this map to the Government, Mr. Greenfield has been in Reefton, and since seeing him we desire, before replying to the Government, to know from you,—

I. Should we advise the Government to make no selection at present of the reserve, then on what terms could miners enter land you acquire or control to prospect for gold, coal, or other minerals; also, what would be the terms of rental of such land if they desired to work it?

II. Would you allow mining timber to be taken off land held either by your company or the Crown at a nominal consideration?

III. Would you agree to issue licenses or leases to work coal at the same rental or royalty as hitherto charged by the Government; also allow mining privileges, such as tramways, races, dams, machine-sites to be granted on land in your possession or under your control?

IV. Has your company control over coal or other mineral deposits, or timber on auriferous land; if so, can you state terms on which these can be taken?

PATRICK BRENNAN,
Chairman, Inangahua County Council.

Allan Scott, Esq., Midland Railway Company.

[NOTE.—Similar letter sent to the Buller County Council on the 14th February, 1891.]

The GENERAL MANAGER, Midland Railway Company, to the CHAIRMAN, Inangahua County Council.

New Zealand Midland Railway Company (Limited), Christchurch, 6th February, 1891.

SIR,— Re *Mining Reserves.*

On his return to Christchurch, Mr. Allan Scott has laid before me your letter of the 10th January, addressed to him, and reported fully on your interview with him on same subjects.

After due consideration, I have now the pleasure to inform you of the method in which the company would be willing to deal with lands in your district if the mining reserves be not made, and I shall be glad to hear whether it will meet the wishes of the district.

As to your questions I. and II., which are as follows:—

I. "Should we advise the Government to make no selection at present of the reserve, then on what terms would miners enter land you acquire or control to prospect for gold, coal, or other minerals; also what would be the terms of rental of such land, if they desired to work it."

II. "Would you allow mining timber to be taken off land held by your company or the Crown at a nominal consideration."

1. In the case of applications to purchase or lease particular pieces of land in different localities, and not already selected by the company, such applications to be advertised for one month in the local paper, whenever the Commissioner of Crown Lands for the district thinks necessary so to do.

2. Objections to dealing with lands so advertised to be lodged with the Warden of the district, who shall hear and decide the same at date fixed, and notify Commissioner of Crown Lands of his decision.

3. The County Council of the district to be given special notice of such applications if it is prepared to undertake that duty.

4. When lands are so advertised their situation to be defined on some public map in the district, to be notified in the advertisement.

5. In the event of the company making block selections and holding part unsold, the company will give miners full access and liberty to prospect any of its lands so held on application for license, which will be issued on payment of a nominal fee.

6. If after so prospecting a miner wishes to prove any piece of ground so held by the company, he will be given temporary protection for a reasonable area on which he wishes to work, on his defining such area on a public map in the district (to be arranged), and lodging at the same place an application for protection for three months. This protection to be issued at a nominal charge.

7. As soon as the three months elapse all rights of the miner under such application to absolutely cease and become void, unless he applies for a renewal for, say, another three months, which should be granted on certain conditions as to working, and which also will lapse at the expiration of the time.

8. If a miner thus proves any ground to be worth taking up he must apply for a lease or license, which would be granted by the company on similar terms to those at present issued by the Government under the Mining Act of 1886. Drafts of the necessary documents to be prepared if these proposed arrangements are carried out.

9. All gold-miners to be entitled to cut and use timber required by them for *bonâ fide* gold-mining purposes from unsold lands, free of royalty, so long as they cut it themselves, or by their paid workmen; but if they buy timber from a sawmiller or by contract, such exemption from royalty will not apply to the sawmiller or contractor.

As to your question III., which is as follows: "III. Would you agree to issue licenses or leases to work coal at the same rental or royalty as hitherto charged by the Government; also, allow mining privileges such as tramways, races, dams, machine-sites to be granted on land in your possession, or under your control?"

The company will be prepared to issue licenses or leases for working coal on substantially the same rates and terms as those of the Government. Any alteration which may be made will not be such as to impede the profitable working of coal-mines. Mining privileges will also be granted so far as may be within the power of the company to do so.

As to your question IV., which is as follows: "Has your company control over coal or other mineral deposits, or timber on auriferous land; if so, can you state terms on which these can be taken."

As you have already been informed by Government officials, coal and other minerals, also timber within the area reserved for the railway, cannot be dealt with without the company's consent. The company will be prepared to facilitate the issue of leases or licenses for working all such on the terms above indicated.

In conclusion, I may state that the company has already commenced to open an export timber trade, and has placed considerable orders for that purpose. It is also most desirous of facilitating the working of coal and all minerals or other industries, and will give every reasonable assistance in its power. It recognises the value of gold-mining, both as a source of traffic and a means of promoting other settlement and enterprise; and the best security the company can offer is the fact that the development of settlement, industries, and population is of the highest importance to the success of the railway, and therefore the prosperity of the district is identical with the welfare of the company.

I have, &c.,

(For the New Zealand Midland Railway Company, Limited),

ROBERT WILSON,

Engineer-in-Chief, General Manager.

The Chairman, Inangahua County Council.

Re MINING LEASES.

Proposed Method for Company's dealing with Western Lands if large Mining Reserves are not made.

1. LANDS applied for under clause 33 of the Midland Railway Contract to be advertised for one month if the Commissioner of Crown Lands for the district think necessary.

2. Objections to dealing with lands so advertised to be lodged with the Commissioner of Crown Lands, who shall forward them to the Warden of the district, who shall hear and decide same at date fixed, and notify Commissioner of Crown Lands and company of his decision.

3. The County Council of the district to be given special notice of such application if it is prepared to undertake that duty.

4. When lands are so advertised, their situation to be defined on some public map in the district to be notified in the advertisement.

5. In the event of the company making block selections and holding part unsold, the company will give miners full access and liberty to prospect any of its lands so held on application for a license, which will be issued on payment of a nominal fee.

6. If, after so prospecting, a miner wishes to prove any piece of ground so held by the company, he will be given temporary protection for a reasonable area on which to work, on his defining such area on a public map in the district (to be arranged) and lodging at the same place an application for protection for three months. This protection to be issued at a nominal charge.

7. As soon as the three months elapse all rights of the miner under such application to absolutely cease and become void, unless he applies for a renewal for, say, another three months, which should be granted on certain conditions as to working, and which also will lapse at the expiration of the time.

8. If a miner thus proves any ground to be worth taking up he must apply for a lease, which would be granted by the company on similar terms to the Government leases. Drafts of such leases will be prepared if these proposed arrangements are carried out.

9. All gold-miners to be entitled to cut and use timber required by them for *bonâ fide* gold-mining purposes from any lands free of royalty so long as they cut it themselves, but if they buy timber from a sawmiller or by contract such exemption from royalty will not apply to the sawmiller or contractor.

Christchurch, February, 1891.

The CHAIRMAN, Buller County, to the GENERAL MANAGER, Midland Railway Company.

SIR,— Buller County Office, Westport, 16th March, 1891.

In reply to your letter of 14th February, 1891, *re* proposed mining reserves, I have the honour to forward the resolutions of this Council on the matter.

"That, as the area reserved for the Midland Railway Company within this county is more or less auriferous, this Council is of opinion that no area should be defined, but would recommend that all dealings with the lands reserved for the company be dealt with as follows :—

"I. That all applications for sale or lease of land made to the Midland Railway Company before being dealt with by the Waste Lands Board, should be advertised locally, and submitted to the County Council for their consideration.

"II. That all objections to such applications be lodged with the County Council and considered within a reasonable time, their decision and remarks thereon to be forwarded immediately to the Waste Lands Board."

The Council, being desirous of assisting settlement in every way, are anxious that every facility for acquiring lands, not auriferous, may be given, and would consider applications with despatch, so that the lands may be quickly settled and titles obtained.

I have, &c.,

MICHAEL ORGAN, County Chairman.

R. Wilson, Esq.,
New Zealand Midland Railway Company, Christchurch.

[NOTE.—For further correspondence with local bodies as to making mining reserves see pages 24 to 31 inclusive.]

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
6th October, 1890.

SIR,— Re *Mining Reserves.*

I learn that the Government is taking steps to define some of these reserves, and that plans are already prepared, and I have to request that you will cause the company to be furnished with copies of such plans, so that there may be time for inquiring into the proposed reserves before they are finally decided upon, as already promised by the Minister of Lands in his letter dated 13th August, 1888, and on subsequent occasions.

I have, &c.,

For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 23rd October, 1890.

SIR,— Re *Midland Railway.—Mining Reserves.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 6th instant on the above-mentioned subject, and, in reply, to inform you that it is intended to furnish your company with copies of the plans of the reserves proposed to be made before the auriferous areas are definitely decided upon.

I have, &c.,

H. J. H. BLOW,
Assistant Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, New Zealand Midland Railway Company, Christchurch.

The Hon. the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Office, Wellington, 10th July, 1891.

In accordance with the promise I made at the recent interview with you in Christchurch, I now forward description of two blocks of land which it is intended to immediately set apart and define by proclamation, as provided by clause 16 of the Midland Railway Contract, as required for *bonâ fide* mining, and the several purposes connected therewith.

It is proposed to first proclaim the block of 5,250 acres at Kumara Flat, to be followed by a further proclamation of the block of 9,900 acres at Piper's Flat, Kelly's Terrace, Stafford, and Waimea.

Proclamations defining further blocks will follow from time to time in areas not exceeding 10,000 acres at any one time, as provided by the contract.

I have, &c.,
R. J. SEDDON,
Minister for Public Works.

Robt. Wilson, Esq., C.E.,
General Manager, &c., New Zealand Midland Railway Company,
Christchurch.

[Further letters intimating intention to reserve other blocks of land for mining purposes were sent to the company as under: 25th August, 1891; 10th September, 1891; 16th September, 1891; 19th September, 1891; 2nd October, 1891; 6th October, 1891; 14th October, 1891; 24th October, 1891; 27th October, 1891; 4th November, 1891; 14th January, 1892; 31st March, 1892; 6th April, 1892; 26th April, 1892; 3rd May, 1892; 9th May, 1892; 19th May, 1892; 26th May, 1892; 7th June, 1892; 10th August, 1892.]

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 14th July, 1891.

SIR,— Re *Proposed Reservation of Land for Mining Purposes.*

I have the honour, by direction of the Minister for Public Works, to forward herewith for your information, and also for any remarks or comments that you may wish to make thereon, copy of a letter recently received from the President of the Miners' Association, Kumara, relative to the proposed reservation of land for mining purposes in the County of Westland.

I have, &c.,
H. J. H. BLOW,
Acting Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, &c., New Zealand Midland Railway Company, Christchurch.

Enclosure.

The PRESIDENT, Kumara Miners' Association, to the Hon. the MINISTER of MINES.

SIR,— Kumara Miners' Association, 2nd July, 1891.

In reply to your telegram requesting us to return maps marked showing the lands we desire to have reserved for mining in Westland, I am directed to state in terms of resolutions passed at a conference *re* mining reserves held in County Council Chambers 22nd June—

1. That in our opinion the 145,938 acres proposed by the previous Ministry as a mining reserve for the County of Westland is totally inadequate, and we are unable to understand from what basis such an exceedingly small area has been allocated to this part of the Coast, seeing that the total area to be reserved is 750,000 acres.

2. In view of the above we ask that the area from which we may select be increased to 300,000 acres.

3. We are prepared to accept area recommended by the Commissioner of Crown Lands (coloured yellow on the map) as an interim reserve.

4. We ask that all applications by the Midland Railway Company for land in this county be advertised in local papers at least one month before being finally dealt with.

I may state that the reason we do not take up the remaining portion of the 145,938 acres is due to the extremely small margin left to work upon, and were we to appropriate the whole, and afterwards find the Midland Railway Company taking up land which we may consider auriferous, we could not then interfere with the selections made.

Trusting you will favourably consider the above, I have, &c.,
Hon. the Minister of Mines. JOHN HAY, President.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company, Christchurch,
SIR,— 20th July, 1891.

I have the honour to acknowledge the receipt of your letter of 14th instant covering copy of letter from the President of the Kumara Miners' Association on the subject of mining reserves,

which I have read with interest. The views of the Miners' Association on this question, as expressed in the concluding portions of this letter, seem to point strongly to the conclusion that the method of dealing with the West Coast lands, already suggested by the company and approved by the Inangahua and Buller County Councils will be the best under all the circumstances.

There is no doubt, as is pointed out by the Miners' Association, that if large mining reserves are now made the power of subsequently reserving lands which may be discovered to be auriferous will be much curtailed, and it is therefore obviously better for all parties at present to reserve only such lands as are actually proved for gold-mining, and to treat each application to select land outside such reserved areas on its individual merits. The company is willing, in the event of this understanding being arrived at, that all applications should be advertised for a month, as already proposed.

With reference to the third term mentioned in the President of the Miners' Association's letter, as I have no knowledge as to the area referred to as being coloured yellow, I cannot offer an opinion, but presume that the tracings which I have asked for in my letter of the 11th July will show exactly what lands the Government propose to reserve in this district.

In alluding to the area of 145,938 acres as the proportion of the 750,000 acres proposed to be allotted to their district, the Miners' Association is under a misapprehension as to the true bearing of the provisions of the Midland Railway Contract with reference to the mining reserves; the meaning of the contract being that only such lands as may be *bonâ fide* required for gold-mining purposes are to be reserved by the Governor, and in any case the total of such reserves shall not exceed 750,000 acres. It is not intended by the contract that the amount of these reserves should necessarily reach that area unless required for actual gold-mining purposes.

Should the whole 750,000 acres be so required to be used for *bonâ fide* gold-mining it would mean such an increased population and corresponding traffic in the districts that the company need then feel but little anxiety as to the exact lands to be so reserved, but in the meantime it must take precautions against lands being reserved which are not really required for gold-mining, as such reserves would impede instead of increase the population in the district.

I have, &c.,

For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief, and General Manager.

Hon. the Minister for Public Works.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 29th July, 1891.

SIR,— *Midland Railway Mining Reserves.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 29th instant, in reference to the above-mentioned subject.

In reply thereto, and particularly in reference to your statement that the meaning of the clause of the Midland Railway Contract in reference to reservation of land for mining purposes is that "only such lands as may be *bonâ fide* required for gold-mining purposes are to be reserved by the Government, and that in any case the total of such reserves shall not exceed 750,000 acres;" also that "it is not intended by the contract that the amount of these reserves should necessarily reach that area, unless required for actual gold-mining purposes," I am to state that the interpretation which the company places on the clause in question is not concurred in by the Government, and indeed is considered to be entirely contrary to the provisions of the contract and of the law bearing on the subject.

I have, &c.,

H. J. H. BLOW,
Acting Under-Secretary for Public Works.

Robert Wilson, Esq., CE..,
General Manager, &c., New Zealand Midland Railway, Christchurch.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
1st August, 1891.

SIR,— *Mining Reserves.*

I have the honour to acknowledge the receipt of your letter of 29th ultimo, and am astonished at the views expressed therein, as the contract is so clear on the points in question that there seems to me no doubt whatever as to the meaning of the clause, as stated in my previous letter, and which you now say is not concurred in by the Government. Must still maintain the same views.

I have, &c.,

ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Under-Secretary for Public Works, Wellington.

The Acting Under-Secretary for Public Works to the General Manager, Midland Railway Company.

Sir,— Public Works Office, Wellington, 1st August, 1891.

Re *increasing Area of Land from which Reservations for Gold-mining Purposes may be made in Westland District.*

I have the honour, by direction of the Minister for Public Works, to forward herewith for your information copy of a letter which has been received from the Borough Council of Kumara on the above-mentioned subject.

I have, &c.,
H. J. H. Blow,
Acting Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, &c., New Zealand Midland Railway Company, Christchurch.

Enclosure.

The Town Clerk, Kumara, to the Hon. the Minister of Mines.

Sir,— Kumara, 21st July, 1891.

I have the honour, by direction of the Borough Council of Kumara, to forward copy of the following resolution passed at the last meeting:—

"That this Council respectfully urge the Government to increase the area in Westland from which selections of reservations for goldfields purposes may be made to at least 300,000 acres."

I have, &c.,
G. R. Rudkin, Town Clerk.

The Hon. the Minister of Mines, Wellington.

The General Manager, Midland Railway, to the Hon. the Minister for Public Works.

New Zealand Midland Railway Company (Limited), Christchurch,
1st September, 1891.

Sir,— *Mining Reserves.*

I have to acknowledge receipt of your letter of 25th August, forwarding tracing and description of a third block of land which it is intended to reserve for mining purposes under clause 16 of the Midland Railway Contract.

In order to save time and permit of the lands on the West Coast being reopened for settlement, I have the honour to suggest that the full proposals of the Government with respect to these reserves should be communicated to the company, and I should be willing to consider them with a view to their being made at once, if the Government will issue the regulations and permit the company to proceed with the applications without further delay.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
Robert Wilson,
Engineer-in-Chief and General Manager.

The Hon. Minister for Public Works, Wellington.

The Acting Under-Secretary for Public Works to the General Manager, Midland Railway Company.

Public Works Office, Wellington, 11th September, 1891.

Sir,— Re *Reservations of Land for Mining Purposes.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 1st instant, suggesting that the full proposals of the Government, with respect to reservations of land for mining purposes on the West Coast of the Middle Island should be communicated to your company with the view of the whole of the reservations being made forthwith.

In reply I am to state that the Government propose to proclaim reserves for *bonâ fide* mining, amounting in the aggregate to about 250,000 acres, out of the 750,000 acres which the Government are allowed to reserve in terms of the contract, but that the exact boundaries of these reservations cannot all be given at once.

I have, &c.,
H. J. H. Blow,
Acting Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, &c., New Zealand Midland Railway Company, Christchurch.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

(Telegram.) Greymouth, 24th September, 1891.

Rangers are claiming either threepence per hundred royalties, or license fees, from other persons cutting timber than those you mentioned near Kumara, with whom you proposed making special arrangements owing to complications as to title. Please give instructions that the royalties fixed by company, as per their forms approved by late Government, be adhered to. Failing this, company

must recover from Government the value of all timber cut, except for gold-mining. Company's royalties for red- and white-pine and birch are sixpence with railway access and threepence elsewhere.

Hon. R. J. Seddon, Minister for Public Works, Wellington. ROBERT WILSON.

The Hon. the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Public Works Office, Wellington, 26th September, 1891.

Re action Ranger's timber licenses, I forwarded you copy of telegram sent by Minister of Lands, and no further instructions have been sent that I know of. There is nothing in the contract that gives the company the right to the timber on mining reserves. R. J. SEDDON.

Robert Wilson, Esq., Manager, Midland Railway Company, Christchurch.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.) 24th September, 1891.

COMPANY protests most strongly against the mining reserves which are being made, and the method of making them. Those recently proposed being far in excess of lands *bonâ fide* required for gold-mining, and the time before notification to company (agreed to be given) of proposed reserve and gazetting being so short as to make any inquiry by company impossible. It will therefore be necessary for the company to formally object to each reserve, unless some time is given for examination.

The Hon. the Minister for Public Works, Wellington. ROBERT WILSON, Greymouth.

The Hon. the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.)

Re protest against proclaiming mining reserves, the Government is acting strictly within terms of contract in proclaiming reserves. The reference to company of plan and particulars of land intended to be reserved is, as you are well aware, a matter of courtesy, not that Government by terms of contract are in any way bound to submit same to you. On receipt of any application for time to make inquiries as to any particular blocks of land proposed to be reserved, I shall always be prepared to give same fair consideration.

Robert Wilson, Esq., Christchurch. R. J. SEDDON, Wellington.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.) Westport, 29th September, 1891.

AM aware you considered reference of reserves to company matter of courtesy, but think company clearly entitled to object either before or after proclamation, and more convenient for all if done before, therefore apply for month's notice of all not gazetted. Area of 250,000 acres is, I consider, far greater than required, and will seriously impede settlement and people's use of land.

ROBERT WILSON,
General Manager, New Zealand Midland Railway Company (Limited).

Hon. R. J. Seddon, Minister for Public Works, Wellington.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
SIR,— 13th October, 1891.

Referring to the correspondence which has passed between us on the subject of the timber on gold-mining reserves, and the duty of the Government to conserve all timber within the authorised area, I have now to confirm the telegram sent you on the subject. It is clear that under the provisions of the contract the Government is bound to conserve all land or timber over which the company may have the right of selection until such time as the land grants are fully satisfied.

I now give you formal notice that the company may require to select the timber on the gold-mining reserves which have been or which may be made; and I must hold the Government responsible for any deterioration to the land grant which may be caused through the timber being destroyed or cut otherwise than specially provided in the contract.

As to the question of issuing licenses to cut timber within the authorised area, the company is willing to consent to licenses being issued on a royalty basis on the terms which have been

forwarded on the 22nd June last, for the approval of the Government, and to which I have had no reply; but the company will not consent to the old form of £5 license, which has proved to be extremely deleterious to the forest and wasteful of the timber.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
The Hon. Minister for Public Works, Wellington. Engineer-in-Chief and General Manager.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), Christchurch,
29th October, 1891.

SIR,— *Mining Reserves.*

With reference to your letters of various dates indicating blocks of land which it is proposed to set apart as mining reserves under the contract, I have again to call your attention to the fact that all these blocks contain lands which cannot possibly be required for gold-mining purposes; and I would specially refer to your letter of the 27th instant, indicating the eleventh block which it is proposed to reserve, which includes Kelly's Ridge, and extends across the route of the railway down to the Teremakau River. This blocks covers much too large an area, and there is no probability of the land being required for gold-mining purposes except in the immediate vicinity of the reefs.

I protest, on behalf of the company, against lands being wrongfully included in the reserves, and shall require to have the blocks reconsidered, and, if necessary, to have evidence produced before arbitrators as to whether or not they are requisite for *bonâ fide* gold-mining purposes.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
The Hon. Minister for Public Works, Wellington. Engineer-in-Chief and General Manager.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 30th October, 1891.

SIR,— Re *Timber on Gold-mining Reserves.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 13th instant on the subject of timber on gold-mining reserves, in which you state that it is clear that, under the provisions of the contract, the Government is bound to conserve all land or timber over which the company may have the right of selection until such time as the lands grants are fully satisfied, and in which you also give formal notice that the company may require to select the timber on the gold-mining reserves which have lately been or which may hereafter be made.

In reply, I am to state that if, as the general tenor of your letter would seem to imply, your company contends that the Government is bound to conserve all the timber on the lands now or hereafter to be reserved for gold-mining purposes, so that the same may be available in case the company should at some future time desire to select such timber, the Government entirely dissent from your reading of the contract. The contract provides (as already stated in Hon. Mr. Seddon's telegram of the 1st instant) that it is only open to the company to select such timber *with the consent of the Queen:* and that it cannot be selected at all if, in the opinion of the Governor, it is or is likely to be required for sawmilling purposes, or for holders of timber licenses, or miners' rights, or for mining purposes.

As regards your "formal notice" that the company may require to select this timber, I am to state that the Government cannot admit that it is of any validity, as, for the reasons already stated, the Government does not admit that the company has any legal right to select the timber at all.

I have, &c.,
H. J. H. BLOW,
Robert Wilson, Esq., C.E., Acting Under-Secretary for Public Works.
General Manager, New Zealand Midland Railway Company, Christchurch.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 7th November, 1891.

SIR,— Re *Midland Railway Reservation of Land for Gold-mining Purposes.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 29th ultimo, stating that all the blocks of land which have been reserved recently for gold-mining purposes contain lands which cannot be used for that purpose, and protesting against such lands being included therein; also, drawing special attention, in this respect, to the eleventh block of land now proposed to be reserved for this purpose, which includes Kelly's Range, &c.

In reply, I am to state that your protest has been duly noted. As regards the particular block referred to in your letter, the Minister is unable to agree with you that it "covers much too large an area, and that there is no probability of the land being required for gold-mining purposes except in the immediate vicinity of the reefs." Under these circumstances, and as the Minister does not consider that any good reason has been adduced against the reservation of the block mentioned, he has felt it to be his duty to give directions for the Proclamation reserving the same to be proceeded with.

I have, &c.,
H. J. H. BLOW,
Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, &c., New Zealand Midland Railway Company, Christchurch.

III.—COPY OF CIRCULARS SENT TO THE COUNTY COUNCILS AND OTHERS ASKING TO HAVE RESERVES PROPOSED TO BE SET ASIDE TO BE FILLED IN ON PLANS, TOGETHER WITH THE REPLIES TO THE CIRCULARS.

[NOTE.—For correspondence between New Zealand Midland Railway Company (Limited) and County Councils relating to mining reserves see pages 16 to 18.]

(Circular No. 7.) Mines Department, Wellington, 15th September, 1890.

Reservation of Auriferous Areas under Midland Railway Contract.

I AM directed by the Hon. Minister of Mines to transmit to you herewith a plan showing the blocks of land proposed to be set aside by the Commissioner of Crown Lands, Westland, for mining reserves.

I would point out for your information that out of the 750,000 acres proposed to be reserved on the West Coast, 145,938 acres are in the County of Westland, and the blocks coloured yellow on the plan represent 69,500 acres.

Will you be good enough to state whether the areas indicated embrace all land which in your opinion should be reserved, and if not, indicate on the plan what you think should be added, and return it to this office at your early convenience; also state whether you think more auriferous land would be reserved if the blocks were taken in different forms.

H. J. H. ELIOTT, Under-Secretary.

[Sent to Schools of Mines, Greymouth, Kumara, Hokitika, Ross, and Stafford; Wardens—Greymouth, Hokitika, Kumara, and Kanieri; Mining Associations—Kumara and Stafford; Counties—Westland and Grey; Boroughs—Greymouth, Kumara, Hokitika, and Ross; Commissioner of Crown Lands, Westland.]

[Copy of Telegram.]

The CHAIRMAN, Grey County Council, to the Hon. the MINISTER of MINES, Wellington.

24th September, 1890.

MAP received by this mail showing blocks proposed to be set aside for mining reserves, shows only to the portion of Grey County within the Provincial District of Westland. Will you please forward map showing blocks in Grey County within the Nelson Provincial District, which comprises the greater area of the county. Please reply, as special meeting will be convened to consider the matter. J. FOLEY, Chairman, Grey County.

[Copy of Reply.]

Hon. T. FERGUS, Minister of Mines, to the Chairman, Grey County Council.

25th September, 1890.

MAPS are in course of preparation for the Counties of Grey, Inangahua, and Buller, and when ready will be forwarded to all the local bodies within such counties. T. FERGUS.

[Copy of Telegram.]

The CHAIRMAN, Westland County, to the Hon. the MINISTER of MINES, Wellington.

13th October, 1890.

Re Midland Railway Reservations.—Waimea Miners' Association calling conference of delegates from local bodies to determine recommendations. Will you kindly wire me basis on which acreage of reservations in various districts are made; also as to whether Mr. Mueller and Mr. Macfarlane may attend conference to advise delegates. ANDREW CUMMING, County Chairman.

[Copy of Reply.]

The Hon. MINISTER of MINES to the CHAIRMAN, Westland County Council, Hokitika.

16th October, 1890.

IN reply your telegram, *re* auriferous reserves. Basis on which acreage reservations was determined with regard to Westland Provincial Survey District was as follows: Grey to Teremakau, 40,000 acres; Teremakau to Arahura, 43,000 acres; Arahura to Hokitika, 15,000 acres; Hokitika to Totara, 10,000 acres; Totara to Mikonui, 26,000 acres; south of Mikonui River, 11,400 acres: total, 145,500 acres. No objection to Messrs. Mueller and Macfarlane attending conference.

T. FERGUS, Minister of Mines.

(Circular No. 7.) Mines Department, Wellington, 15th September, 1890.

Reservation of Auriferous Areas under Midland Railway Contract.

I AM directed by the Hon. the Minister of Mines to transmit to you herewith a plan showing the blocks of land proposed to be set aside by the Commissioner of Crown Lands, Westland, for mining reserves.

I would point out for your information that out of the 750,000 acres proposed to be reserved on the West Coast, 145,938 acres are in the County of Westland, and the blocks coloured yellow on the plan represent 69,500 acres.

Will you be good enough to state whether the areas indicated embrace all land which, in your opinion, should be reserved; and if not, indicate on the plan what you think should be added, and return it to this office at your earliest convenience; also state whether you think more auriferous land would be reserved if the blocks were taken in different forms.

School of Mines, Greymouth. H. J. H. ELIOTT, Under-Secretary.

[Copy of Minute.]

WE beg to suggest, in compliance with your request, that a strip of land, as marked on the map in green pencil, be set apart, not being any between the Arnold and the Greenstone, for mining.

F. KENT (for Trustees, School of Mines).

WARDEN, Hokitika, to the UNDER-SECRETARY of MINES.

SIR,— Warden's Office, Hokitika, 13th October, 1890.

I have the honour to acknowledge the receipt of Circular No. 7 from the Mines Department, dated 15th September, 1890, together with plan showing the blocks set aside by the Commissioner of Crown Lands, Westland, for mining reserves. In reply thereto, I beg to state that, after looking carefully over the plan, I believe that the areas indicated are all more or less auriferous, and that the forms, areas, and positions of the blocks marked yellow on the plan may remain as plotted; and, seeing that the reservations already made, amounting to nearly a half of the whole acreage to be reserved, are all north of the Mikonui River, and that the whole of south Westland is untouched, I think it would be highly inexpedient to either alter or add to the proposed reservations at present. I am also of opinion that it is advisable that the reserves, as shown on plan, should be gazetted forthwith; this will leave a reserve balance of 76,438 acres to cover new discoveries that will from time to time be made both north and south; however, looking to the pronounced mineral character of the whole of the County of Westland, I respectfully submit that the reserve should be increased by at least 100,000 acres. I have, &c.,

The Under-Secretary of Mines, Wellington. D. MACFARLANE, Warden.

(Circular No. 9.) Mines Department, Wellington, 24th October, 1890.

Reservation of Auriferous Areas under Midland Railway Contract.

I AM directed by the Hon. Minister of Mines to forward you two maps of the Grey County, and to request that you will be good enough to mark on them the auriferous land which, in your opinion, should be reserved from selection by the Midland Railway Company.

As the large map does not show the topographical features of the country, the small one is sent in order that you may better be enabled to deal with the question.

Please return the maps as soon as convenient.

I have, &c.,
H. J. H. ELIOTT, Under-Secretary.

Sent to Chairman, Grey County Council; Mayor, Greymouth; Mayor, Brunnerton; Warden, Greymouth; Commissioner Crown Lands, Nelson; Secretary, Miners' Association, Brunnerton; Secretary, School of Mines, Greymouth; Warden, Ahaura.

(Circular No. 9.) Mines Department, Wellington, 24th October, 1890.

Reservation of Auriferous Areas under Midland Railway Contract.

I AM directed by the Hon. Minister of Mines to forward you two maps of the Inangahua County, and to request that you will be good enough to mark on them the auriferous land which, in your opinion, should be reserved from selection by the Midland Railway Company.

As the large map does not show the topographical features of the country, the small one is sent in order that you may better be enabled to deal with the question.

Please return the maps as soon as convenient.

I have, &c.,
H. J. H. ELIOTT, Under-Secretary.

[Sent to Inangahua County Council; Warden, Reefton; School of Mines, Reefton; School of Mines, Boatman's; Sharebrokers' Association, Reefton; Miners' Association, Reefton; Commissioner, Crown Lands, Nelson.]

(Circular No. 9.) Mines Department, Wellington, 24th October, 1890.

Reservation of Auriferous Areas under Midland Railway Contract.

I AM directed by the Hon. Minister of Mines to forward you two maps of the Buller County, and to request that you will be good enough to mark on them the auriferous land which, in your opinion, should be reserved from selection by the Midland Railway Company.

As the large map does not show the topographical features of the country, the small one is sent in order that you may better be enabled to deal with the question.

Please return the maps as soon as convenient.

I have, &c.,
H. J. H. ELIOTT, Under-Secretary.

[Sent to Commissioner, Crown Lands, Nelson; Buller County Council; Warden, Westport; Mayor, Westport; School of Mines, Westport; School of Mines, Denniston.]

[Copy of Telegram.]

COUNTY CLERK, Greymouth, to the Hon. MINISTER of MINES, Wellington.

2nd November, 1890.

Re maps of Grey County forwarded to have auriferous reserves marked thereon, I am directed to inform you that the Nelson parts of these maps are useless for this purpose, many of the existing goldfields not being shown, and the greater part of the county indicated by blank paper; the Blackball, Ford's Creek, Moonlight, Garden Creek, Red Jack's, Kangaroo, Arnold Flat, Barrytown, and country around same not being shown on the large map, and the other map being too small to mark important reserves on with any degree of accuracy. Please send better maps showing the latest information, if such are in existence. M. PHILLIPS, County Clerk.

[Copy of Letter.]

SIR,— 14th November, 1890.

Referring to your telegram of the 12th instant to the Hon. Minister of Mines, I have to express regret that no better maps and lithographs than those sent to you, upon which to delineate auriferous lands within the area of selection under the contract with the Midland Railway Company, are available.

It will be sufficient if you indicate approximately the localities in which you consider land should be reserved. I may state that it is intended to compile a general map when all the information procurable, whether from local bodies or private individuals, has been sent in, and any information you may supply will be embodied with that furnished by others.

I have, &c.,
The County Clerk, Greymouth. H. J. H. ELIOTT, Under-Secretary.

DEAR SIR,— School of Mines, Greymouth, 14th November, 1890.

In reference to the maps sent to us by the department, we find on comparing notes with others to whom they have been also sent, that the whole country about here is likely to be resumed as auriferous.

We would, therefore, respectfully suggest that you recommend that a conference be held by the different bodies to whom they have been submitted, so that something like a uniform opinion may be arrived at on the question, otherwise so many opinions are almost certain to be unsatisfactory. Another matter we would like to call your attention to is the fact that, not being professional men as far as maps are concerned, it would be as well if some mutual agreement could be come to, and have them done properly. Should the suggestion not be approved of, we can only do the best we can, and return the maps marked to the best of our ability.

I have, &c.,
The Secretary, Mines Department, Wellington. F. KENT (for the Trustees).

[Copy of Memorandum.]

WARDEN, Reefton, to the UNDER-SECRETARY of MINES, Wellington.

13th November, 1890.

ON my arrival yesterday I found your Circular No. 9, of the 24th October, 1890, on my table, together with the two maps of the Inangahua County therein referred to. I have handed these maps to Mr. Montgomerie, the District Surveyor at Reefton, and have requested him to make certain inquiries with a view to my having a consultation with him when I next visit this town on the 25th instant. After consulting Mr. Montgomerie and others I will, in accordance with your instructions, return forthwith the maps marked by me. H. EYRE-KENNY, Warden.

[Copy of Telegram.]

J. MCWHIRTER, Chairman of Conference, Hokitika, to the Hon. MINISTER of MINES, Wellington.

21st November, 1890.

CONFERENCE of delegates, representing various local bodies and miners' associations in Westland, has been convened to discuss proposed goldfield reservations. Will you kindly wire immediately

following information: First, whether area advised in circular, 15th September, as allocated to Westland, is all that can be reserved in this district, or whether, if all this area reserved by new goldfield then discovered, any of the unproclaimed balance of the 750,000 acres could be utilised for such goldfield; second, what is the basis of division whereby only 146,000 acres are allocated between Grey and Waiho Rivers; third, what distribution of the goldfields reservation is intended, and what are proportions for various counties; fourth, can you supply maps of other districts affected by the reservation, showing proposed blocks similar to maps sent with circular 15th September. Please telegraph information asked for. Conference awaiting reply.

J. McWhirter.

[Copy of Reply.]

Under-Secretary of Mines to J. McWhirter, Hokitika.

22nd November, 1890.

As Minister of Mines is away, I reply to your telegram. The maps sent to you are only preliminary, as it is intended to compile a general map when all suggestions have been sent in; meanwhile the department will be obliged by the local authorities and persons interested indicating on the plans which have been sent the localities and areas which, in their opinion, should be reserved for gold-mining purposes.

H. J. H. Eliott.

The County Clerk, Grey, to the Hon. Minister of Mines.

Sir,— Grey County Council, Greymouth, 3rd December, 1890.

In reply to letter from H. J. H. Eliott, Esq., Under-Secretary, of number and date quoted in margin, I have the honour, by direction of this Council, to state that, in consequence of the imperfect manner in which the maps supplied from your department for the Nelson portion of Grey County have been prepared, it is impossible for the Council to mark thereon with any degree of accuracy the areas which, in its opinion, should be reserved for mining purposes.

The Council would, therefore, suggest that public notice should be given of all applications for the purchase of land within the area set apart for selection by the Midland Railway Company, and full particulars of all such applications to be open for inspection at the different Wardens' offices. By adopting this course it is urged that the local body interested would be afforded an opportunity of lodging objections to granting such portions as, in its opinion, should be reserved for mining purposes.

I have, &c.,

Hon. Minister of Mines, Wellington. M. Phillips, County Clerk.

The Town Clerk, Brunnerton, to the Hon. the Minister of Mines.

Sir,— Borough Council Chambers, Brunnerton, 19th December, 1890.

I have the honour, by direction of the Brunner Borough Council, to return the maps forwarded from your department. The Council have marked on the large map in red ink a portion of the Grey County Council which they consider should be reserved from selection by the Midland Railway Company, on account of its auriferous nature.

I am also directed to acknowledge receipt of copy of the Mining Bill of 1890, and to state that, the Council having perused it, have no suggestions to make thereon.

I have, &c.,

Hon. Minister of Mines, Wellington. W. M. Vowell, Town Clerk.

The Secretary, Reefton Stock Exchange, to the Hon. the Minister of Mines.

Reefton, 7th January, 1891.

Sir,— *Reservation of Auriferous Areas under Midland Railway Contract.*

I have to acknowledge receipt of your circular of the 24th October last, bearing upon this matter, and also two maps of Inangahua County.

In reply, I have the honour to inform you that the members of this exchange have conferred with the Inangahua County Council as to what blocks likely to be auriferous should, in justice to the mining industry, be reserved from occupation by the Midland Railway Company; and I also beg to now advise you that our members indorse the Council's action in recommending that certain areas should be reserved and set apart as stated. I am instructed that the Council will be advising you as to full particulars, and that they will also at the same time return the map, having the portions sought to be reserved marked off and coloured, so as to be easily distinguished.

With your kind permission, the map sent to us will be retained for reference purposes.

A schedule of the different areas asked to be reserved is sent herewith.

I have, &c.,

J. F. Clarke,

The Hon. Minister of Mines, Wellington. Secretary, Reefton Stock Exchange.

Schedule.

Block XIII., Grey County; Block XVI., Grey County; Block XI., part south Snowy Creek; Block XII.; Blocks IX., X., VII., and VIII., all portion between Mawhera-iti and Blackwater Rivers; Block V.; Block VI., Waitahu District; Block VII., all portions between River Inangahua

and Block VI.; Block IV.; Blocks I. and II.; Block III., all that portion between River Inangahua and Block II.; Blocks XIII. and XIV.; Block XV. (half of this block), the part broadside on to Block XIV.; Block X.; Block XI., Reefton District; Blocks VI. and VII.; Blocks III. and IV.; Block XII.; Block XIII.; Blocks VIII. and IX., Inangahua District; Block V., all that between River Inangahua and Block VIII.; Block VI., the portion in Inangahua County; Blocks III. and IV., Rahu District.

River Buller.—A strip on each side, from county boundary above Lyell to junction of Hope and Buller Rivers.

River Maruia.—A strip on each side, from its junction with Buller River to Lewis district boundary.

Doughboy Flat.

River Matakitaki.—A strip on each side, from south bank opposite Hampden Township to some distance above junction of Warbeck and Glenroy Rivers.

A strip along River Mangles, taking in Blue Duck Creek.

Tainui District.—A large square block having the surveyed leases in and about the centre.

RECAPITULATION.

Approximate area required in the Inangahua County to conserve mining, selected by County Councillors and others, Reefton:—

	Acres.
Mawhera-iti District, Blocks IV., VII., VIII., XII., XVI.	27,900
Waitahu District, Blocks I., II., III., V., VI., VII., IX., X., XIII. ...	45,890
Reefton District, Blocks III., IV., VI., VII., X., XI., XIII., XIV., XV.	47,000
Inangahua District, Blocks V., VI., VIII., IX., XII., XIII. ...	27,200
Rahu District, Blocks III., IV....	5,520
Tainui District, 300 by 250 chains	7,500
Buller River, about 35 miles by 20 chains each side	11,200
Maruia River, 40 by 40 chains	25,600
Doughboy Flat, about 4 miles by 40 chains	2,560
Matakitaki, about 20 miles by 20 chains	6,400
Glenroy River, about 5 miles by 10 chains	800
Mangles River, about 3 miles by 10 chains	480
Blue Duck, about 2 miles by 10 chains	320
	208,370

[Copy of Telegram.]

HENRY A. GORDON to WARDEN, Greymouth, and Others,
(See list below.)

6th March, 1891.

PLEASE forward your remarks as to area which ought to be reserved for mining in your district from land which the Midland Railway Company have the right of selection.

HENRY A. GORDON.

[Sent to: County Councils—Grey, Inangahua, and Buller; Mayors—Greymouth and Westport; Wardens—Greymouth, Ahaura, Reefton, and Westport; Schools of Mines—Greymouth, Reefton, Boatman's, Westport, and Denniston; Miners' Associations—Brunnerton and Reefton; Share-brokers' Association, Reefton; Commissioner of Crown Lands, Nelson.]

[Copy of Telegrams.]

JOHN MARSHALL, Mayor of Westport, to H. A. GORDON.

6th March, 1891.

AM calling meeting of persons interested in mining to assist me in replying to your telegram. Kindly say whether Midland Railway Company have right of selection within the Buller Coalfield Reserve.

JOHN MARSHALL, Mayor.

H. A. GORDON to JOHN MARSHALL, Mayor, Westport.

6th March, 1891.

IN reply, Buller Coalfield is not included in the area open for Midland Railway Company.

H. A. GORDON, Inspecting Engineer.

P. BRENNAN, Chairman, Inangahua County, to H. A. GORDON.

7th March, 1891.

INANGAHUA Council has decided not to make reserves from lands which Midland Railway Company can select. Council will be satisfied if all applications be first submitted to them for approval or objection.

P. BRENNAN.

G. W. SAMPSON, Acting-Secretary, Mining Institute, Reefton, to UNDER-SECRETARY, Mines Department.

10th March, 1891.

IN reply Mr. Gordon's telegram, Committee unable make recommendations *re* Midland Railway land. G. W. SAMPSON.

[Copy of Telegram.]

Warden KENNY, Westport, to H. A. GORDON, Inspecting Engineer of Mines, Wellington.

10th March, 1891.

MIDLAND Railway Company reservation of lands for mining purposes question of great complexity and difficulty being involved. I have been awaiting the result of the negotiations and conferences between the Reefton County Council and the Midland Railway Company, and with the Commissioner of Crown Lands and Chief Surveyor, who visited Reefton a short time ago. I shall be at Reefton next week, and will forward my report from thence as regards the Inangahua district, after consulting Montgomerie, the Government Surveyor. Public meeting to be held in Westport to-night *re* area for Buller district. Will send in report for Buller after meeting, and after consulting Mr. Snodgrass, the Government Surveyor here.

[Copy of Telegram.]

The CHAIRMAN, Buller County Council, to H. A. GORDON, Mines Department, Wellington.

11th March, 1891.

Re mining reserves, this County Council's remarks will be forwarded on Friday.

[Copy of Telegram.]

His Worship the MAYOR, Westport, to H. A. GORDON, Mines Department, Wellington.

11th March, 1891.

MEETING last night of persons interested in mining decided to leave matter of reserves from Midland Railway Company in hands of County Council, who meet to-day.

The CHAIRMAN, Buller County Council, to the Hon. the MINISTER of MINES.

SIR,— Buller County Office, Westport, 13th March, 1891.

In reference to the reservations of the auriferous areas in this county under the Midland Railway Contract, I have the honour to forward herewith the views of this Council on the matter.

That the locking-up of the land in this county from settlement through the reservations for the Midland Railway Company should cease as soon as possible.

That, as the large area reserved for the company within the county is more or less auriferous, no reservations should be defined, but that all applications for sale or lease of land made to the Midland Railway Company before being dealt with by the Waste Lands Board should be advertised locally, and submitted to the County Council for their consideration.

That a copy of any objections against such applications be lodged with the County Council, their decision and remarks thereon to be immediately forwarded to the Waste Lands Board.

The Council, desiring to facilitate settlement, would endeavour to conciliate any factious opposition, and give every assistance, so that settlement may be pushed forward, and titles obtained from the Land Office as quickly as possible.

I have, &c.,

The Hon. Minister of Mines, Wellington. MICHAEL ORGAN, County Chairman.

[Copy of Telegram.]

The PRESIDENT, Miners' Association, Brunnerton, to Mr. GORDON, Chief Inspector of Mines, Wellington.

12th March, 1891.

OUR association concurs as to area and remarks forwarded by Brunner Borough Council *re* lands to be reserved for mining from land reserved for Midland Railway Company.

Amalgamated Miners' and Labourers' Association of New Zealand,

SIR,— Head Office, Reefton, 6th March, 1891.

Our association acknowledge the efforts made to retain for the miners such land as might become valuable.

After due consideration with a public meeting resolution, a deputation visited the Survey Office, also the County Council Office at Reefton. The two maps seen met with our approval and support, the two maps having embraced such land as is at present known to be gold-bearing. Mining operations at present are mostly confined to such places as are but of little value, but any day may reveal other places not as yet prospected, which might develop into a large field and support a large population.

We, therefore, consider a man should be appointed who has a general knowledge of the district, and lay objections to the railway company, or give the Government the required information *re* the same. I have, &c.,

H. A. Gordon, Esq., Mines Department, Wellington. WILLIAM GILBERT, Secretary.

H. EYRE KENNY, Warden, to the UNDER-SECRETARY of MINES, Wellington.

Warden's Office, Westport, 23rd March, 1891.

Re reservation of areas under Midland Railway Contract and your Circular No. 9, of 24th October last, forwarding two maps of the Buller County, and requesting me to mark on them the auriferous land which, in my opinion, should be reserved from selection by the Midland Railway Company, and a similar circular, enclosing two maps of the Inangahua County for the same purpose.

I have already explained in a telegram to H. A. Gordon, Esq., Inspecting Engineer of Mines, the causes of the delay which has occured in the return of these plans to your office.

I find that the Inangahua County Council has finally decided that it would be better for the Government at present not to make reserves from lands which the Midland Railway Company can select. I find that this is also the opinion of Messrs. Montgomerie and Snodgrass, the Government Surveyors at Reefton and Westport respectively, and I have ascertained that the majority of those most competent to form a judgment in the Buller County have arrived at the same conclusion. The practical difficulties in the way of marking a reserved area on the maps so as to secure a result satisfactory to the public mind are in truth enormous and, I believe, insuperable. I would, therefore, beg leave respectfully to suggest that the plan (or some modification of the plan) proposed in the letter of Mr. R. Wilson, manager of the Midland Railway Company, to the Chairman of the Inangahua County Council, dated 6th February, 1891, might advantageously be adopted. I understand that you have copies of the correspondence between Mr. Wilson and the Inangahua County Council, but in case this should not be so I enclose copy of letter of Chairman Inangahua County Council to Alan Scott, Esq., secretary to the company, dated 10th January, 1891, and copy of letter (on printed slip) of R. Wilson, Esq., manager of the company, to Chairman of County Council of 6th February last, for your perusal. As these documents are only lent to me by Mr. Montgomerie, Government Surveyor at Reefton, I would be obliged by your returning them to me when you have quite done with them.

I retain the maps for the present pending any further instructions you may have to give.

H. EYRE KENNY, Warden.

[Copy of Telegram.]

The UNDER-SECRETARY of MINES to CHAIRMAN, Westland County Council, Hokitika.

29th April, 1891.

QUESTION reserving auriferous lands Midland Railway area under consideration. Minister would be obliged if you would return maps with suggestions Miners' Associations and county as to areas to be reserved. H. J. H. ELIOTT.

[Copy of Reply.]

SIR,— Kumara Miners' Association, 2nd July, 1891.

In reply to your telegram requesting us to return maps marked showing the lands we desire to have reserved for mining in Westland, I am directed to state, in terms of resolutions passed at a conference *re* mining reserves held in County Council Chambers 22nd June—

1. That in our opinion the 145,938 acres proposed by the previous Ministry as a mining reserve for the County of Westland is totally inadequate, and we are unable to understand from what basis such an exceedingly small area has been allocated to this part of the Coast, seeing that the total area to be reserved is 750,000 acres.

2. In view of the above we ask that the area from which we may select be increased to 300,000 acres.

3. We are prepared to accept area recommended by the Commissioner of Crown Lands (coloured yellow on the map) as an interim reserve. We ask that all applications by the Midland Railway Company for land in this county be advertised in local papers at least one month before finally dealt with.

I may state that the reason we do not take up the remaining portion of the 145,938 acres is due to the extremely small margin left to work upon. And were we to appropriate the whole, and afterwards find the Midland Railway Company taking up land which we may consider auriferous, we could not then interfere with the selection made.

Trusting you will favourably consider the above, I have, &c.,

Hon. R. J. Seddon, Minister of Mines. JOHN HAY, President.

PRESIDENT and SECRETARY, Miners' Association, Back Creek, to the Hon. the MINISTER of MINES.

SIR,— Rimu, Woodstock, and Back Creek Miners' Association, 13th July, 1891.

At a meeting of our association, held on 7th July, it was unanimously agreed to urge on the Government the advisability of extending the goldfields reservation area to 300,000 acres south of the Grey River, and that the resolutions passed at the conference held in Hokitika on the 23rd of

June be given effect to, as the present area is quite insufficient for mining purposes, as the parties now out prospecting are all outside the blocks marked on the map.

We have, &c.,
A. CLIFTON, President.
A. STEPHEN, Secretary.

The Hon. the Minister of Mines.

I AM directed by the Hon. the Minister of Mines to acknowledge the receipt of your letter of the 13th instant, and in reply to inform you that the suggestions of the association as to reservations for mining purposes under the control of the Midland Railway Company will receive careful consideration.

H. J. H. ELIOTT, Under-Secretary.

Messrs. A. Clifton, President, and A. Stephen, Secretary,
Miners' Association, Back Creek.

SECRETARY to CONFERENCE to the Hon. MINISTER of MINES.

SIR,— County Council Chambers, Hokitika, 30th June, 1891.

I have the honour to acknowledge the receipt of your telegram of 29th April, stating that the matter of determining the goldfields reservations was under consideration, and asking that the maps furnished in September last be returned with the suggestions of the local bodies interested.

Your telegram was placed before a conference of delegates from the various local bodies and miners' associations in Westland held on 21st instant, and at which the following bodies were represented: The Westland County Council, the Hokitika Borough Council, the Kumara Borough Council, the Ross Borough Council, the Hokitika Harbour Board, the Kumara Miners' Association, the Waimea Miners' Association, and the Rimu Miners' Association.

I have been directed to transmit to you the following resolutions which were passed at the conference:—

1. That the areas indicated by the yellow-coloured blocks on the maps supplied by the Mines Department be accepted as interim reservations, and that the Hon. Minister of Mines and Public Works be requested to have the necessary proclamation gazetted.

2. That the Minister for Public Works be asked to have public notice given for one month by advertisement in the local papers of all proposed selections of land in Westland by the Midland Railway Company, and also to notify the Westland County Council of each application by the company before giving consent to such selection under clause 29 of the contract.

3. That the Hon. Minister for Public Works be urged to have an area of at least 300,000 acres allocated for goldfield reservations in Westland, so as to permit of the reservation of all ground at present known to be auriferous, and also to leave a fair margin for the protection of land which may by future gold discoveries require to be reserved.

I return herewith one of the maps supplied by your department in September last for consideration at the conference.

The conference trust that you will see your way to give effect to the resolutions.

I have, &c.,
WALTER H. NELLEY, Secretary to Conference.

The Hon. Minister of Mines and Public Works, Wellington.

UNDER-SECRETARY of MINES to SECRETARY to CONFERENCE.

SIR,— Mines Department, Wellington, 17th August, 1891.

In reply to your letter of the 30th June last, I am directed by the Hon. Minister of Mines to inform you that, after due consideration, it has been decided to reserve from time to time as approved an area of about 250,000 acres for mining purposes in terms of the provisions of the contract of the 3rd of August, 1888, with the Midland Railway Company. The first proclamation of 5,250 acres will appear in this week's *Gazette*.

I have, &c.,
H. J. H. ELIOTT, Under-Secretary.

Walter H. Nelley, Esq., Secretary to Conference, County Council Chambers, Hokitika.

COUNTY CLERK, Reefton, to UNDER-SECRETARY of MINES.

SIR,— County Council Chambers, Reefton, 16th December, 1891.

I have the honour, by direction of the Chairman, to inform you that I have forwarded by this mail a map, on which is marked the auriferous land which, in the opinion of the Inangahua County Council and the Mining Association, should be reserved from selection by the Midland Railway Company.

I have, &c.,
WM. NOONAN, County Clerk.

The Under-Secretary, Mines Department, Wellington.

The COUNTY CLERK, Greymouth, to the Hon. the MINISTER of MINES.

SIR,— Chairman's Office, Grey County Council, Greymouth, 2nd September, 1892.

I have the honour, by direction of this Council, to acknowledge the receipt of your letter of number and date quoted in the margin, forwarding tracing showing reserves which it is pro-

posed to reserve for mining purposes within the Grey County, and, in reply thereto, to inform you that the Council has approved of the same.

I am further directed, by resolution of Council, to request that you will be good enough to reserve for mining purposes the two additional blocks worked in dotted lines on tracing herewith, and to the north of proposed reserve 91, and one between proposed reserves 80 and 81, and to point out that mining operations have been carried on within the area above indicated for some years past, and that it is therefore very desirable it should be reserved for mining purposes.

I have, &c.,

The Hon. the Minister of Mines, Wellington. M. PHILIPS, County Clerk.

IV.—STATEMENTS—MISCELLANEOUS.

THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED).

Balance-Sheet, 30th June, 1891.

Dr.	£ s. d.	£ s. d.
To Capital—		
Authorised—50,000 shares of £10 each	500,000 0 0	
Issued—25,000 shares of £10 each, fully called up .. 250,000 0 0		
Deduct arrears of calls (of which £4,120 have since been paid) .. 4,699 0 0	245,301 0 0	
Five-per-cent. first mortgage debentures .. 745,000 0 0		
Bonds not issued .. 1,200 0 0	743,800 0 0	
Creditors—		
Sundry accounts	18,286 2 2	
Interest on paid-up capital, accrued to 30th June, 1891	4,080 0 1	
Debenture interest accrued to 30th June, 1891	7,747 18 4	
Sundry receipts from the date of the incorporation of the company to 30th June, 1890	79,045 13 8	
Add—Receipts during the year:—		
Land earned at contract valuation	118,250 0 0	
Increased value of land sold	24,650 5 5	
Bank interest	13,058 3 7	
Land mortgage interest	1,745 0 9	
Traffic receipts, £9,144 2s. 1d., less working expenses, £5,143 6s.	4,000 16 1	
Rents	629 9 8	
Transfer fees	4 6 6	
	£1,260,598 16 3	
Liability on contracts for construction, &c.	£91,441 6 0	

Cr.	£ s. d.
By Cash—	
At bankers on deposit, at short notice, and in hand (London)	90,649 1 2
At bankers on deposit, at short notice, and in hand (New Zealand)	142,714 7 10
[NOTE.—Of this amount £28,300 19s. 5d. (cash received on account of land sold, less expenses) will be paid to the Debenture Trustees to provide further interest and sinking fund in accordance with the terms of the trust deed.]	
Caution money deposited with Minister of Public Works	5,000 0 0
Cash for interest, in hands of the trustees for the debenture holders	28,488 18 5
Debtors—	
For land sold (secured by mortgage)	41,159 9 3
Sundry accounts	631 12 3
Investments—£15,900 of New Zealand Midland Railway Company (Limited) 5-per-cent. debentures	14,131 8 7
Office furniture, less depreciation	648 8 0
Land, selected in New Zealand, at contract valuation and not yet sold	27,056 0 0
New Zealand Government, for land earned but not selected (at contract valuation)	55,472 15 0
Sundry expenditure—	
As per last account, 30th June, 1890	519,690 14 6
Expenditure to 30th June, 1890, provided by sundry receipts, per contra	79,045 13 8
Add expenditure for the year ending 30th June, 1891—	
Cost of construction, rolling-stock, surveys, engineering fees, compensation, &c.	188,947 8 10
Directors' fees (England)	3,500 0 0
Committee fees (New Zealand)	1,000 0 0
Trustees' fees (Debenture)	400 0 0
Trustees' fees (New Zealand)	105 0 0
Law charges (England)	151 1 6
Salaries, rent, and other current expenses	4,267 16 4
New Zealand rates and taxes	2,423 19 7
Debenture interest	37,165 7 6
Further interest to Shareholders, £5 per cent. per annum on Share capital	12,423 7 6
Land-grant expenses	3,649 18 10
Purchase of Timber, Drying sheds, Wages, and Travelling expenses, developing Timber trade	1,867 7 6
	£1,260,598 16 3

We have compared the above balance-sheet with the books and accounts in London and the audited returns from New Zealand, and find the same to agree therewith.

COOPER BROTHERS AND CO., Chartered Accountants, Auditors.

London, 20th November, 1891.

THE NEW ZEALAND MIDLAND RAILWAY COMPANY, LIMITED.

Balance-sheet (New Zealand), 30th June, 1892.

Dr.	£	s.	d.	*Cr.*	£	s.	d.
To Head office—				By Cash at bankers, on deposit, and current account, and in hand ..	40,198	4	1
Capital fund	762,122	9	9	Caution money deposited with the Minister for Public Works ..	5,000	0	0
Creditors	14,525	19	11	Bills receivable	180	4	0
*Lands earned but not selected at contract valuation (see per contra)	33,610	5	0	Debtors—			
Royalty account (Timber)—				For lands sold (secured by mortgage)	40,948	17	1
Amount collected from sawmillers	812	15	7	Sundry accounts	2,198	10	5
Survey fees received (Suspense Account), being amount received from the purchasers of lands not yet surveyed by the Government	708	4	6	Office furniture, less depreciation ..	412	9	0
Traffic receipts—				Lands selected at contract valuation and not yet sold, subject to alteration on amended survey ..	69,414	0	0
Cash takings from 25th June, 1892, to 30th June, 1892	104	11	9	*New Zealand Government—			
*Liability on contracts for construction, including amount required to make up the £60,000 on the Belgrove contract .. £106,876 16 7				For land earned but not selected at contract valuation (see per contra)	33,610	5	0
Liablity on timber contracts .. £50 0 0				Stock of timber—			
				In New Zealand (at cost price, less £250 written off for depreciation)	2,082	6	10
				In Australia (at estimated valuation)	724	5	0
				Timber-drying sheds	202	12	10
				Royalty account (Timber)—			
				Amount collected and paid into suspense account according to the contract	451	4	0
				Sundry expenditure—			
				Constructing the line, to 30th June, 1892	616,461	8	3
. . .	£811,884	6	6		£811,884	6	6

NORMAN H. M. DALSTON,
Accountant, New Zealand Midland Railway Company (Limited).

Wellington, 29th August, 1892.

* No credit is taken of the B[1] value of the lands to be earned on the completion of the Kotuku Contract Section (£16,150) and Jackson's Contract Section (£57,650), but the liability on account of these two contracts is included in the £106,876 16s. 7d. above.

NEW ZEALAND MIDLAND RAILWAY.

STATEMENT, DATED 5TH NOVEMBER, 1888, REFERRED TO IN THE EVIDENCE.

Proportion of estimated Cost of Sections in relation to Statutory Cost, Preliminary Statement, "to be further detailed with all convenient speed as regards Sections 1 to 10 and 25 to 35 inclusive."

No. of Section.	——	From.		To		Length of Section.		Estimated Cost.	Statutory Cost.
		M.	Ch.	M.	Ch.	M.	Ch.	£	£
1 to 10	Springfield to Jackson's	0	00	64	20	64	20	1,296,500	1,296,500
11	Jackson's to Paerua	64	20	67	50	3	30	34,100	34,100
12	Paerua to Laketown	67	50	72	50	5	00	21,300	21,300
13	Laketown to Hohonu	72	50	77	30	4	60	33,500	33,500
14	Hohunu to Summit	77	30	80	70	3	40	26,400	26,400
15	Summit to Tunnel	80	70	85	45	4	55	32,300	32,300
16	Tunnel to Kokiri	85	45	88	10	2	45	18,200	18,200
17	Kokiri to Brunnerton	88	10	94	17	6	07	37,700	37,700
	Total—Springfield to Brunnerton ..	..		..		94	17	£1,500,000	£1,500,000
18	Stillwater to Nelson Creek	0	00	7	15	7	15	63,000	47,400
19	Nelson Creek to Ahaura	7	15	12	55	5	40	35,000	26,300
20	Ahaura to Totara Flat	12	55	17	55	5	00	26,000	19,600
21	Totara Flat to Ikamatua	17	55	22	15	4	40	33,000	24,800
22	Ikamatua to Mawhera-iti	22	15	28	35	6	20	37,000	27,800
23	Mawhera-iti to Slab Hut	28	35	33	05	4	50	24,000	18,000
24	Slab Hut to Reefton	33	05	38	35	5	30	57,000	42,900
25 to 35	Reefton to Bellgrove	38	35	140	63	102	28	1,055,000	793,200
	Total—Stillwater to Bellgrove ..	..		..		140	63	£1,330,000	£1,000,000
	Total—Springfield to Bellgrove ..	..		..		235	00	£2,830,000	£2,500,000

Agreed to in accordance with clause 24 of contract entered into between Her Majesty the Queen and the New Zealand Midland Railway Company (Limited), dated the 3rd August, 1888.

C. NAPIER BELL.
W. N. BLAIR.

5th November, 1888.

THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED).

STATEMENT shewing the Amounts paid to Contractors on the various Contracts, Compensations paid, Surveys, Cost of Material, &c., to 30th June, 1892.

Contract No.	Description.	Length of Contract.	Amount Paid to Contractors.	Compensations Paid.	Surveys.	Supervision, Wages and Salaries.	Permanent Way, Rails, &c.	Carriage of Construction Material.	Rolling Stock.	Construction Plant.	Working Railways Plant and Fittings.	Bridge Material.	Sundry Expenses.
		M. ch.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1	Teremakau to Stillwater ..	7 37											
2	Brunnerton to Stillwater	8 20	131,859 16 2	..	..	..	..	..	..	..	..	..	..
3	Stillwater to Nelson Creek												
4	Ahaura Section	5 55½	27,413 4 3	..	..	..	..	..	..	..	..	..	..
5	Totara Flat Section	9 30	36,298 14 0	..	..	..	..	..	..	..	..	..	..
6	Mawhera-iti Section	9 40	36,737 19 0	..	..	..	..	..	..	..	..	..	..
7 and 7A	Squaretown Section and Permanent-way	5 0	48,064 6 8	..	..	..	..	..	..	..	..	..	..
8	Cross Girders	..	2,046 2 11	..	..	..	..	..	..	..	..	..	..
9	10 Lowside Wagons	..	800 0 0	..	..	..	..	..	..	..	..	..	..
10	Locomotive....	..	955 0 0	..	..	..	..	..	..	..	..	..	..
11	Springfield Section	5 54½	45,317 9 5	..	..	..	..	..	..	..	..	..	..
12	Stony Creek Section	1 44½	9,790 9 3	..	..	..	..	..	..	..	..	..	..
13	Survey (Belgrove)	..	580 8 6	..	..	..	..	..	..	..	..	..	..
14	Ahaura Temporary Station ..	..	1,0 7011 9	..	..	..	..	..	..	..	..	..	..
15	Signals (Stillwater)	..	183 3 8	..	..	..	..	..	..	..	..	..	..
17	Telegraph Poles	..	42 10 0	..	..	..	..	..	..	..	..	..	..
18	Additions to Stillwater Station ..	..	280 7 10	..	..	..	..	..	..	..	..	..	..
19	Fencing to Stillwater Station ..	..	115 5 0	..	..	..	..	..	..	..	..	..	..
20	Telegraph Materials	..	39 10 8	..	..	..	..	..	..	..	..	..	..
21	Permanent-way	..	112 7 9	..	..	..	..	..	..	..	..	..	..
22	Belgrove Section	5 34·20	24,897 16 0	..	..	..	..	..	..	..	..	..	..
23	Totara Flat Hotel	..	1,139 8 0	..	..	..	..	..	..	..	..	..	..
24	Reefton Station	0 54·40	6,809 9 7	..	..	..	..	..	..	..	..	..	..
25	Reefton Station Refreshment-room	..	164 17 6	..	..	..	..	..	..	..	..	..	..
26	Kotuku Section	5 34·40	18,145 0 0	..	..	..	..	..	..	..	..	..	..
27	Carriage-shed, Stillwater ..	..	576 0 0	..	..	..	..	..	..	..	..	..	..
28	Foundations, Paterson's Creek Bridge	..	2,739 0 0	..	..	..	..	..	..	..	..	..	..
29	Sheep-pen (Totara Flat) ..	..	36 15 0	..	..	..	..	..	..	..	..	..	..
30	Ironwork for Bridges (Kotuku Section)	..	2,062 8 7	..	..	..	..	..	..	..	..	..	..
31	Additions to Stillwater Station ..	..	130 6 0	..	..	..	..	..	..	..	..	..	..
32	Lake Brunner Section	10 20	2,086 0 0	..	..	..	..	..	..	..	..	..	..
33	Teremakau Section	6 15	1,965 0 0	..	..	..	..	..	..	..	..	..	..
34	Triangle (Stillwater)	..	110 2 0	..	..	..	..	..	..	..	..	..	..
35	Additions (Kowai Bridge) ..	..	350 0 0	..	..	..	..	..	..	..	..	..	..
37	Triangle Sidings (Stillwater) ..	..	180 0 0	..	..	..	..	..	..	..	..	..	..
40	Bush work (Reefton)	..	12 0 0	..	..	..	..	..	..	..	..	..	..
	Brunnerton to Reefton.. ..	..	..	15,422 10 8	..	..	*37,000 0 0	..	..	..	..	*26,219 5 1	..
	Stillwater to Kotuku	..	..	4,250 17 0	..	..	*24,970 11 3	..	..	..	..	*5,000 0 0	..
	Springfield Section	..	..	206 9 3	..	..	*4,500 0 0	..	..	..	..	..	..
	Payments on various accounts ..	..	..	..	15,281 13 0	42,106 11 0	..	3,019 2 10	27,455 19 8	2,366 14 10	948 3 0	..	4,602 1 2
		80 39½	403,111 9 6	19,879 16 11	15,281 13 0	42,106 11 0	66,470 11 3	3,019 2 10	27,455 19 8	2,366 14 10	948 3 0	*31,219 5 1	4,602 1 2

Gross total, £616,461 8s. 3d.

Outstanding liability on the above contracts at 30th June, 1892, £106,876 16s. 7d. *Estimated.

(E. & O. E.) Wellington, 29th August, 1892.

NORMAN H. M. DALSTON, Accountant, New Zealand Midland Railway Company (Limited).

STATEMENT showing the Lands selected by the Company, and the Disposal of the same, to 30th June, 1892.

No. of Bl Block.	Area of Block selected.			Bl Price per Acre.	Bl Value.			No. of Lot put up to Public Auction.	Acreage sold or let.			Date sold.	To whom sold or let.
	A.	R.	P.	s.	£	s.	d.		A.	R.	P.		
45	32,750	0	0	13	21,287	10	0	..	32,750	0	0	May, 1889	Nicholls, W. C.
Pt. 54	5,350	0	0	10	2,675	0	0	..	5,350	0	0	" 1889	"
63	7,087	1	19	20	7,087	7	6	1	466	2	0	Nov., 1890	Hartnell, J. N.
								2	103	1	17	" 1890	"
								(Let) 3	492	1	20	..	Illingworth, J.
								(Let) 3A	325	2	34	..	"
								4	225	1	20	Nov., 1890	Bealey, S.
								(Let) 5	189	1	0	..	Kemp, J.
								6	100	2	20	Nov., 1890	Sheat, G.
								7	67	3	0	" 1890	Black, J.
								8	24	3	20	" 1890	Hill, P. J.
								9	1,371	3	0	" 1890	Stead, G. G.
								10	1,005	0	0	" 1890	"
								11	1,006	3	0	" 1890	"
								12	145	2	37	" 1890	"
								13	67	3	24	" 1890	Sowden, J.
								14	191	0	0	" 1890	Kemp, J.
								14A	191	0	0	" 1890	"
								(Let) 15	430	0	0	..	Bealey, R. and N.
								16	18	3	30	Nov., 1890	Bealey, S.
								17	59	2	17	" 1890	"
								18	52	1	20	" 1890	"
								19	131	0	0	" 1890	"
								*					
								26	68	0	0	" 1890	"
								27	84	0	0	" 1890	"
								28	131	0	0	" 1890	"
								29	137	0	0	" 1890	"
46	8,606	1	29	15	6,454	15	6	30	3,258	0	0	" 1890	Innes, J. and J.
								Pt. 31	289	0	0	" 1890	"
								Pt. 31	3,018	0	0	" 1890	Wadworth, W. J.
								32	148	0	0	" 1890	Vaughan, W.
								33	1,086	0	0	" 1890	Innes, J. and J.
								34	157	2	16	" 1890	Morten, R. M.
								35	173	0	0	" 1890	Innes, J. and J.
								36	129	0	0	" 1890	"
								37	1	0	0	" 1890	"
								38	4	0	0	" 1890	"
								39	14	2	8	" 1890	Bowman, E.
								40	53	3	20	" 1890	Innes, J. and J.
								41	112	3	16	" 1890	Bristow, R.
								42	154	2	0	" 1890	Innes, J. and J.
								43	6	3	9	" 1890	"
130	19,821	0	0	10	9,910	10	0	..	†14,712	0	0	..	Dalgety, F. G.
									†5,109	0	0	..	Rutherford, W. O.
131	7,275	0	0	10	3,637	10	0	..	†7,275	0	0	..	Dalgety, F. G.
44	13,707	0	0	25	17,133	15	0	44	1,766	0	0	Nov., 1891	Earshman and McKay.
								Pt. 45	435	0	0	" 1891	"
								(Pt.let) 45	2,615	0	0	..	Courage, F.
								46	2,326	0	0	Nov., 1891	Cocks, H. B.
								(Let) 47	3,329	0	0	..	Courage, F.
								(Let) 48	3,236	0	0	..	"
50	7,145	3	32	15	5,359	10	0	49	3,550	0	0	Nov., 1891	McCracken, J.
								50	2,130	0	0	" 1891	"
								51	300	0	0	" 1891	"
								52	310	0	0	" 1891	Gosset, C. H.
								53	300	0	0	" 1891	Miles, T.
								54	260	0	0	" 1891	Brown, H.
								55	10	0	2	" 1891	Nicholls, W. C.
								56	8	0	32	" 1891	Livingston, D.
								57	33	2	26	" 1891	"
								58	61	0	31	" 1891	Brown, H.
								59	32	0	0	" 1891	"
								60	80	0	0	" 1891	"
								61	70	3	21	" 1891	Miles, T.
Pt. 54	24,000	0	0	10	12,000	0	0	62	9,200	0	0	" 1891	Millton, J. D. and F. J.
								63	12,700	0	0	" 1891	" "
67	9,171	0	0	20	9,171	0	0	64	416	0	0	" 1891	Colthart, R.
								65	260	0	0	" 1891	Wallace, T.
								66	370	0	0	" 1891	Craik and Searle.
								67	290	0	0	" 1891	Robertson, G.

* Lots Nos. 20 to 25 withdrawn by Government.
† These were sold from Crown to the lessees, who had pre-emptive rights.

STATEMENT showing Lands selected by the Company—*continued*.

No. of Bl Block.	Area of Block selected.	Bl Price per Acre.	Bl Value.	No. of Lot put up to Public Auction.	Acreage sold or let.	Date sold.	To whom sold or let.
	A. R. P.	s.	£ s. d.		A. R. P.		
				68	340 0 0	Nov., 1891	Deans, J.
				69	400 0 0	" 1891	"
				70	350 0 0	" 1891	"
				71	320 0 0	" 1891	"
				72	290 0 0	" 1891	"
				73	680 0 0	" 1891	"
				74	848 0 0	" 1891	"
				75	280 0 0	" 1891	"
				76	220 0 0	" 1891	"
				77	259 0 0	" 1891	"
				78	29 2 7	" 1891	Rutherford, G.
				79	245 0 0	" 1891	"
				80	220 0 0	" 1891	"
				81	300 0 0	" 1891	"
				82	180 0 0	" 1891	"
				83	190 0 0	" 1891	"
				84	225 0 0	" 1891	"
				85	2,110 0 0	" 1891	"
				94	56 0 0	" 1891	Henry, D.
				95	14 2 0	" 1891	Kain, T.
				125	93 0 0	" 1891	Bealey, S.
				126	10 0 0	" 1891	"
				127	111 3 8	" 1891	Beatty, A. and A.
71	8,377 0 0	10	4,188 0 0	86	2,070 0 0	" 1891	Rutherford, G.
				87	807 0 0	" 1891	"
				88	2,650 0 0	" 1891	"
				89	2,850 0 0	" 1891	"
				96	64 2 0	" 1891	Matheson, D. and G.
70	4,595 0 0	10	2,297 10 0	90	1,460 0 0	" 1891	Rutherford, G.
				91	1,560 0 0	" 1891	"
				92	1,520 0 0	" 1891	"
				93	50 0 0	" 1891	"
				96A	5 0 0	" 1891	"
62	1,061 3 3	20	1,061 15 0	(Let) 97	155 1 27	..	Benny Brothers.
				98	58 0 0	Nov., 1891	Johnston, J. Mc. C.
				(Let) 99	10 1 16	..	"
				100	11 0 0	Nov., 1891	Vaughan, E.
				(Let) 101	6 0 0	..	Cooney, T.
				102	34 0 0	Nov., 1891	Clarkson, H. and W.
				103	112 0 0	" 1891	McLean, W. S.
				104	90 0 0	" 1891	Chisnall, A.
				105	50 0 0	" 1891	McLean, W. S.
				106	180 0 0	" 1891	Lane, J.
				(Let) 107	170 0 0	..	Clarkson, H. and W.
				108	185 0 0	Nov., 1891	Brabazon, J.
64	6,283 2 30	20	6,283 12 0	(Let) 109	250 0 0	..	Cordy, Cordy, and Clark.
				" 110	250 0 0	..	"
				" 111	250 0 0	..	"
				" 112	192 0 0	..	"
				113	158 0 0	Nov., 1891	"
				114	78 0 0	" 1891	"
				(Let) 115	500 0 0	..	"
				" 116	1,070 0 0	..	"
				" 117	1,170 0 0	..	"
				" 118	1,220 0 0	..	"
				" 119	320 0 0	..	"
				" 120	660 0 0	..	"
				" 121	82 0 0	..	Jane, A.
				122	23 2 30	Nov., 1891	Holland, H.
				(Let) 123	39 0 0	..	Good, G.
				" 124	21 0 0	..	"
77	9,700 0 0	10	4,850 0 0	" —	9,700 0 0	..	N.Z. Loan and Mercantile Agency Company.
26	11,000 0 0	20	11,000 0 0	..	108 0 0	April, 1892	Buttola, P.
28	9,500 0 0	20	9,500 0 0				
127	44,000 0 0	10	22,000 0 0				
Acres	229,431 0 33		£155,897 15 0		162,939 3 8		
				* Sold	136,258 3 8		
				* Let	26,681 0 0		
					162,939 3 8		

* Total acres.

NORMAN H. M. DALSTON,
Accountant, New Zealand Midland Railway Company (Limited).

Wellington, 5th September, 1892.

NEW ZEALAND MIDLAND RAILWAY.—EAST AND WEST COAST DIVISION.

Estimates for Sections between Pattison's Creek and Teremakau.

Contract Section.	Distance from Springfield. From.	Distance from Springfield. To.	Approximate Estimates.			—
	M. ch.	M. ch.	£	s.	d.	
Mount Torlesse Section	5 75½	18 0	363,600	0	0	Not yet under contract for construction.
St. Bernard "	18 0	27 40	38,300	0	0	Ditto.
Waimakariri "	27 40	32 27	59,700	0	0	"
Bealey "	32 27	42 41	71,800	0	0	"
Arthur's Pass "	42 41	52 31	352,000	0	0	"
Otira "	52 31	63 33½	103,100	0	0	"
Total (5m. 75½ch. to 63m. 33½ch.)	...	...	988,500	0	0	

E. and O.E.
15th September, 1892.

ROBERT WILSON,
Engineer-in-Chief and General Manager, New Zealand Midland Railway Company.

[NOTE by the Clerk of the Committee.—For Mr. McKerrow's statement of estimate of traffic on the company's line between Springfield and Stillwater, see page 93.]

V.—CORRESPONDENCE—GENERAL.

The CHAIRMAN, Grey County Council, to the Hon. the MINISTER of RAILWAYS.

Chairman's Office, Grey County Council, Greymouth,
6th September, 1886.

SIR,—

I have the honour, by request of this Council, to forward you copy of resolution passed at the Council's last sitting:—

"*Resolved*,—That before the Government enter into a contract with the Midland Railway Company they be requested to forward a sketch-plan of the land they intend to reserve for mining purposes within the County of Grey.

I have, &c.,
JOHN WARREN, Chairman.

The Hon. the Minister of Railways, Wellington.

The UNDER-SECRETARY for PUBLIC WORKS to the CHAIRMAN, Grey County Council.

SIR,— Public Works Department, Wellington, 25th October, 1886.

Re *Midland Railway Contract.—Reservation of Lands for Gold-mining purposes.*

In reply to your letter of the 6th ultimo requesting that your Council may be supplied with a sketch-plan of the land which Government intends to reserve for mining purposes within the County of Grey, I am directed by the Minister for Public Works to inform you that the information at present at the disposal of the Government is not sufficient to admit of a sketch-plan such as you allude to being prepared; but "The East and West Coast (Middle Island) and Nelson Railway and Railways Construction Act, 1884," and also the contract entered into between the Government and the original promoters of the railway, which will form the basis of the contract now to be entered into with the Midland Railway Company, contains stipulations for the protection of the mining community, as set forth in sheets A and B attached.

I am also directed by the Hon. Mr. Richardson to state that, in preparing the new contract, every care will be taken to see that gold-mining pursuits will be interfered with as little as possible, either by the construction of the railway, or by the exercise of the powers of the company to select land.

I have, &c.,
C. Y. O'CONNOR,
Under-Secretary for Public Works.

The Chairman, Grey County Council, Greymouth.

Enclosure No. 1.

A.

Extracts from "The East and West Coast (Middle Island) and Nelson Railway and Railways Construction Act, 1884."

Section 8, subsection (4): "Whenever any land for which the company may be entitled to a grant under this Act is in the lawful occupation of any person as a tenant or licensee of the Crown, the company shall, before receiving the grant thereof, be required by the aforesaid Minister either to pay to the owner for the time being the value of improvements. . . . Provided that nothing herein contained shall affect any rights or interests acquired under any miners' rights or business licenses granted under the authority of 'The Goldfields Act, 1866,' or 'The Mines Act, 1877,' or any regulation made under or in conformity with the said Acts."

Subsection (9): "No lands now used for mining purposes, or which shall be known gold-workings, shall be deemed Crown lands under this Act."

Enclosure No. 2.

B.

Extract from Contract between Her Majesty the Queen and the Contractors for the East and West Coast and Nelson Railway, dated 17th January, 1885.

Clause 9: "So soon as the line is surveyed and marked on the ground by the contractors, the Queen will, with all convenient speed after being requested in writing by the contractors so to do, and at their expense, put them into possession of all Crown lands then in the possession and at the disposal of the Governor of New Zaland, or the Government of the colony, for the purposes of the construction of the said railway. . . . Provided that nothing herein contained shall be deemed to require the Governor to cause possession of any land to be so given which is used for gold-mining purposes, or which may be subject to the terms of any special Act of the General Assembly affecting the same."

The UNDER-SECRETARY for PUBLIC WORKS to the Hon. (MR. RICHARDSON) the MINISTER for PUBLIC WORKS.

Public Works Department, Wellington, 25th October, 1886.

MEMORANDUM for the Hon. Mr. RICHARDSON.

Re *Land Grants to the Midland Railway Company on the Goldfields.*

THE question raised by the Chairman of the Grey County in his letter hereto attached is a very important one, and the letter having now been replied to, I have the honour to bring the question before you again as you directed, in order that it may be considered in connection with the provisions for land grants to be made in the new contract with the railway company.

The resolution forwarded by the County Chairman is to the effect: "That before the Government enters into a contract with the Midland Railway Company they (the Government) be requested to forward sketch-plan of the land they intend to reserve for mining purposes within the County of Grey;" and it has evidently been assumed by the County that the Government will have power under the contract with the railway company to make reservations for mining purposes over and above the areas at present held under miners' rights and leases, &c.

So far as I can see, however, in the correspondence and contract with the railway company, the only reservation provided for is in the case of actual gold-workings and lands actually held by virtue of miners' rights and leases, &c., and I do not see that the Government has reserved to itself any power to withold from granting to the railway company any lands, even when known to be auriferous, beyond the limits of the claims which are actually at present held.

By a literal reading, therefore, of their contract with the Government, the company might possibly hold that they were entitled to land grants up to the very edge of existing claims, even in cases where definite leads of gold had been traced for a long distance, and when such probably continued beyond the limits of the existing claims. Thus, for instance, there are cases in existence where claims have been occupied along known leads of gold for such distance as they can at present conveniently be worked, and when these claims are worked out so as to afford a fall to the natural emptying place, further claims will be taken up in continuation of the same lead, and will be worked by the water which has been brought in to work the existing claims, but it would be manifestly useless for miners to take up these further claims at present, as they would have to occupy them in order to hold them, and they would thus merely be resting idly on their oars until the claims now occupied are worked out.

The difficulty of dealing with the proclaimed goldfields as an endowment was realised at the first conception of this railway as a private enterprise, and in a report with which you are no doubt acquainted, as it has been quoted several times in the House during the last two sessions—I mean the report of Mr. McKerrow on the available lands for endowment along the various routes of the proposed East to West Coast Railway, dated 15th March, 1884—it was suggested that no lands beyond the Taipo River (which is practically at the Teremakau crossing on present survey line), on the Arthur's Pass route, could safely be given as an endowment to a railway company, as the endowing of a company with such lands would involve a breach of faith with the mining community.

Without attempting, at any rate for the present, to trouble you with details and instances as to how the granting of lands in large blocks on the goldfields to a railway company would work out in actual practice, I may be permitted to state in general terms what I believe will be the opinion of the mining community on the subject when they come to thoroughly understand the state of the case, which they clearly, judging by the letter from the Grey County Chairman, do not at present.

(1.) Within a short time after the discovery of gold on the West Coast, a large tract of country comprising practically the whole of the present County of Westland, and the south-west portion of the Provincial District of Nelson, was declared to be a goldfield, and was thus brought within the provisions of the Goldfields Acts and regulations, which permitted lands to be taken up for gold working under certain specified conditions.

(2.) Although there was no deliberate guarantee that this reservation of lands for gold-mining purposes would be continuous and rigidly adhered to, it was nevertheless, I take it, assumed by the mining community in general that this would be so, and on the faith of its being so many intelligent men have devoted themselves entirely to gold-mining, and large sums of money have been expended in enterprises such as water-races, reservoirs, sludge-channels, shafts, and drainage-tunnels, and such like, in order to command and work the ground believed to be auriferous, and in very many cases these undertakings are of far greater magnitude than would have been at all

warranted on the basis that the projectors were only entitled to one claim of the limited area permitted to be held at any one time under the Goldfield Regulations.

There is not the slightest doubt, in fact, that these enterprises, especially the reservoirs, water-races, and sludge-channels, have in many cases been gone into in the full belief that the proclaimed goldfield was to be continued, to at any rate such extent and for such length of time as there was a prospect of its being utilised; and, at any rate, beyond doubt, to such length of time as might be requisite in order to admit of the utmost possible effect being got out of the existing undertakings.

(3.) On the basis above described, water-races and reservoirs have been constructed which are calculated to work several square miles of country, believed, whether rightly or wrongly, to be more or less auriferous; and, if the conditions under which this area of country can be taken up and worked successfully, as the present claims get worked out, are altered in such a manner as to make it in any way more difficult or costly to the miners to take it up, it would be regarded as more or less a breach of the engagement held to have been entered into when the goldfield was first proclaimed.

(4.) Seeing, therefore, that in the correspondence and proposed contract with the railway company, the only reservation as to grants of land is in respect of "gold workings" and "existing rights," I cannot quite see how it is proposed to meet such cases as I have instanced; and there are also, I believe, many other cases which it will be even more difficult to meet without a much more ample reservation—namely, such cases as the large drainage areas from which existing water-races and reservoirs derive their supply, and the utilising of which for future agricultural purposes might have the effect of diverting the drainage from its present channels, and thus leading it away from the existing water-races, &c. And there is also the very difficult question of proposed prolongations of existing water-races to higher and ampler sources, in some cases entirely beyond the limits of even probably auriferous lands, which have been contemplated from the time that the undertakings were first inaugurated, and which are still in many cases contemplated, though not as yet carried out pending more favourable indications in the existing leads.

(5.) As regards quartz-mining again, it is demonstrable that the areas at present held are quite insignificant in comparison with the large areas over which quartz of a more or less auriferous character is known to exist in the immediate vicinity of the existing workings, and it could, I think, reasonaby be contended that the companies who have brought high-class machinery at large cost to their present mines of very limited area, have an equitable claim to a continuance of the present conditions as regards taking up fresh claims hereafter, so that the cost of their machinery, if not recouped to them by the working of one claim, may be recouped in process of time by taking up further ground.

Even putting altogether on one side, however, the possible opinion of the mining community as regards this question, I need scarcely point out how undesirable it would be to put any check upon what is at present probably one of the soundest and most directly lucrative industries which the colony possesses. It is notorious that, while there is more or less depression in all other parts of New Zealand the west coast of the Middle Island is in quite a flourishing condition, and while merchants have great difficulty in getting in their moneys from their different constituents in other places, I am told that on the West Coast trade is very sound, and that especially latterly there has been hardly any bad debts made there in business at all, and it would seem, therefore, to be highly desirable not only that no engagement should be made with the railway company which would be absolutely hurtful to the miners, but also that even the appearance of any such hurtful engagement should be avoided, rather than to risk shaking the confidence of the mining community generally in an industry which they hitherto have been accustomed to look upon as being as stable and certain as the law could make it.

I may also mention, in connection with this subject, that, while the Land Board of Westland has for many years had power to sell lands within the limits of the goldfields and while they have had numerous and pressing applications to do so, they have always exercised this power very charily and with great care, and have only sold very limited areas of land, and have never sold any at all without getting a deliberate opinion from their Chief Surveyor and other experts to the effect that they believed the land was distinctly non-auriferous, and in all such cases the miners in the vicinity had ample opportunity of objecting to the sale if they thought it would be at all likely to interfere with their existing or proposed undertakings.

As to how the interests of the miners could be conserved under the proposed arrangement with the railway company I could scarcely undertake to advise. The subject is an extremely difficult one, and it would require very exhaustive and costly surveys to provide satisfactorily against doing injury to even the existing holdings, which, though small in individual area, are scattered in extraordinary shapes and forms and sinuosities over a large extent of country, and the only way therefore in which I think that the just claims of the mining community could satisfactorily be conserved would be by making large reservations in each locality in which mining is in operation of sufficient area to include not alone the existing gold-workings, but also all the water-races (which sometimes extend for several miles beyond the gold-workings), and also all the land within a mile or two of any of the existing workings which is at all likely to prove auriferous.

If something of this sort is not done, and if the company gets grants of land abutting right on to the present gold-workings and existing rights, and absolutely surrounding them, as they apparently might do under the conditions as at present indicated in the correspondence, I fear that the necessity of taking action under the Act for resumption of lands for mining purposes will arise from the very day on which the first of such grants is made; and I think there can be no doubt that the pressure which will be brought to bear on the Government by the mining community to resume such lands would be practically irresistible, and that they would have to be resumed in large areas at probably great cost to the colony.

C. Y. O'Connor,
Under-Secretary for Public Works.

The UNDER-SECRETARY for PUBLIC WORKS to the Hon. (Sir FREDERICK WHITAKER, K.C.M.G., &c.) the ATTORNEY-GENERAL.

Public Works Department, Wellington, 17th October, 1887.

Re *Midland Railway.*

I HAVE the honour to enclose herewith press copy of memorandum referred to in conversation this morning on the subject of how contract with Midland Railway Company may possibly affect the goldfields.

I look upon the subject myself as a vitally important one, and I believe the Solicitor-General (who has had extensive experience of the gold workings in Westland) quite concurs in this.

The full bearings of the question can in fact, I think, only be appreciated by persons who have had experience in the practical working of goldfields, and it is for that reason that I have thought that the matter should receive the fullest consideration by experts in the subject of mining before final contract is determined upon, as I feel sure that it would be regarded by the whole mining community as a great breach of faith if any engagements were made by the Government with a private company which would be calculated to override the many important mining interests which have come into existence on the faith and basis of the goldfields laws and regulations.

C. Y. O'CONNOR,
Under-Secretary for Public Works.

Hon. Sir Frederick Whitaker, K.C.M.G., &c., Wellington.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the PREMIER.

SIR,— Christchurch, 17th April, 1888.

Referring to our communication on the subject, I have the honour to forward herewith a copy of the opinion of the company's solicitors as to question whether the omission of a stated acreage from the draft contract would prejudice the company in acquiring the full amount of land grant as originally intended, and also whether the wording of clause 36 could possibly limit the land grant to an actual value on sale of £1,250,000.

These questions having been raised it seems desirable that they should be set at rest; I have therefore the honour to request that you will be good enough to permit the Solicitor-General to inform me whether he concurs in the accompanying opinion of the legal position of the company with respect to these points. I have, &c.,

The Hon. the Premier. H. ALAN SCOTT, General Manager.

Enclosure No. 1.

The GENERAL MANAGER, Midland Railway Company, to Messrs. HARPER and Co., Christchurch.

DEAR SIRS,— Christchurch, 21st March, 1888.

The draft contract with the Government has now been further altered.

The alteration to which I wish to call your special attention at present is the omission from the recitals of the acreage supposed to be granted to the company. In the draft, as sent out by the directors, a quantity of 2,304,000 acres was inserted, but since then, in consequence of the alternate block system having been given up and in its stead the Government being entitled to reserve 750,000 acres for mining, it is not possible to say the exact area which the company will receive till the selection both of the company's lands and the mining reserves shall have been completed.

The Solicitor-General, therefore, thinks it better to omit any reference to acreage. But the question has been raised by some members of the Committee of Advice: If, as the draft contract now stands, it is quite clear that the company will get in the first instance the full acreage which they would have obtained under the original contract and valuation whether the lands they so receive realise more or less than the £1,250,000, which is the nominal value at which they are to be granted, or whether the wording of clause 36 can possibly prevent the company getting more land than will represent £1,250,000 *actual* value.

To put instances: Suppose the grants of land to the company on the completion of the line were to realise, say, £2,000,000, would the company have to repay to the Government the difference between that sum and £1,250,000; or, say, that the company had obtained grants of 1,000,000 acres, valued by the Surveyor-General at £500,000, and that this had realised to the company £1,250,000, would the company be entitled to claim a further acreage as was intended under the old contract?

I enclose copy of draft as last altered, which please return with your opinion on the above question to-morrow. I will send you another copy as soon as I have a spare one. I also enclose copy of the valuator's report, which will appear on Map B1 to be annexed to the signed copy.

Yours faithfully,

Messrs. Harper and Co., Christchurch. H. ALAN SCOTT, General Manager.

Enclosure No. 2.

Messrs. HARPER and Co. to the GENERAL MANAGER, Midland Railway Company.

DEAR SIR,— Christchurch, 28th March, 1888.

Re *Midland Railway Company.*

We are in receipt of your letter of 21st instant, enclosing copy of the draft contract as last altered, and instructing us to advise you as to the position of the company with reference to the land grant to be made to them thereunder.

We have noticed the alteration to which you specially drew our attention in your letter—namely, the omission from the recitals of the acreage supposed to be granted to the company, and have considered the effect of the same upon the company's right to its land grant.

We are of opinion that the company is not prejudiced by the alteration in question as regards its land grant, but that it is still entitled, under the contract in the first instance, to the full grant of one million two hundred and fifty thousand pounds' worth of land estimated according to the certified valuation; and, in the event of the land obtained under this grant failing to realise the sum of £1,250,000 upon the sale, the company is entitled to select further land to an amount equivalent in value to the difference between the sum realised and the sum of £1,250,000, such further land being for the purpose of such selection valued by agreement or arbitration, as mentioned in clause 36 of the contract.

Should the company be unable to sell any portion of the land obtained under its original land grant, such land must, under the contract, be revalued at its actual value, for the purpose of ascertaining whether the company has obtained the full value of its land grant.

In order to render our meaning more explicit, we will take the cases put by you, namely:—

1. Suppose the grants of land to the company, on the completion of the line, realise, say, £2,000,000, would the company have to repay to the Government the difference between that sum and £1,250,000?

2. Supposing the company to have obtained grants of 1,000,000 acres, valued according to the certified value at £500,000, and that this land realised £1,250,000 to the company, would the company be entitled to claim a further acreage?

In answer to the first of these questions, we are of opinion that the company will not be obliged to refund to the Government the difference between the £1,250,000 and the £2,000,000, inasmuch as it forms part of the proceeds of its original land grant, the *full value* of which it is to be entitled to.

With reference to the second question, we are of opinion that the company would be entitled to select a further acreage to an amount equivalent in value, when estimated according to the certified valuation, to the difference between £500,000 and £1,250,000.

We do not think that the wording of clause 36 can by any manner of construction be held to restrict the company to an actual value of land of £1,250,000.

We may observe that the contract itself does not directly state that land grants shall be made to the company in the manner we have indicated, although it contains several passages which support the view we have taken.

In forming an opinion, therefore, upon the question submitted to us, we have taken into consideration the tenour and bearing of the contract as a whole, and have viewed it in the light of the Acts upon which it has been built.

Yours, &c.,

HARPER AND CO.

The General Manager, New Zealand Midland Railway, Christchurch.

The WARDEN, Reefton, to the GENERAL MANAGER, New Zealand Midland Railway Company (Limited).

SIR,— Warden's Office, Reefton, 8th April, 1892.

I have the honour to forward to you herewith a copy of an application for a coal-mining lease under "The Coal-mines Act, 1891," for 50 acres of land situated at Devil's Creek, in the Westland Mining District, by Stephen Loughnan and William Halley.

I have received no objection to the granting of this application, and it has been duly advertised, and I now forward it for the purpose of ascertaining whether the New Zealand Midland Railway Company will consent, under section 31 of the agreement between the New Zealand Government and the company, to the granting of a lease to the applicants.

I have, &c.,

Robert Wilson., Esq., C.E., JACKSON KEDDELL, Warden.

General Manager, New Zealand Midland Railway Company, Christchurch.

REPORT BY THE UNDER-SECRETARY FOR PUBLIC WORKS AS TO THE PROSPECTS OF THE COAL-CARRYING TRAFFIC ON THE MIDLAND RAILWAY.

Memorandum on Prospects of Railway in the matter of Coal-carriage to all Places within the Province of Canterbury, as compared with Carriage by Sea.

THE great advantage which the railway will have, as compared with sea carriage, will be that the coal will be brought straight from the mine to the place where it is required to be used, without any further shifting or handling; whereas, if carried by sea, it has first to be brought from the mine to the port of Greymouth, and then loaded into a ship for carriage to Lyttelton or Timaru, and then loaded again on railway-trucks and brought to its destination.

Another advantage which the railway will have is, also, that coal can be ordered from the mine in small quantities instead of in a shipload at a time, and there will therefore be less necessity for large storage space at places to which it is sent.

Coal merchants obtaining their coal by railway can therefore work with much more economy than they could do in obtaining their supplies by sea, as they need not have so much money locked up in coal-yards and coal, and it would thus be possible for the trade to be carried on by persons in a much smaller way of business, and therefore altogether more economically than is the case at present.

By carefully regulating the rate of supply, it would also be possible for coal merchants, with regular customers in any large town, such as Christchurch or Timaru, to so arrange things that a considerable portion of their deliveries could be made to their customers direct from the railway-

trucks, without having to incur the extra cartage which is involved by bringing coal into a coal-yard and thence to the consumer.

Private individuals could also obtain their coal, either individually or in combination, at the cheapest rates by arranging to take a wagon-load direct from the mine.

In view of all these circumstances, it may be inferred that several handlings of the coal would be saved by the railway route as against the sea route; and this is a very important aspect of the question, as the coal, being of a friable nature, loses very materially in value by the quantity of slack produced at every shifting, and it has, in fact, been estimated that as much as 1s. per ton is lost in value for household consumption by each such shifting.

Taking the most extreme cases that would occur the advantages as regards saving of handlings are immensely in favour of the railway, and although it could not be reckoned that circumstances would always be so favourable as that to the railway route, there would nevertheless be a great advantage on the side of the railway.

Thus, for instance, in the case of the railway route, the coal is put into a wagon at Brunnerton, and *might* be carried direct from the wagon to the house of the consumer, thus involving in all only two handlings; and, as against this, when carriage is by sea coal is first put into a wagon at Brunnerton—that is one handling; and thence to the ship at Greymouth, two handlings; trimming on board the ship, three handlings; discharging from ship to truck, say at Lyttelton, four handlings; delivery from truck to coal-yard, say at Christchurch, five handlings; and delivery from coal-yard to consumer, six handlings.

Between the two extreme cases there is therefore a saving in favour of the railway of four handlings, equivalent to 4s. per ton, and although advantage in railway route would not always be so much as this, it might, I think, be assumed that there will be an advantage in favour of railway equivalent to, on the average, 2s. per ton on account of the handlings alone, and, taking into account that some cartage would also be saved, and also interest on coal and coal stores, the advantages so far shown in favour of railway might, I think, safely be set down at from 3s. to 4s. per ton.

This being so, it would appear that the railway would probably be used, even if the sea-freights were somewhat cheaper than the overland freight; but, as a matter of fact, this as shown below is certainly not the case now, and will probably never be the case.

Taking, for example, the case of Greymouth coal going to Christchurch, the relative cost of freight is as follows:—

Sea Route.

	s.	d.
Railway charges, Brunnerton to Greymouth, including wharfage, &c. ...	2	0
Freight by ship, Greymouth to Lyttelton, probable minimum rate ...	8	0
Railway charges, Lyttelton to Christchurch, including wharfage, &c. ...	4	6
Total	14	6

Overland Route.

	s.	d.
By the overland route the railway charge on the basis of the present Government tariff rate for native coal from Brunnerton to Christchurch, distance 138 miles, would be	11	5

It would appear, therefore, that the railway carriage is cheaper than the sea freight by 3s. 1d. per ton, and in order that the carriage by the sea route should cost not more than by the overland route it would be necessary that the shipping freights should be reduced to 4s. 11d. per ton, which is not probable at present.

Even if the shipping freight were so reduced, however, the overland route would still have the other advantages above set forth, and as regards places inland of Christchurch it would have other advantages, as detailed below.

The relative freights by sea and by railway, as detailed above, have been compared on the basis that the coal would all go to Christchurch, and even on that basis it has appeared that the advantage is decidedly on the side of the overland route; but it must also be borne in mind that a great deal of coal will be consumed at places in Canterbury inland of Christchurch, and in these cases the advantages will be still further in favour of the Midland Railway, because to all places between Brunnerton and Christchurch the overland-railway freight would be reduced, while the railway freight in connection with sea carriage would be increased, and besides this, too, the additional charge by rail for any given distance, when added to the longer distance, is less than for same when added to the shorter distance.

While the advantage in favour of overland route, therefore, for coal delivered at Christchurch would be 3s. 1d., it would be 4s. 9d. if delivered at Rolleston, and 7s. 11d. if delivered at Ashburton, both these places being south of Christchurch, and similar results would obtain, though not to quite so great an extent, in the case of places north of Christchurch.

I have, therefore, myself no doubt at all that all the Grey Valley coal consumed in the Provincial District of Canterbury, and possibly to some extent outside of same, would be carried by Midland Railway rather than by sea.

With regard to another great production of the West Coast, for which there is a large demand in Canterbury and Otago—namely, timber—the overland route would, I feel sure, successfully compete with the sea in that case also, and in proof of this we have the fact that a large quantity of timber is carried by rail from Southland to Oamaru, a distance of over 200 miles, with a seaport close to each end of the journey, and some timber is even carried to Timaru, over 250 miles, and to Ashburton, over 300 miles.

There can be no doubt therefore that the timber from the West Coast would come by Midland Railway, the distance from Brunnerton to Christchurch being only 138 miles; from Brunnerton to Ashburton, 162 miles; and from Brunnerton to Timaru, 210 miles; the more especially as some of

the best timber on the West Coast is growing alongside the Midland Railway, for a distance of twenty miles or more, from Brunnerton towards Christchurch, and there is also a great deal of very valuable timber extending along the railway towards Christchurch for about fifteen miles beyond that.

C. Y. O'Connor.

14th October, 1887.

VI.—CORRESPONDENCE RELATING TO THE DEVIATION OF THE RAILWAY NEAR LAKE BRUNNER.

[Note.—Correspondence relating to the deviation prior to the under-mentioned is contained in Parliamentary Papers D.–8, D.–8A, and D.–8B, 1890.]

No. 1.

The Hon. the Minister for Public Works to the General Manager, Midland Railway Company.

Public Works Office, Wellington, 8th October, 1890.

Sir,— *Midland Railway, Belgrove Section.*

With reference to your recent interviews with me on the subject of the interpretation to be placed on section 2 of "The Midland Railway Contract Act, 1890," in the matter of the security to be given to the Queen to insure the "due construction and completion" of the portion of the railway to be constructed at the Belgrove end of the line, I have now the honour to state that the Government is advised that the requirements of the Act will be sufficiently met if the company gives satisfactory security for the due construction and completion of the contract or contracts at the Belgrove end of the line, which clause 7 of the company's contract with the Government provides shall be entered into.

As regards the form and extent of the security to be provided, the Government will be prepared to advise His Excellency the Governor to accept either a bond by the company, with approved sureties, and drawn to the satisfaction of the Law Officers of the Crown, or a cash deposit liable to forfeiture in the event of non-completion of the works within, say, two years and a half. The amount of the bond or deposit, as the case may be, will be fixed later on.

I have, &c.,

T. Fergus,
Minister for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, N.Z. Midland Railway Company,
Christchurch.

No. 2.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

Dear Sir,— Wellington Club, Wellington, N.Z., 9th October, 1890.

I have to acknowledge receipt of your letter of the 8th instant. I much regret to learn that the Government insist upon the Midland Railway Company giving special security to meet a clause in the Deviation Bill, beyond the contract now let for the stipulated works on the Belgrove Section of the line.

I have to point out that a demand of special security is entirely new matter, and not contained in the Midland Railway Contract—a most unwarrantable introduction into a purely technical measure, dealing with construction details, which must on evidence be to the advantage of the colony. The insertion of this clause relative to Belgrove into this Bill is, I consider, a most unjust act on the part of the Government, as the Midland Railway Company's directors have never, either in their past or present actions relative to Belgrove Section, departed in any way from their contract with the Government. I must therefore decline in any way to act under the Deviation Bill until the question has been referred to London.

You have been officially informed that the company have let the required contracts at Springfield and Belgrove in accordance with the original contract. I must ask you to use all despatch in placing the specified lands in trust on behalf of the company, and arrange to have the contracts approved by the Governor, and the required land warrants issued to the trustees.

I have, &c.,

Robert Wilson,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works,
Wellington.

No. 3.

The Hon. the Minister for Public Works to the General Manager, Midland Railway Company.

Public Works Office, Wellington, 13th October, 1890.

Sir,— *Midland Railway: Belgrove Section and Lake Brunner Deviation.*

Referring to my letter of the 8th instant, on the subject of the security to be given by your company to the Queen to insure the completion of the Belgrove Section of the company's railway before the proposed deviation of the line near Lake Brunner can be assented to, and to your reply thereto of the 9th idem, also to your interview with me on the subject this morning, I have now the honour to state that the Government has decided that the amount of the said security must be ten thousand pounds sterling (£10,000), and that the deposit must be in the name of the Minister for Public Works for the time being, and liable to forfeiture as stated in my letter of the 8th instant.

I have, &c.,

T. Fergus,
Minister for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, N.Z. Midland Railway Company,
Christchurch.

No. 4.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Christchurch, 22nd November, 1890.

SIR,— *Lake Brunner Deviation.*

Referring to our correspondence on this subject, and to the clause in the Act passed last session providing for security to be given for the completion of the Belgrove Contract before the deviation is authorised by the Government, I have the honour to point out that ample security has now been given, the bond for £20,000 to be signed by the company being provided for. The expenditure on the Springfield and Belgrove Contracts of the full amounts required by the Midland Railway Contract is therefore secured, and I shall be glad to hear that you consider this security sufficient to meet the provisions of the Brunner Deviation Act.

Upon hearing from you to this effect, I will, if possible, complete the proposed arrangements with the Grey County Council as also provided by the Act, and will then proceed with the works without further delay.

I have, &c.,

ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works,
Wellington.

No. 5.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 26th November, 1891.

SIR,— *Midland Railway: Proposed Deviation near LakeBrunner.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of 22nd instant, inquiring whether the security given by your company for the due completion of the Springfield and Belgrove Contracts of the Midland Railway, in pursuance of clauses 7 and 28 of the company's contract with the Queen, will be accepted as sufficient security for the due construction and completion of the Belgrove Section for the purposes of the Midland Railway Contract Act of last session—*i.e.*, as a compliance with one of the requirements of that Act as a condition precedent to the authorisation of the proposed deviation of the company's railway near Lake Brunner.

In reply I am to state that the security given by your company in order to comply with the provisions of clauses 7 and 28 of the company's contract with the Queen has really no connection with the proposed deviation near Lake Brunner, which the Minister thinks must be treated quite independently. I am, however, to state that under all the circumstances of the case the Government is now prepared to advise His Excellency to accept a deposit of five thousand pounds sterling (£5,000), as a sufficient security under section 2 of the Act of last session, instead of ten thousand pounds sterling (£10,000), as stated in Hon. Mr. Fergus's letter of 13th ultimo.

I have, &c.,

H. J. H. BLOW,
Assistant Under-Secretary for Public Works.

Robert Wilson, Esq., C. E.,
General Manager, N.Z. Midland Railway Company,
Christchurch.

No. 6.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Cathedral Square, Christchurch, 28th November, 1890.

Sir,— *Brunner Deviation.*

I have to acknowledge the receipt of the Assistant Under-Secretary's letter of 26th instant, in reply to mine of 22nd instant, on the above subject.

I have the honour to submit that I think you have hardly fully considered all the circumstances of the case before writing, which I take it are as follows:—

On the deviation being first proposed, the Government had the route examined by the best engineering authorities at their command; and, according to their reports, and from other information obtainable, the proposed alteration presents such advantages, looked at from all points of view, that it would be utterly wrong in any Government not to give every facility to have it carried out—wrong, in fact, not to insist on the company making it in preference to the original line. After much loss of time, and at the urgent solicitations of the company, a Bill was introduced, and when before the House the Government allowed it to be hampered by conditions quite foreign to the matter in hand, and which are outside the provisions of the Midland Railway Contract.

I consented to the condition now under discussion, *re* security for the due completion of the Belgrove Contract, on the understanding, and after being informed by the Government, that it was merely formal, and was not intended to mean that anything more should be required of the company than that they should let the contract at Belgrove, and provide for the continuous prosecution of the same, as required by clause 7 of the Midland Railway Contract.

The conditions of this clause have now been complied with in the fullest manner. A contract has been entered into for the work at Belgrove, amounting to £58,420, and a bond has been provided for, under the seal of the company, agreeing to forfeit £20,000 if the full amount of expenditure of £60,000 at Belgrove is not reached by additions or extensions of the contract already let, or new work at this end; and this has been approved by His Excellency the Governor, as fulfilling that portion of the company's contract. This bond is an additional security to any requirement under the contract, and meets the clause in the Deviation Bill stipulating for security being given for due completion of the Belgrove Section.

I submit, therefore, in the strongest manner, that the Government can want no further security for the completion of the Belgrove Contract. There is no possible reason in this respect for the Government withholding their approval of the adoption of the proposed deviation, and I must absolutely decline, on behalf of the company, to deposit £5,000, which you are willing to advise His Excellency to accept. There have already been many months of delay in pushing on the line in the direction of Lake Brunner. When the Deviation Bill was before Parliament, I, on behalf of the company, publicly stated that as soon as the Act was passed the works would proceed in this direction; but, as conditions were subsequently imposed which from their nature rendered this impossible, I consider it is only due to the good name and interests of the company that the public should be informed that this delay in the works is entirely due to the action of the Government, and in no way rests with the company.

I hope that you will see your way to reconsider this matter, and give me authority to proceed with the deviation at the earliest possible date.

I have, &c.,
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works,
Wellington.

No. 7.

The ACTING ENGINEER-IN-CHIEF to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, 10th December, 1890.

SIR,— *Midland Railway.—Proposed Deviation near Lake Brunner.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of 28th ultimo on the subject of the security to be given by your company for the due construction and completion of the Belgrove Section of the Midland Railway before the proposed deviation of the line near Lake Brunner can be assented to.

In reply, I am to state that the desirableness or otherwise of making the deviation is not, as the Minister understands the matter, the point under discussion just now. The determination of that point must necessarily depend to a very large extent on the final results of the survey of the deviation-line, which are not yet in the possession of the Government. The point under discussion in the immediate present is, What security will be sufficient to satisfy the requirements of section 2 of the Midland Railway Contract Act of last session, as a condition precedent to the sanctioning of the Lake Brunner deviation, presuming that the company will be able, when the proper time comes, to show to the satisfaction of the Governor that the making of the deviation will render the railway more efficient for traffic purposes.

As regards this matter—namely, the question of the security, I am to state that the Minister is unable to agree with you that the contract entered into by your company for the Belgrove Section, and the bond proposed to be given to insure the fulfilment of clause 7 of the Midland Railway Contract, is also a fulfilment of the requirements of the Act of last session.

The bond in question was not given in pursuance of the requirements of the Act referred to at all, but on account of the contract entered into by the company for the Belgrove Section *not being of the full value of £60,000*, as required by the company's contract with the Queen.

I am also to point out to you that Parliament had full knowledge of the terms of the clause of the contract referred to at the time that the Act of last session was before it, but that, notwithstanding this, it decided to insist on further security being given before allowing the proposed deviation at Lake Brunner to be assented to.

Bearing this in mind, therefore, and also having regard to the explicit wording of the Act of 1890, I am to state that the Government, after fully considering the representations contained in your letter, will be unable to advise His Excellency to assent to the Lake Brunner deviation, unless special security is first given as required by the Act referred to.

I am also to state that the Government wholly disagrees with your remark that you "assented to the condition in the Act *re* security on the understanding and after being informed by the Government that it was merely formal, and was not intended to mean that anything more should be required of the company than that they should let the contract at Belgrove, and provide for the continuous prosecution of the same as required by clause 7 of the Midland Railway Contract." No record can be found of your ever having been informed to this effect, and any such statement would clearly have been unwarrantable in view of the terms of the clause of the Act referred to.

I am also to draw your attention to an apparent clerical error in your letter in regard to the amount of the contract entered into by the company for the Belgrove Section. The amount mentioned in your letter being £58,420, whereas the amount appearing in the certified copy of the contract deposited in this office is £46,676 only.

I am to add that the Minister is quite unable to admit that the delay which has taken place in the prosecution of the works of the company's railway in the direction of Lake Brunner is in any way attributable to the Government, as the Government has not done, and is not now doing, anything more than to require that the company shall comply with the express requirements of the law.

I have, &c.,
WILLIAM H. HALES,
Acting for Engineer-in-Chief.

R. Wilson, Esq., C.E.,
Engineer-in-Chief, N.Z. Midland Railway Company,
Christchurch.

No. 8.

The GENERAL MANAGER, Midland Railway Company, to the Hon. MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch, 12th December, 1890.

BRUNNER deviation: Please reply my letter 28th November. Am extremely anxious get fresh contracts started so as not lose fine weather.

Hon. Minister for Public Works, Wellington. ROBERT WILSON.

No. 9.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Cathedral Square, Christchurch, 15th December, 1890.

SIR,— *Lake Brunner Deviation.*

I have the honour to acknowledge the receipt of your letter of the 10th instant on the above subject. Since writing my letter of the 28th ultimo I have received instructions from my directors on the question of making a cash deposit to meet the requirements of the Government under the Amendment Act of last session, and I shall be prepared to deposit the £5,000, as mentioned in the Under-Secretary's letter of the 26th ultimo, the money to be placed with the company's bankers in the joint names of the Government and the company, and to be released in order to meet the payment of the last £5,000 of the £60,000 to be spent at Belgrove under clause 7 of the Midland Railway Contract. All interest in the deposit to belong to the company, and to be transferred to its General Account.

I presume that there will have to be an agreement drawn up containing these and other necessary terms. I hope to send you the plans for the deviation at an early date, as the surveys are complete, tracings of the last eight miles only being required.

I have, &c.,

The Hon. the Minister for Public Works, Wellington. ROBERT WILSON, Engineer-in-Chief and General Manager.

No. 10.

The ACTING ENGINEER-IN-CHIEF to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 20th December, 1890.

SIR,— Re *Midland Railway.—Proposed Deviation near Lake Brunner.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 15th instant, intimating that you are now prepared to deposit the sum of £5,000 required by the Government as security for the due completion of the Belgrove Section of your company's railway, in pursuance of clause 2 of the Midland Railway Contract Act of last session, as a condition precedent to the proposed deviation of the line near Lake Brunner being assented to; also making certain proposals as to the terms on which the deposit should be made.

In reply, I am to state that the Government agrees generally with the proposals contained in your letter, with the exception that the deposit referred to must be in the name of the Minister for Public Works for the time being, and liable to forfeiture in the event of the non-completion of the works within a specified time, as stated in the Minister's letters of the 8th and the 13th October last.

If you will kindly have a draft of the agreement proposed to be entered into in reference to the matter prepared and forwarded to this office, the same will be submitted to the Law Officers of the Crown for approval without delay.

I have, &c.,

The General Manager, Midland Railway Company, Christchurch. WILLIAM H. HALES, Acting Engineer-in-Chief.

No. 11.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

No. 156, Worcester Street, Christchurch, 30th December, 1890.

SIR,— *Lake Brunner Deviation.*

I have the honour to acknowledge the receipt of your letter of the 20th instant, and I now forward herewith draft of proposed agreement, which I shall be glad to receive back approved at your earliest convenience.

I have, &c.,

The Hon. the Minister for Public Works, Wellington. ROBERT WILSON, Engineer-in-Chief and General Manager.

No. 12.

The GENERAL MANAGER, Midland Railway Company, to the ASSISTANT UNDER-SECRETARY for PUBLIC WORKS.

(Telegram.) Christchurch, 12th January, 1891.

KINDLY advise when plans and agreement *re* Brunner deviation approved.

H. J. H. Blow, Esq., Public Works, Wellington. ROBERT WILSON.

No. 13.

The ACTING ENGINEER-IN-CHIEF to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 13th January, 1891.

IN reply: Brunner deviation agreement has just been considered by Law Officer, and will be dealt with on return of Minister in a day or two.

Robert Wilson, Esq., Midland Railway, Christchurch. WILLIAM H. HALES, Acting for Engineer-in-Chief.

No. 14.

The General Manager, Midland Railway Company, to the Assistant Under-Secretary for Public Works.

(Telegram.) Christchurch, 19th January, 1891.

Can you tell me if Brunner deviation plans have been passed by Engineer?

H. J. H. Blow, Esq., Public Works, Wellington. Robert Wilson.

No. 15.

The Assistant Under-Secretary for Public Works to the General Manager, Midland Railway Company.

(Telegram.) Wellington, 20th January, 1891.

Brunner deviation plans not yet approved. Hope get matter settled soon.

Robert Wilson, Esq., Midland Railway, Christchurch. H. J. H. Blow.

No. 16.

The General Manager, Midland Railway Company, to the Hon. Minister for Public Works.

(Telegram.) Christchurch, 29th January, 1891.

Brunner deviation plans and draft agreement waiting formal approval since end December; most important let work without further delay. Kindly inform me when shall receive notification of approval.

Hon. Minister for Public Works, Wellington. Robert Wilson.

No. 17.

The Assistant Under-Secretary for Public Works to the General Manager, Midland Railway Company.

(Telegram.) Wellington, 30th January, 1891.

In reply your telegram yesterday's date, Minister directs me to state that Lake Brunner deviation plans and agreement are now under consideration of Government.

H. J. H. Blow,
Assistant Under-Secretary, Public Works.

Robert Wilson, Esq.,
Midland Railway, Christchurch.

No. 18.

The General Manager, Midland Railway Company, to the Hon. Minister for Public Works.

New Zealand Midland Railway Company (Limited),
Cathedral Square, Christchurch, N.Z., 29th January, 1891.

Sir,— *Lake Brunner Deviation.*

I have the honour to confirm my telegram of to-day inquiring when the plans of the proposed deviation and the draft agreement in connection therewith will be formally approved by the Government.

The draft agreement has now been in the hands of the Government since the 30th ultimo, and the plans a week earlier. I am anxious to get fresh contracts let on this line at the earliest possible date.

Land Regulations.

I may also remind you that no reply has yet been received to my letter of 30th December on this subject. The delay in dealing with these western lands is causing much irritation on the West Coast, for which the company cannot be held responsible.

I have, &c.,
Robert Wilson,
Engineer-in-Chief and General Manager, Midland Railway Company.

The Hon. Minister for Public Works, Wellington.

No. 19.

The Assistant Under-Secretary for Public Works to the General Manager, Midland Railway Company.

(Telegram.) Wellington, 31st January, 1891.

Re proposed deviation near Lake Brunner, Minister directs me to inquire how long this section will probably be under construction—that is, how long after deviation assented to (provided that it is assented to) will it be before the line to the crossing of the Teremakau will be ready for traffic.

H. J. H. Blow,
Assistant Under-Secretary, Public Works.

R. Wilson, Esq., C.E.
Midland Railway, Christchurch.

No. 20.

The General Manager, Midland Railway Company, to the Acting Under-Secretary for Public Works.

(Telegram.) Christchurch, 2nd February, 1891.

Line to crossing Teremakau ought not to take longer than twelve to fifteen months. I also await official consent to deviation to let contract to Lake Brunner at once. It is important take advantage present season. Directors are trying arrange complete line to Jackson's at once.

The Under-Secretary, Public Works, Wellington. Robert Wilson.

No. 21.

The GENERAL MANAGER, Midland Railway Company, to the Hon. MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch, 9th February, 1891.

WHEN are deviation plans to be approved? Delay is wasting valuable time.

Hon. Minister for Public Works, Wellington. ROBERT WILSON.

No. 22.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 10th February, 1891.

MINISTER is in Blenheim now. Repeated your telegram *re* Brunner deviation plans to him there, and am now instructed to reply that matter is still under consideration.

H. J. H. BLOW,

R. Wilson, Esq., C.E., Assistant Under-Secretary for Public Works.

Midland Railway Company, Christchurch.

No. 23.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 11th February, 1891.

RE Brunner deviation.—Minister directs me to inquire whether company has yet entered into contract with Grey County for road and ferry, as required by latter part of section 2 of "Midland Railway Contract Act, 1890;" and, if so, to request that you will kindly let him have copy of same.

H. J. H. BLOW,

R. Wilson, Esq., C.E., Assistant Under-Secretary, Public Works.

Midland Railway Company, Christchurch.

No. 24.

The GENERAL MANAGER, Midland Railway Company, to the UNDER-SECRETARY for PUBLIC WORKS.

MY DEAR MR. BLOW,— Wellington Club, Wellington, 12th February, 1891.

I enclose copy of draft agreement proposed between the Grey County Council and the New Zealand Midland Railway Company, with a copy of correspondence.

I also enclose letter from the manager of the company's land department relative to runs advertised in Nelson District. Will you kindly bring this question before the Crown Lands Department, and have this matter put right? Yours sincerely,

The Under-Secretary, Public Works, Wellington. ROBERT WILSON.

Enclosure No. 1 in No. 24.

SIR,— New Zealand Midland Railway Company (Limited), 9th February, 1891.

Mr. Napier Bell has handed me your letter of the 5th instant, returning the draft deed of covenant, which I now again enclose.

From your letter I understand that the Council decline to enter into the agreement with the company unless the company undertakes to supply any additional sum over the £2,700 which may be required for widening the road in question.

In reply, I cannot agree on behalf of the company to spend anything more than the £2,700 required by the Act.

Referring to the pencil notes of proposed alterations in the draft, the one which proposes to amplify the clause relating to the steamer on the lake cannot be accepted, as the clause is drawn so as to exactly conform with the Act, and the company cannot bind themselves any further. As to the plans being referred to the company for approval, there is no desire to exercise any undue control in this matter, and I am willing to waive the approval of the plans if the Council agree to make a road fit for traffic, and not less than 12ft. wide, between Pounamu and the lake, and to hand over the money on a *bonâ fide* contract being entered into for the construction of the same.

If the Council still declines to accept this agreement I must point out that further works from the Greymouth end of the line must be absolutely stopped, and the money intended to be spent there will have to be expended either at the Springfield end or elsewhere. The responsibility of this delay therefore rests with the Grey County Council, and it will be a serious inconvenience and loss to the company, which is anxious to extend the line into the Lake Brunner district, and so open up a considerable quantity of land for timber-cutting and other settlement purposes.

I have, &c.,

The Chairman, Grey County Council, Greymouth. ROBERT WILSON.

Enclosure No. 2 in No. 24.

Chairman's Office, Grey County Council, Greymouth,

SIR,— 5th February, 1891.

Re *Pounamu-Lake Brunner Road, and Proposed Contribution by Midland Railway Company of £2,700 for Construction of same.*

In reply to Mr. Young's letter of 31st December, forwarding draft of deed proposed to be entered into by the Midland Railway Company with this Council, I am instructed to inform you

that it is the intention of the Council to invite tenders for the construction of the road, the dimensions to be as follows: Formation, 15ft. wide; metal, 10ft. wide on top; and bridge and culverts planked 12ft. wide—in order to see whether the work can be done for the sum offered by your company. As these tenders cannot be considered until the next meeting of the Council—7th April—I am further instructed to inform you that, in order to save time, the Council is willing to sign the deed with the company, provided that it is altered so as to read that the company shall supply any additional sum over and above the £2,700 that may be required to construct a road of the above-named dimensions. Mr. Wilson, in the memo. which he gave to the inhabitants of Greenstone by the hands of Mr. Harris, suggested a 12ft. road. This Council will have nothing to do with a road of less than dimensions above stated.

I have, &c.,
M. PHILIPPS,
County Clerk.

C. Napier Bell, Esq.,
Resident Engineer, New Zealand Midland Railway Company.

Enclosure No. 3 in No. 24.

THIS deed, made the day of , one thousand eight hundred and ninety , between the New Zealand Midland Railway Company (Limited), a company duly incorporated in England under the Companies Acts, 1862 to 1883, and carrying on business in the City of Christchurch in New Zealand, and having its registered office at Gracechurch Street in London, hereinafter with its successors and assigns referred to as "the company," of the one part, and

Grey County Council (describe).

hereinafter with its successors and assigns referred to as "the Council," of the other part.

Whereas the company has contracted with Her Majesty the Queen to construct a certain line of railway from Springfield to Brunnerton along the western side of Lake Brunner, and whereas the company has requested Her Majesty the Queen to consent to a certain deviation of the said line of railway to be so constructed by the company, such deviation being by a route on the eastern side of Lake Brunner, and more particularly described in the schedule hereto: And whereas Her Majesty the Queen is desirous of consenting to such deviation in accordance with the provisions of "The Midland Railway Company Act, 1890," on the company entering into and executing these presents: Now this deed witnesseth that, in consideration of the premises, the company does hereby covenant and agree with the Council that, as soon as contracts for the construction of such deviated line have been entered into by the company, they will provide the Council with the sum of £2,700, to be expended in widening the road, bridges, and culverts between the Township of Pounamu and Lake Brunner, at a point known as Mitchell's Accommodation-house, in the manner as follows: Detailed specifications of the works necessary for widening such roads, bridges, and culverts shall be prepared by the Council free of charge, and such specifications shall be submitted to and approved of by the company, and after they have been so approved by the company the Council shall advertise for tenders for the execution of such works, and the tenders received shall also be submitted to the company for approval before any of such tenders shall be accepted, and the company shall be at liberty to make any such alterations in the schedule of quantities or otherwise as it may deem necessary in order to enable such road, bridges, and culverts to be widened for the said sum of £2,700. After the widening thereof such road, bridges, and culverts shall be taken over and maintained by the Council. And as soon as the contract for the widening of such road, bridges, and culverts shall be so let by the Council with the approval of the company, the company will pay or hand over to the Council the said sum of £2,700, and the Council shall use, apply, and pay such sum only for the purposes aforesaid. And the company hereby further covenants with the Council that, as soon as the construction of such deviated line of railway shall be completed, it will provide and maintain in good and efficient order on Lake Brunner aforesaid a steamboat of sufficient size to ply as a ferry-boat on the said lake between the terminus of the said road and the said line of railway on the eastern side of the said lake.

In witness, &c.

No. 25.

Mr. C. NAPIER BELL, M.Inst.C.E., to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Greymouth, 12th February, 1891.

DEVIATION eighteen miles sixty-five chains, old line seventeen miles four chains, reckoning from termination Stony Contract to Orangapuku Crossing.

Robert Wilson, Esq., C.E., The Club, Wellington.

C. NAPIER BELL.

No. 26.

The MARINE ENGINEER to the Hon. the MINISTER for PUBLIC WORKS.

(Memorandum.) Marine Engineer's Office, Wellington, N.Z., 23rd February, 1891.

Midland Railway.—Proposed Deviation at Lake Brunner.

IN pursuance of your instruction that I should report upon proposed deviation of Midland Railway at Lake Brunner, in view of the detailed plans and sections of same now to hand, I have the honour to report as follows:—

The state of the case is somewhat altered since I reported upon it in April last, by reason of the proposed deviation-line turning out to be so much longer than was originally anticipated (*vide* parliamentary papers hereto attached: D.–8, D.–8A, and D.–8B of 1890).

When Mr. Wilson first asked for authority for deviation, by letter dated 4th December, 1889, he said that he anticipated that the deviation-line would be about three-quarters of a mile shorter

than the original one. Subsequently to that, however, by the time that I reported on the subject, in April, 1890, it had been ascertained that the deviation would not be shorter than the original line; but it was still believed by the company's engineer that it would be only very little longer than original line, viz., about 6 chains longer, as is indicated on Public Works map 16, 556A, accompanying my report, and I recommended that, in the event of its turning out to be so, the deviation should be assented to (*vide* page 2 of report, where marked B in red).

It now turns out, however, that the deviation is one mile and three-quarters longer than original line; and a very important question to be determined in connection with it is, as to which line would really be the cheaper to work on this basis—namely, as to whether the improved grades on deviation-line would more than make up for its extra length, and, if so, to what extent.

Mr. Wilson, on behalf of the company, estimates that the saving in working-expenses by adoption of deviation-line would be £2,570 per annum; but various other calculations made show results varying very widely from this, one of them to the extent of showing a probable loss in working-expenses, if deviation adopted, to extent of £150 per annum.

It is evident, in fact, that all such calculations must be based upon hypotheses, more or less correct, as to how the traffic would be worked; and as such a hypothesis as this can only be satisfactorily made and worked out by some one possessing a practical knowledge of railway management, together with the necessary scientific attainments to thoroughly grasp and weigh the several elements in the case, I asked Mr. Maxwell, Railway Commissioner, with your concurrence, if he would be good enough to give his judgment on the subject, which he has kindly done (*vide* his memorandum hereto attached, and also a copy of a memorandum to him containing the statement of the case on which his judgment is based).

From this it would appear that, despite its additional length, there would probably be a saving in working-expenses by adoption of deviation to extent of about £525 per annum by the time that the paying traffic reaches 200,000 tons per annum. This, as indicated by Mr. Maxwell, is for the extent of the proposed deviation only, and would become considerably more—first, if grades not worse than 1 in 66 are provided between Brunnerton and the commencement of the deviation—about eleven miles; and, second, if similar grades are continued from the end of the deviation up to the foot of Arthur's Pass—about fifteen miles.

In addition to this saving in working-expenses, there would also probably be a saving in cost of construction, by proposed deviation, to extent of about £15,000, which would be equivalent to about £750 per annum.

So far as these considerations are concerned, however, they mainly affect the colony merely in view of its possibly taking over the line hereafter, in which case, of course, the cheaper working-expenses and also the lesser amount to pay for railway itself would be advantageous.

In view of these facts, therefore, and also in view of the fact (already drawn attention to in my former report, where marked in blue) "that the deviation-line will open up a larger area of country suitable for settlement, and more calculated to afford traffic to the railway than the contract line would do," I would still recommend that the deviation-line be assented to, notwithstanding its additional length—with, however, a distinct proviso that such consent should be contingent on the company undertaking to reduce to an inclination of not steeper than 1 in 66 any portions of the line between Brunnerton and the commencement of the deviation, which is now steeper than that gradient. This would not involve any very material cost to the company, as the portion of the line which is steeper than 1 in 66 is of very small extent.

It would of course be desirable if gradients not steeper than 1 in 66 could also be attained between end of deviation and foot of Arthur's Pass, but it would be impossible at present to make any stipulation as to that, as it would first of all be contingent upon the Abt system for ascent of Arthur's Pass being approved, which is still an open question; and, secondly, the data to hand is not, so far as I am aware, sufficient to show conclusively that grades of 1 in 66 can be attained for a reasonable cost throughout this distance (even if Abt incline is approved) although it is believed that they can be.

I have, &c.,

The Hon. the Minister for Public Works, Wellington. C. Y. O'Connor.

Enclosure No. 1 in No. 26.

Wellington, 12th February, 1891.

Midland Railway.—Proposed Deviation at Lake Brunner.

With reference to the application of the Midland Railway Company herewith to be permitted to make a deviation from their contract line of railway, at Lake Brunner, would you kindly say, in order to enable the conditions of the case to be authoritatively stated, what, in your opinion, would be the difference, if any, in annual cost of working the proposed deviation-line as compared with the original line, on basis of a paying load of, say, 200,000 tons annually, equal, it is assumed, to about 400,000 tons gross load.

The length of proposed deviation exceeds that of original line by about 1 mile 66 chains. It is assumed that the heavy traffic would be almost entirely from west to east, and the rises and falls in that direction, on the two several lines, are as follows:—

	Feet.
Original line, sum of all rises	448
Deviation " "	315
Difference	133
Original line, sum of all falls	253
Deviation " "	122
Difference	131

It is also assumed that, if the deviation-line is adopted, there need not be any gradient rising towards the east steeper than 1 in 66 throughout the first thirty miles or so from Brunnerton (or, if Abt system is adopted at Arthur's Pass, for the first forty-five miles or so from Brunnerton); whereas if original line is adhered to there will be in the first thirty miles a good deal of 1 in 60, and some 1 in 55, rising towards the east, as indicated on sections herewith.

If the Abt system is adopted at Arthur's Pass the gradients from the thirtieth to the forty-fifth mile from Brunnerton can be very easy; but if Abt system is not adopted the gradients for this distance will have to be mainly 1 in 50 rising towards the east.

It is true that, without undertaking this long deviation at all, equally good grades could be obtained by mere local deviations from contract line; but these would entail quite as great an increase of length, in the aggregate, as the long deviation would do, and at same time involve considerably greater cost. The company would, therefore, probably be unwilling to undertake them, as one of their objects in asking for permission to adopt deviation now in question is no doubt to attain economy in first cost, as well as in future maintenance.

The length of the proposed deviation is about 18 miles 16 chains, and of portion of original line corresponding 16 miles 30 chains—difference 1 mile 66 chains.

J. P. Maxwell, Esq., C.E., Commissioner of Railways. C. Y. O'Connor.

Enclosure No. 2 in No. 26.

Wellington, 14th February, 1891.

Midland Railway, Lake Brunner Deviation.—Mr. O'Connor's Memo. of the 12th February, 1891, on P.W. Received, 91/2.

My estimate of the saving in working is, for locomotive expenses, as follows (the data are given by Mr. C. Y. O'Connor): Old line—length, 16 miles 30 chains; deviation—length, 18 miles 16 chains; excess of rises on old line eastward, 133ft.; estimated traffic, 200,000 net tons, chiefly eastward; the old line limiting gradients, 1 in 55; the deviation limiting gradients, 1 in 66.

I have assumed these data to be correct. The locomotive services may be roughly estimated to cost £525 per annum more on the old line than on the new.

If the whole line of forty-five miles is taken into account the saving would be much greater by adopting the deviation. There are other small collateral advantages in the deviation which need not now be investigated. There seems to be no reason why the deviation should have steeper grades than 1 in 89. Very much greater advantage would accrue if this was insisted on by the Government.

The Hon. the Minister for Public Works. J. P. Maxwell.

No. 27.

The General Manager, Midland Railway Company, to the Hon. Minister for Public Works.

(Telegram.) Wellington, 24th February, 1891.

I want approval of deviation. Wish to let contracts at once. Kindly wire when may expect intimation.

Hon. Minister for Public Works, Wellington. Robert Wilson.

No. 28.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

(Telegram.) Greymouth, 24th February, 1891.

If it will forward settlement with Grey Council I will pay two thousand seven hundred pounds into Public Trustee's account, and not call on Council to make road until they have funds to do so; interest on deposit to be paid to company until road undertaken.

The Hon. Minister for Public Works, Wellington. Robert Wilson.

No. 29.

The Hon. Minister for Public Works, Wellington, to the General Manager, Midland Railway Company.

(Telegram.) Public Works Office, 25th February, 1891.

In reply *re* Brunner deviation, detailed plans are now before engineer to report. The Midland Railway Contract Act last session lays down that Government must be satisfied that deviation will render railway more efficient for traffic purposes. Also, that contract must be made with Grey County Council for construction of road from Pounamu to Lake Brunner and maintenance of ferry before deviation can be authorised. Until the law has been complied with, therefore, deviation cannot be approved.

Robert Wilson, Esq., C.E., Greymouth. R. J. Seddon.

No. 30.

The General Manager, Midland Railway Company, to the Under-Secretary for Public Works, Wellington.

(Telegram.) Christchurch, 13th March, 1891.

Agreement with Grey County signed, and will be forwarded you on Monday. Can you arrange formal approval be given immediately on receipt.

H. J. H. Blow, Esq., Public Works Office, Wellington. Robert Wilson.

No. 31.

The Assistant Under-Secretary for Public Works, Wellington, to the General Manager, Midland Railway Company.

(Memorandum.) Public Works Office, Wellington, 16th March, 1891.

In reply to your delayed telegram of 13th, the agreement with Grey County will have to be approved by Minister before it can be sent to His Excellency the Governor to express his satisfaction therewith, and, as Minister is in Nelson now, on his way to the West Coast, it is scarcely likely that it can be approved under a fortnight from the date of its receipt here, even if its terms are found to be quite satisfactory.

R. Wilson, Esq., C.E., H. J. H. Blow.
General Manager, &c., Midland Railway Company, Christchurch.

No. 32.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works, Wellington.

Worcester Street, Christchurch, 16th March, 1891.

Sir,— *Lake Brunner Deviation.*

I have the honour to forward herewith the agreement between the company and the Grey County Council, as provided by "The Midland Railway Contract Act, 1890," which has now been executed; also a copy of the same, which you will kindly verify and retain, and return the original.

I have to request, now that the requirements of the Act have been fully complied with, you will give your formal approval to the deviation at the earliest possible moment.

I have, &c.,

The Hon. the Minister for Public Works, Wellington. Robert Wilson, Engineer-in-Chief and General Manager.

Telegrams relating to foregoing Letter.

Christchurch, 17th March, 1891.

Agreement with Grey County Council executed and sent Wellington yesterday, but Under-Secretary writes that owing your absence deviation not likely be approved before fortnight. Can you not request other Minister act for you in order obviate delay?

Hon. R. J. Seddon, Nelson. Robert Wilson.

Christchurch, 17th March, 1891.

Agreement Grey County posted yesterday. Cannot some other Minister act for Mr. Seddon in his absence, and save long delay you mention? Robert Wilson.

The Under-Secretary for Public Works, Wellington.

Nelson, 17th March, 1891.

It is not feasible for me to request my colleagues to deal with the somewhat involved matters in the deviation at Lake Brunner. I have wired for contract with Grey Council to be sent on to me at Greymouth.

Robert Wilson, Esq., General Manager, Midland Railway Company, Christchurch. R. J. Seddon.

Public Works Department, Wellington, New Zealand,

(Memorandum.) 18th March, 1891.

Re *Brunner Deviation and Agreement with Grey County Council.*

In reply to your telegram of yesterday, Hon. Mr. Seddon wishes to deal with this matter himself, and has already telegraphed me to send copy of agreement to him at Greymouth, which I purpose doing by "Grafton's" mail on Friday next.

H. J. H. Blow,

R. Wilson, Esq., C.E., Assistant Under-Secretary for Public Works.
General Manager, &c., Midland Railway Company, Christchurch.

No. 33.

The Acting Engineer-in-Chief to the General Manager, Midland Railway Company.

Public Works Office, Wellington, 19th March, 1891.

Sir,— Re *Midland Railway.—Lake Brunner Deviation.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of 16th instant, forwarding the original agreement entered into between your company and the Grey County Council, in reference to providing the sum of £2,700 for expenditure in widening the road, bridges, &c., between the Township of Pounamu and Lake Brunner, together with a copy of the same for the purposes of record in this office, and in reply to state that the copy has been duly verified with the original as requested, and the original is now returned to you herewith.

I have, &c.,

Wm. H. Hales,

R. Wilson, Esq., C.E., Acting Engineer-in-Chief.
Engineer-in-Chief and General Manager, N. Z. Midland Railway Company, Christchurch.

No. 34.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch, 16th April, 1891.

HAVE received no intimation of approval Brunner deviation. Cannot understand reason of long delay. Also have heard nothing *re* land regulations.

The Hon. the Minister for Public Works, Wellington. ROBERT WILSON.

No. 35.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 17th April, 1891.

IN reply *re* Brunner deviation, Minister thinks it would facilitate settlement of matter if he could have an interview with you on the subject. Could you kindly come to Wellington to see him.

Robert Wilson, Esq., C.E., H. J. H. BLOW,
Midland Railway Company, Christchurch. Assistant Under-Secretary.

No. 36.

The GENERAL MANAGER, Midland Railway Company, to the UNDER-SECRETARY for PUBLIC WORKS.

(Telegram.) Christchurch, 17th April, 1891.

PLEASE wire on what points difficulty has arisen. Have complied fully with Act. If necessary, will go up early next week.

The Under-Secretary, Public Works, Wellington. ROBERT WILSON.

No. 37.

The ASSISTANT UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 20th April, 1891.

IN reply to yours of 17th, Minister directs me to state that questions raised are that road will not be complete without bridge over Hohonu, and that provision *re* Ferry is scarcely sufficient.

H. J. H. BLOW,
R. Wilson, Esq., Assistant Under-Secretary for Public Works.
Midland Railway Company, Christchurch.

No. 38.

The GENERAL MANAGER, Midland Railway Company, to the UNDER-SECRETARY for Public Works.

(Telegram.) Christchurch, 20th April, 1891.

COMPANY has fully complied with terms of Act both questions, therefore fail to see difficulty. Am leaving for Wellington to-morrow night.

The Under-Secretary, Public Works, Wellington. ROBERT WILSON.

No. 39.

The ASSISTANT UNDER-SECRETARY for Public Works to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 2nd May, 1891.

Sir,— *Midland Railway.*—Re *proposed Deviation near Lake Brunner.*

Referring to former correspondence on the above-mentioned subject, I have now the honour, by direction of the Minister for Public Works, to inform you that upon a full consideration of all the circumstances of the case, and especially of the fact that, instead of the deviation line being three-quarters of a mile shorter than the original line, as in your letter of the 14th December, 1889, you stated it probably would be, it now turns out to be one mile and three-quarters longer than that line; and also of the fact that the gradients on the portion of the company's railway between Brunnerton and the commencement of the proposed deviation are in some places as steep as 1 in 50, thus to a large extent nullifying the advantages that would otherwise accrue from the flatter grading on the deviation line, the Government is compelled to come to the conclusion that it is not at present in possession of sufficient evidence to justify His Excellency the Governor being advised to express his satisfaction that the making of the proposed deviation will render the company's railway more efficient for traffic purposes.

Another minor difficulty in the matter arises from the contract entered into by the company with the Grey County Council not providing for the widening of the whole of the roads, bridges, and culverts between Pounamu and Lake Brunner, as required by "The Midland Railway Contract Act, 1890," also from the clause in the same contract in reference to the running of the ferry steamer not being sufficiently full—an amplification of the clause on the lines of the draft enclosed herewith being apparently requisite in order to enable the provision really satisfactory and complete.

I have, &c.,
H. J. H. BLOW,
Robert Wilson, Esq., C.E, Assistant Under-Secretary for Public Works,
General Manager, &c., New Zealand Midland Railway Company,
Christchurch.

Enclosure in No. 39.

Lake Brunner Deviation.—Amended clause re *Steamer plying.*

THE said steamboat shall be kept at all times properly equipped, manned, and in working order by the company, so as to be serviceable for the carriage of passengers, parcels, mails, and luggage, and shall convey all such across the lake from a landing-place at the road on the west side of the lake to a wharf and landing-place near the railway-station at the east side of the lake; also from the wharf near the railway-station to the landing-place near the road on the west side of the lake; and the said steamboat shall ply regularly between the places before mentioned in accordance with a time-table so arranged as to coincide with that for the running of the through trains on the main line of railway, starting from the landing-place at the road at such times as will admit of the steamboat connecting with the through trains at the railway-station and from the wharf within a reasonable time after the arrival at the station of every through train whenever there are passengers, &c., to be conveyed either from the road to the railway or from the railway to the road.

No. 40.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS, Wellington.

New Zealand Midland Railway Company (Limited), Christchurch,
5th May, 1891.

SIR,— *Lake Brunner Deviation.*

In reply to your letter of the 2nd instant, I again point out that, notwithstanding the fact that the deviation is one mile and three-quarters longer than the old line, the effect of the reduced grades and improved location is to give a line more advantages for traffic, as is confirmed by the reports of the Government officers.

I will again call your attention to the fact that the original line has on it grades combined with curves equal to 1 in 48 towards Christchurch and 1 in 46 towards Brunnerton, and also a length of one mile and three-quarters of curves ranging from 7 to 9 chains radius; while on the new line the maximum grade is 1 in 66 towards Christchurch and 1 in 62 towards Brunnerton, and has no curve on it under 12 chains radius.

These particulars of length, curves, and grades were all shown on the plan sent to the late Government, and now in your possession.

During our last interview in Wellington I informed you that it always had been part of the company's scheme of deviation to reduce the grades of 1 in 50 on the constructed line between Brunnerton and Kaimata to at least 1 in 60 towards Christchurch, and thus obtain a maximum grade of 1 in 60 to the foot of the incline at Otira. I beg to confirm this in writing, and trust that doing so will completely solve any difficulty on this head, as your letter shows that these grades of 1 in 50 on the Kaimata line are the objection which you think nullifies the otherwise advantageous change of line. It is, therefore, unnecessary to submit further evidence in order to justify His Excellency the Governor being advised to consent to the deviation as being more efficient for traffic purposes.

The aggreement with the Grey County Council is strictly in accordance with "The Midland Railway Contract Act, 1890," and I have no authority to exceed the terms of that Act. Moreover, the amount of £2,700 is enough to widen the road, bridges, and culverts between Pounamu and Lake Brunner sufficiently to provide for any probable traffic, though possibly insufficient to make the extreme width of 12ft. metal throughout; but on this question the company does not wish to control the action of the County Council.

The agreement as to the steamer on the lake is also strictly in accordance with the Act, but I must again recall to your memory our recent interview, during which I told you that the company always intended to run a steamer on the lake as soon as there is traffic; from the very commencement of the works the company intended to have a steamer on Lake Brunner in order to develop traffic for the railway. The Government may, therefore, rest assurred that the company in its own interests will provide for the steamer being run in such a way as will suit public convenience.

The company cannot longer suffer the serious loss caused by the delay of its works, and I have asked for cable instructions from London with a view of letting further contracts at an early date, at the Springfield end of the line, but trust the consent to the deviation will be given in time to avoid changes in the original plan of executing the works.

I have, &c.,
The New Zealand Midland Railway Company (Limited).
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. Minister for Public Works, Wellington.

No. 41.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS, Wellington.

156, Worcester Street, Christchurch, 15th May, 1891.

SIR,— *Lake Brunner Deviation.*

In reference to your letter of the 2nd instant, and my reply thereto of the 5th instant: Since writing I have had brought under my notice telegrams sent by you in reply to questions from local bodies and the public on the West Coast and elsewhere as to the deviation, which lead me to think that the information before you on the relative traffic merits of the two routes

must be very imperfect. I therefore think it advisable to place on record evidence of the advantages claimed by the company to be obtained by the change of location of the line from the old to the new route.

I need hardly point out that the train-mileage required to convey a given traffic over two lines with the same engine-power is an accepted test of their relative efficiency for traffic purposes; and it is an axiom that the greater the elevation over which the loads are raised so must there be a proportionate increase in the mechanical energy expended; further, that the sharper the curves, and the greater their percentage to the total length of the whole line, effects in proportion the increased cost of maintenance, both of rolling-stock and permanent-way.

I have the honour to place before you the follewing evidence in proof that the new line is superior to the old on all these points, notwithstanding its greater length of 1 mile and 60 chains.

Grades and Curves.

On the original line the maximum grade, combined with the curve, gives a resistance equal to at least 1 in 48 travelling towards Christchurch, and 1 in 46 towards Brunnerton. It has a total length of curves of 1¾ miles, comprising eleven curves of 7½ chains radius, four of 9 chains, and twelve of 10 chains. On the new line within the limits of the deviation the maximum gradient is 1 in 66 towards Christchurch, and 1 in 62 towards Brunnerton; and the minimum curve is 12 chains radius.

The following data are common to both the old and the new lines for the purpose of estimating the relative train mileage per annum on each:—

The weight of engine in working order is taken at 32 tons.
The tractive force of the engine at the rails is 11,424lb.
The speed-resistance, at 10 miles per hour, is 8·58lb. per ton.
The resistance from engine friction is 18lb.
The resistance from wagon friction is 10lb.
Total speed and frictional resistances, 36·58lb. per ton.

The annual traffic over the line is assumed to be 200,000 tons of paying load per annum, giving a gross load with the trucks of 333,333 tons. Three-fourths of this is assumed to be taken towards Christchurch=250,000 tons; and a quarter towards Brunnerton=83,333 tons.

Empty trucks weighing 99,999 tons per annum will have to be returned to Brunnerton.

Data applying to the original line:—

The grade-resistance on 1 in 48 towards Christchurch is 46·666lb. plus speed and frictional resistances, 36·58 equals 83·24lb. per ton hauled.
The grade resistance on 1 in 46 towards Brunnerton is 48·695+36·58=85·275lb. per ton hauled.
The load which the engine will take up 1 in 48 is a gross tonnage of 137·24, from which take 32 tons, the weight of engine, giving a net load of 105·24 tons.
The load taken up 1 in 46 is gross 133·96 tons—32 tons=101·96 tons net.
The number of trains per annum required to convey 250,000 tons towards Christchurch is 2,375·5 and 83,333 tons towards Brunnerton is 817·3 loaded trains. Trains of empty trucks, 980·76; or a total of 4,173·56 trains per annum.
The length of the original line within the limits of the deviation is 18¾ miles, which multiplied by 4,173·56 gives 78,254·25 train miles per annum.

Data applying to the new line:—

Grade resistance on 1 in 66 is 33·93 plus speed and frictional resistances 36·58=70·51lb. per ton.
Grade-resistance on 1 in 62 is 36·12+36·58=72·7lb. per ton.
Gross load which engine will take up 1 in 66 is 162 tons, less 32 tons weight of engine, equals a net load of 130 tons.
Gross load up 1 in 62 is 157·13−32=125·13 tons net.
The number of trains on the new line towards Christchurch is 250,000÷130·01=1,922·93.
The number of loaded trains towards Brunnerton is 83,333÷125·13=665·97.
The number of light trains towards Brunnerton is 99,999÷125·13=799·16.
Total number of trains per annum 3,388·06.
Light engines back to Brunnerton, 457·8.
The number of train miles—the line being in this instance 1¾ miles longer—is 3,388·06×20·5=69,455·23.

Comparing the figures given under calculations for old and new lines, a saving is shown on the deviation of 785·5 trains in the year, or a little over 2·5 trains a day, counting 313 working days in the year, or, reduced to percentages, the saving of train miles would be 11·24 per cent. per annum.

By reference to the plans supplied to the Government by the company it will be seen that in the case of the old line the traffic has to be conveyed over a summit necessitating a rise of 190ft. more in both directions than is required on the new line.

I must now ask you to consider this question from a much wider point of view than is comprised within the limits of the deviation, and must recall to your memory the fact that it has always been part of the company's scheme of deviation to flatten the two grades of 1 in 55 and 1 in 56 on the constructed line between Brunnerton and Kaimata to at least 1 in 60, which can be readily done, as one is only 23 chains and the other 20 chains in length.

The object of reducing these grades and adopting the deviation-line is to obtain a ruling or maximum gradient of 1 in 60 between Brunnerton and the Otira incline.

I informed you that I had succeeded in obtaining this maximum gradient up the Teremakau and Otira Valleys, to the foot of the incline over Arthur's Pass.

The advantage of this long through grade is very important, not only to the company, but to the colony and the public, as it gives a considerable saving in train mileage, and consequently in the cost of transport. This is shown as follows, using the same data for both lines as before:—

Grade-resistance on 1 in 60 towards Christchurch is 37·33 plus frictional and speed-resistances, 36·58=73·91.

Gross load engine will take up 1 in 60 is 154·56 tons, less weight of engine, 32 tons, gives net load 122·56 tons.

Ruling gradient towards Brunnerton is as before, 1 in 62, and the net tonnage the engine will take up is 125·13.

The number of trains required on the line towards Christchurch, 1 in 60 grade, is 2039·81, and towards Brunnerton is 665·97. Light trains towards Brunnerton, 799·16. Total number of trains, 3,504·94.

Light engines back to Brunnerton, 574·68.

Train miles on the old line, say between Brunnerton and the Otira Station, 41.40m. × 4,173·56 trains=172,785·384.

Train miles on the new line, 3,504·94 × 43·2m. (being 1¾ miles longer)=151,413·408.

This shows a saving of 21,371·976 train miles per annum, or 12·36 per. cent. in favour of the adoption of the deviation.

Summarising the foregoing calculations, the advantages of the deviation are as follows:—

The grades on the new line are 37·5 per cent. better for traffic towards Christchurch, and 34·47 per cent. better towards Brunnerton than on the old line.

The minimum curves on the new line are 60 per cent. better in radius than the minimum curves on the original line.

Within the limits of the deviation the new line shows a saving of 11·24 per cent. train miles per annum.

The new line gives a ruling grade-resistance of 1 in 60 from Brunnerton to the Arthur's Pass incline, as against a ruling grade-resistance on the original line of 1 in 48, and over this distance the new line shows a saving of 12·36 per cent. in train miles per annum.

In addition to the above an important advantage is to be obtained on the new line by the reduction in the cost of maintenance both of rolling-stock and permanent-way owing to the curves being of greater radius.

I have, &c.,
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

No. 42.

The ASSISTANT UNDER-SECRETARY for Public Works to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 18th May, 1891.

Re Brunner deviation.—This matter is to be definitely dealt with on return of Minister. Hon. Mr. Seddon wires me that he thinks your presence in Wellington (if you can come up conveniently) on or before Friday next would probably tend to expedite matters considerably by avoiding loss of time incident upon corresponding. Please say if you can come.

H. J. H. BLOW,
Assistant Under-Secretary.

R. Wilson, Esq., C.E.,
Midland Railway Company, Christchurch.

No. 43.

The GENERAL MANAGER, Midland Railway Company, to the ASSISTANT UNDER-SECRETARY for Public Works.

(Telegram.) Christchurch, 18th May, 1891.

KINDLY inform Premier much regret cannot leave for Wellington, having appointment Timaru Thursday to Saturday. Have written fully to Minister for Public Works on all points relative to deviation. Trust for expeditious settlement. Most anxious to call for tenders for new work.

Assistant Under-Secretary for Public Works, Wellington. ROBERT WILSON.

No. 44.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 21st May, 1891.

MINISTER directs me to say that Brunner deviation matter will be dealt with by Government this afternoon, and in connection therewith directs me to ask whether the Government is to understand that if deviation assented to work will be commenced at once and prosecuted vigorously to completion; also, as matter of relative cost of original and deviation lines is of importance in view of possibility of Government taking over line eventually, would you kindly wire urgent comparative estimates of cost of both routes, and also fix maximum amount within which cost of deviation-line will be kept. Minister would also be glad if you would kindly say whether company would invite tenders for this work in ordinary way, or whether it is intended to let contract for same privately. Kindly reply by two o'clock if possible.

H. J. H. BLOW,
Acting Under-Secretary for Public Works.

General Manager, Midland Railway Company, Christchurch.

No. 45.

The Hon. the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Public Works Office, Wellington, 23rd May, 1891.

Re Brunner Deviation.—As Government understands that your company have given the assurances mentioned hereunder, and the other provisions of the law in reference to the matter having been complied with as far as possible at present, and on the provisions of paragraphs 4 and 6 hereof being duly complied with, the Government will thereon be prepared to advise His Excellency the Governor to authorise the making of the deviation in accordance with provisions "Midland Railway Contract Act, 1890," if your company will signify its concurrence in the Government's understanding of the matter as hereinafter stated. The Government understands—(1) that company will call for tenders for construction Kutuku section of deviation-line immediately Governor's assent to deviation is notified to them, as promised in your telegram of yesterday, and will also let contract for same in due course, and will further proceed without any avoidable delay with the construction of the remaining portions of the said deviation-line. The Government also understands (2) that company undertakes that the maximum cost of the deviation-line shall be within about £1,000 of the amount for which the original line between the commencing and terminating points of the deviation could have been constructed for, as expressed in your telegram of yesterday already referred to. Government further understands (3) that company undertakes to flatten grades on constructed portion of its railway between Brunnerton and Kaimata to an inclination nowhere steeper than 1 in 60, as stated in your letter 5th instant, and that this will be done on or before line is opened for traffic to the Otira Gorge. (4.) As regards the widening of the Pounamu–Lake Brunner Road, and the maintenance of a steamer upon the lake, the Government is advised that the power of attorney which you hold from your company does not empower you to execute the contract which has been entered into between the company and the Grey County Council. No doubt a contract has been entered into, but the Act contemplates a legal obligation capable of being enforced at law, and the Government is advised that in this respect the Act has not been complied with. With the view of furthering the work, however, the Government thinks that if you would agree to deposit £2,700 before the deviation is assented to, and would also obtain from your company a ratification of the contract with the Grey County, and would also deposit a further sum of £2,000 in some bank in the colony in the name of the Minister for Public Works, to be forfeitable in event of contract not being ratified by company within six months, that difficulty might be got over in that way. (5.) As regards the running of the steamer, the Government accepts the assurance contained in your letter 5th instant. (6.) Company to at once make cash deposit of £5,000 in name of Minister for Public Works as security for due completion Belgrove Contract on or before 31st December, 1892, as already arranged.

Robt. Wilson, Esq., C.E. R. J. SEDDON.

General Manager, Midland Railway Company, Christchurch.

No. 46.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch, 24th May, 1891.

IN reply to your telegram of to-day, as the works have been stopped for many months awaiting consent to deviation, company will call for tenders for Kutuku section immediately consent is notified to me, and will let contract with usual penalty clauses for non-completion within specified time. I only await instructions from England to proceed with other portions deviation. Present estimates show new line will only cost about £700 more than old, but cannot guarantee more than this. Company undertakes to flatten grades between Brunnerton and Kimata to at least 1 in 60 on or before opening to Otira. Power of attorney understood by Board to empower me to make this contract, and they have written approving my action, but I will send deed for ratification by first mail if Government wish, though quite unnecessary. Will deposit the £2,700, according to signed agreement, on receipt of your telegram that consent to deviation is given. Subject to this, will also deposit the £5,000 as already arranged, this having been imposed as a condition of the deviation, though not in original contract, but company decline to deposit any further sum of money.

Hon. Minister for Public Works, Wellington. ROBERT WILSON.

No. 47.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch, 30th May, 1891.

IN reply to your telegram of yesterday, in order to give further security for ratification of contract, I suggest, as a final settlement of the whole question, that the deposit of £5,000, already arranged as security for completion Belgrove Contract, should be also held as security for ratification by company of the agreement with the Grey Council. If you agree to this, and assure me that the consent of the Governor to the deviation will be given at once, I will deposit the £2,700, and immediately call for tenders for the Kotuku section.

Hon. R. J. Seddon, Minister for Public Works. ROBERT WILSON.

No. 48.

The Hon the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Roxburgh, 30th May, 1891.

IN reply to your telegram of this day *re* Midland Railway deviation at Lake Brunner, the suggestions therein mentioned I agree to as being fair and reasonable, and they meet requirement law as suggested by Law Officers, and on the same being given effect to, together with the understandings not so varied, and contained and mentioned in my telegram of Saturday last, and your reply thereto, you have my assurance on behalf of the Government that His Excellency the Governor will be advised to at once give his consent to the deviation. This means final settlement, and I trust the work will now proceed vigorously and satisfactorily. R. J. SEDDON.

Mr. Robert Wilson, Manager, Midland Railway Company, Christchurch.

No. 49.

The ASSISTANT UNDER-SECRETARY for Public Works to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 10th June, 1891.

Sir,— *Midland Railway.—Lake Brunner Deviation.*

With reference to your letter of 30th December last, forwarding draft agreement proposed to be entered into for the purpose of defining the conditions upon which the deposit of £5,000, agreed to be made by your company as security for the due completion of the Belgrove Section of the company's railway on or before 31st December, 1893, in order to comply with the provisions of "The Midland Railway Contract Act, 1890," is to be made and held, I am now directed by the Minister for Public Works to state that it would, apparently, be more convenient if the terms of the arrangement proposed to be made were set out at length in an ordinary letter, and also accepted by letter, rather than that they should be made the subject of a formal agreement. One of the reasons that influences the Minister in making this suggestion is that such a course will avoid the raising of any question as to the powers of either party to enter into an agreement such as the one proposed.

Assuming that you will probably see your way to fall in with this proposal, I am to forward to you the accompanying draft letter defining the terms of the arrangement, which now also refers to the ratification by your company of the contract entered into between yourself and the Grey County Council with regard to the widening of the Pounamu–Lake Brunner Road, and the maintenance of a steamer on the lake, as arranged in our recent telegrams on the subject, and to state that if you will sign the same, or a copy of it, on behalf of the company, and forward it to this office, the Minister will be prepared to reply accepting the terms on behalf of the Government.

I have, &c.,

H. J. H. BLOW,

R. Wilson, Esq., C.E., Assistant Under-Secretary for Public Works.

General Manager, Midland Railway, Christchurch.

No. 50.

The Hon. the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 10th June, 1891.

SIR,— *Midland Railway.—Proposed Deviation near Lake Brunner.*

In pursuance of previous correspondence on the above-mentioned subject, I have now the honour to state that, in view of the assurances contained in your telegram of 23rd ultimo (in reply to mine to you of same date), and the suggestion contained in your wire of 30th ultimo, that the deposit of £5,000 to be made as security for the due carrying-out of the Belgrove Contract shall also be held as security for the ratification by your company of the contract recently entered into with the Grey County Council (and which suggestion was agreed to in my telegram to you of same date), the Government is now willing to advise His Excellency the Governor to express his satisfaction that the making of the above-mentioned deviation will render your company's railway more efficient for traffic purposes on your intimating your concurrence in the Government's understanding of the matter, and on making the deposit as hereinafter mentioned.

The Government understands (*vide* your telegram of the 23rd ultimo already referred to) that you will call for tenders for the Kutuku Section of the proposed deviation-line immediately on being notified that His Excellency has consented to the said deviation, and that a contract embodying the usual penalty clauses for non-completion within specified time will be let for same without delay; also that, promptly on receipt of instructions from your directors in England so to do, you will proceed with the construction of the remainder of the deviation-line.

The Government further understands (*vide* telegram already referred to) that company's present estimates show that the deviation-line will cost only £700 more than the original line would have done, but that you are unable to guarantee the accuracy of the estimate.

It is also understood that the company undertakes to flatten the grades on the portion of its line already constructed between Brunnerton and Kaimata, to an inclination nowhere steeper than 1 in 60, and that this will be done on or before the opening of the line for traffic to the Otira Gorge.

It is further understood that the contract entered into between yourself, on behalf of the company, and the Grey County Council, in reference to the widening of the road and bridges between Pounamu and Lake Brunner, and the maintenance of a steamer on the lake, will be sent to England by first mail for ratification under the seal of the company, and that the £2,700 which

your company is to provide under the said contract will be deposited with the Minister for Public Works, instead of with the National Bank as provided in said contract, on the understanding that the amount is to be held by the Minister in trust for the Grey County Council, and to be handed over to the Council by instalments from time to time as required to meet the payments accruing due for work done in widening the road and bridges between Pounamu and Lake Brunner already referred to.

On the said deposit of £2,700, and also the deposit of £5,000 referred to in letter to you of even date herewith, being made, and bank receipts therefor being received in this office, and on a satisfactory reply being received to said letter of even date herewith, and on your also intimating your concurrence in the Government's understanding of the assurances given by your company as hereinbefore mentioned, the Government will advise His Excellency to consent to the proposed deviation of the company's railway, as required by the provisions of "The Midland Railway Contract Act, 1890." I have, &c.,

R. J. SEDDON.

R. Wilson, Esq., C.E.,
Engineer-in-Chief and General Manager, New Zealand Midland Railway Company,
Christchurch.

No. 51.

The GENERAL MANAGER, Midland Railway Company, to the Hon. MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch, 12th June, 1891.

YOUR letters of 10th inst. just received. Company, as you are aware, is bound by agreement with Grey County to deposit the £2,700 in joint names of Council and company, and unless you have already received their consent considerable delay in obtaining it will presumably accrue. I suggest making the deposit as originally agreed, and I will undertake on behalf of the company to transfer it to Minister's name, as you suggest, on your obtaining Council's consent to that course. All other terms seem satisfactory. Please wire reply.

Hon. Minister for Public Works, Wellington. ROBERT WILSON.

No. 52.

The Hon. the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 13th June, 1891.

Re your telegram of yesterday: We hold written consent Chairman Grey County on his own behalf to proposal made *re* depositing £2,700 with Minister Public Works, with undertaking by him to obtain formal consent of County Council at its next meeting. If amount is deposited with Minister, therefore, as proposed in my letter, I undertake to pay money to joint account, as provided in your contract with County, if County Council refuses consent to proposal that money be held in trust by Minister. This will make your position quite secure.

Robert Wilson, Esq., C.E., R. J. SEDDON.
Midland Railway Company, Christchurch.

No. 53.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Christchurch, 15th June, 1891.

SIR,— *Brunner Deviation.*

I have the honour to acknowledge the receipt of your two letters of the 10th instant, P.W. Nos. 89-236 and 89-243 respectively, and in reply thereto the company has no objection to the terms upon which the deposit of £5,000 is to be made being expressed in the form of a letter instead of in that of an agreement, and I therefore send herewith, duly signed, a copy of the letter defining the terms forwarded by you with the letter under reply.

The company concurs in the understanding of the Government as to the terms upon which they agree to advise His Excellency the Governor to consent to the deviation as expressed in your second letter under reply, except that as to the method of depositing the £2,700 you undertake, as stated in your telegram of the 13th instant, that if the formal consent of the Grey County Council to this money being so deposited in the name of the Minister for Public Works for the time being—instead of in the joint names of the County Council and the company, as mentioned in the agreement between them—be not given at the next meeting of the County Council, you will at once pay the money to the joint account as mentioned above.

The deposit of £5,000 and £2,700 having now being made, receipt for same and agreement from the National Bank of New Zealand to pay the amounts to the Minister for Public Works for the time being, as requested in your letters under reply, will be forwarded by the bank. The interest accruing on both these deposits must, of course, be paid to the company as previously provided.

Should the Government require any special form of ratification by my directors of the agreement with the Grey County Council, beyond affixing the company's seal thereto, please advise me thereof. I have, &c.,

The Hon. the Minister for Public Works, Wellington. ROBERT WILSON.

Enclosure No. 1 to No. 53

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Christchurch, 12th June, 1891.

SIR,— Re *Lake Brunner Deviation.*

In accordance with the proposal contained in your letter of 10th instant, and in order to comply with the requirements of "The Midland Railway Contract Act, 1890," respecting the security to be given for the construction and completion of the Belgrove Section of the company's railway before the Lake Brunner deviation is authorised by the Government, and also to provide for the due ratification by my directors in England of the contract entered into between myself, on behalf of the company, and the Grey County Council, in reference to the widening of the Pounamu–Lake Brunner road, and the maintenance of a steamer on the lake, I have now the honour to make the following proposals, namely:—

1. The company will deposit in the National Bank of New Zealand (Limited), at Christchurch, in the name of the Minister for Public Works, the sum of five thousand pounds (£5,000), to be held by the Minister as a security for the construction and completion, on or before the 31st December, 1893, of the Belgrove Section of the Midland Railway (namely, the section commencing at or near Belgrove, and extending towards Reefton), at a cost of not less than sixty thousand pounds (£60,000), in accordance with the provisions of clause 7 of the Midland Railway Contract of the 3rd August, 1888, and also as a security for the ratification, under the seal of the company, of the contract dated 16th March, 1891, hereinbefore referred to as having been entered into between myself, on behalf of the company, and the Grey County Council, in reference to the widening of the Pounamu–Lake Brunner road and the maintenance of a steamer on the lake.

2. The company will forthwith, upon such deposit being made, cause the receipt or other acknowledgment given by the bank for such deposit to be handed to the Minister, together with an undertaking in writing, by or on behalf of the bank, that payment of the amount of such deposit shall be made to the person then holding the office of Minister for Public Works, and whose receipt shall be a sufficient discharge to the bank.

3. The five thousand pounds (£5,000) shall remain bearing interest on deposit in the bank at such rates as may be agreed upon between the bank and the company, and for such time as may be agreed or required by the Minister, for the purpose of giving effect to these proposals.

4. The company will not do or suffer any act by which the deposit may be charged or affected in any way until the terms and conditions of these proposals have been fully complied with.

5. The interest accruing in respect of the deposit is to belong to the company, and may, from time to time, be transferred to the company's general account with the bank.

6. So soon as the Minister shall be satisfied that the company has expended the sum of £55,000 in the construction of the Belgrove Section, reckoning only such items as it has been agreed between the company and the Government shall be included as part of the cost of the Belgrove Section (as shown in the bond for £20,000 executed under the seal of the company in England, and bearing date the 20th February, 1891), the Minister shall forthwith take the necessary steps to realise and receive the amount of the said deposit, or such portion thereof as shall not have been previously forfeited in consequence of the refusal or neglect of the company to ratify the said contract with the Grey County Council and to notify such ratification to the Minister for Public Works, and on receipt thereof shall pay and hand over the same to the company, to be applied by it in and to the completion of the Belgrove Section before the 31st day of December, 1893; provided that, if the Minister shall incur any costs, charges, or expenses of any kind in obtaining or enforcing payment to him of the said deposit, all such costs, charges, or expenses shall be repaid by the company to the Minister, or as he may direct or require.

7. If the company fails to expend the sum of £55,000 above referred to on the Belgrove Section within such time as will allow the total sum of £60,000 to be expended on the same section on or before the 31st day of December, 1893, in terms of this proposal, the deposit of £5,000, or as much thereof as shall not have been forfeited already, shall be forfeited to Her Majesty, and shall accrue and belong to her accordingly, and be paid by the Minister into the Public Account of the colony of New Zealand, and form part of the Consolidated Fund thereof.

8. If the company neglects or refuses on or before the 31st December next to ratify under its seal the said contract, dated the 16th day of March, 1891, entered into with the Grey County Council, then the sum of £2,000, part of the said sum of £5,000 deposited as hereinbefore provided, shall be forfeited to Her Majesty, and shall accrue and belong to her accordingly, and be dealt with as provided in the last-preceding paragraph hereof.

On receipt of your approval of the above proposals the company will at once make the deposit agreed upon, with the view of the matter being laid before His Excellency the Governor, to enable him to express his satisfaction therewith, as required by "The Midland Railway Contract Act, 1890."

I have, &c.,

The Hon. the Minister for Public Works, Wellington. ROBERT WILSON.

No. 54.

The HON. the MINISTER for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 17th June, 1891.

SIR,— *Midland Railway.—Proposed Deviation near Lake Brunner.*

I have the honour to acknowledge the receipt of your letter of 12th instant, making sundry proposals on the subject of the deposit of £5,000 which is to be lodged by your company with the National Bank of New Zealand at Christchurch, in the name of the Minister for Public Works for the time being, as security for the construction and completion of the Belgrove Section of your

company's railway on or before the 31st December, 1893, and also as security for the due ratification, by the directors of your company in England, under the seal of the company, of the contract entered into between yourself, on behalf of the company, and the Grey County Council, in reference to the widening of the road, bridges, and culverts between Pounamu and Lake Brunner, and the maintenance of a steamer on the lake, and to state, in reply thereto, that I accept the said proposals on behalf of the Government. I have, &c.,

R. J. SEDDON,
Minister for Public Works.

Robert Wilson, Esq., C.E.,
Engineer-in-Chief and General Manager, N.Z. Midland Railway Company,
Christchurch.

No. 55.

The GENERAL MANAGER, Midland Railway Company, to the Hon. MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch, 17th June, 1892.

WISH to advertise Kotoku Section. Is Governor's consent to deviation yet obtained?

Hon. Minister Public Works, Wellington. ROBERT WILSON.

No. 56.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 18th June, 1891.

IN reply to your telegram of yesterday, Minister directs me to state that Governor could not be advised to consent till deposit receipts to hand from bank, and these only arrived this morning. Law Officers will now be asked to draft formal consent at once.

H. J. H. BLOW,
Acting Under-Secretary, Public Works.

R. Wilson, Esq., C.E.,
Midland Railway Company, Christchurch.

No. 57.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch 23rd June, 1891.

Re ratification of agreement Grey County, please advise if any special form desired. See my letter 15th instant.

Hon. Minister Public Works, Wellington. ROBERT WILSON.

No. 58.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch, 1st July, 1891.

HAVE not got formal consent to deviation; tenders will be received in few days, and acceptance will be delayed. Please wire.

Hon. Minister Public Works, Wellington. ROBERT WILSON.

No. 59.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 2nd July, 1891.

SIR,— *Midland Railway.—Proposed Deviation near Lake Brunner.*

In reply to your telegram of yesterday's date, I have the honour, by direction of the Minister for Public Works, to forward to you herewith a copy of the form of consent to the above-mentioned deviation of the Midland Railway, which has this day been endorsed on the Midland Railway Contract, and forwarded to His Excellency the Governor for signature. His Excellency's signature will doubtless be affixed thereto at the next meeting of the Executive Council, and when the documents are returned to this office duly signed you will be informed accordingly by wire.

As regards the last paragraph of your letter of 15th ultimo, and also in reply to your telegram of 23rd ultimo, I am to state that the Government does not require any special form of ratification by your directors of the agreement entered into between yourself on behalf of the company and the Grey County Council, provided that such ratification states clearly and distinctly that the company does ratify the contract, and the same is attested by the company's seal being affixed thereto, and duly signed in such manner as contracts made by the company are usually executed.

I have, &c.,
H. J. H. BLOW,
Acting Under-Secretary for Public Works.

R. Wilson, Esq., C.E.,
General Manager, &c., N.Z. Midland Railway Company,
Christchurch.

No. 60.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Public Works Office, Wellington, 7th July, 1891.

BRUNNER deviation: Consent duly signed by Governor this morning.

R. Wilson, Esq., C.E., H. J. H. BLOW,
Midland Railway Company, Christchurch.

No. 61.

The GENERAL MANAGER, Midland Railway Company to the Hon. the MINISTER for PUBLIC WORKS.

Christchurch, 9th July, 1891.

SIR,— *Brunner Deviation.*

I have the honour to acknowledge the receipt of the following telegram from the Under-Secretary for Public Works: "Brunner deviation: consent duly signed by Governor this morning (Wellington, 7th July);" and I now beg to inform you that yesterday I accepted the tender of Messrs. Joseph Jay and Co., which was the lowest received for the Kotuku Section, and the works will be proceeded with at once.

I have, &c.,
(The New Zealand Midland Railway Company, Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

VII.—CORRESPONDENCE ON THE SUBJECT OF THE PROPOSAL TO SUBSTITUTE AN INCLINE LINE FOR THE TUNNEL LINE AT ARTHUR'S PASS.

No. 1.

The GENERAL MANAGER, Midland Railway Company, to the Hon. MINISTER for PUBLIC WORKS.

SIR,— Christchurch, 19th August, 1891.

Midland Railway Contract.—Clause 4, re Substitution of Incline Line for Tunnel Line at Arthur's Pass.

I have now the honour to request that you will obtain the requisite permission of His Excellency the Governor for the company to construct an incline line instead of the tunnel line at Arthur's Pass.

To prove that the incline line when made will be suitable for mineral and other heavy traffic, and can be worked at a satisfactory cost, I forward herewith copies of longitudinal sections and plan of the two lines, together with copy of a full report to my directors. This will show conclusively that the incline is capable of dealing with a much greater traffic than can be anticipated.

The accompanying graphic time-table of the incline line shows that 2,884,608 tons of paying load can be taken over it during each year—an amount greater than the total tonnage carried on the whole of the New Zealand Government railways.

It will also be seen from the report that the cost of working the incline line will be less than the tunnel line on the assumed basis of 200,000 tons of paying load per annum.

I may further point out, although this question does not come within the requirements of the contract, that the saving of capital, including cost of construction and interest during the shorter period of construction, is shown to be £596,881, which, taking interest at 5 per cent., represents a saving of equal to £29,884 per annum in perpetuity. The colony will, of course, have the benefit of this reduced cost when purchasing the line from the company.

I have the honour to request your early attention to this question, as my directors are anxious to take immediate steps to make further financial arrangements.

I have, &c.,
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. Minister for Public Works, Wellington.

Enclosure 1 in No. 1.

REPORT ON THE SUBSTITUTION OF A STEEP GRADE INCLINE FOR THE ORIGINAL SUMMIT TUNNEL AT ARTHUR'S PASS ON THE NEW ZEALAND MIDLAND RAILWAY.

GENTLEMEN,— Christchurch, 14th August, 1891.

I have the honour to submit the following report setting forth my reasons for substituting a steep grade incline line, to be worked by special engines fitted with auxiliary power on the Abt system, for the long Summit Tunnel, and its costly approaches at Arthur's Pass, as surveyed on behalf of the New Zealand Government and embodied in the plans attached to the original contract between the company and the Government.

Under your instructions as Engineer-in-Chief to the company, I visited New Zealand in January, 1887, and examined the country through which the Midland Railway is to pass, and noted the desirable improvements and deviations on the line as located by the Government Engineers. On visiting Arthur's Pass I was much impressed by the formidable nature of the Summit Tunnel, and the costly approaches, especially that from the western side of the main range, which involved very heavy works, costly to maintain. The line, owing to the features of the country, was located on steep mountain sides covered by loose material. After repeated examinations of this district, I deemed it feasible and advisable to substitute a steep grade incline, passing over the saddle and descending rapidly to the river flats on both sides of the pass, and thus concentrate the most difficult work into a short section, reduce the cost of construction, and avoid having to locate a long length of line with a steep continuous grade on unstable mountain-sides, subject to constant land-slips arising from the nature of the friable rock comprising their slopes, and frequently set in motion by the heavy rainfall of the district.

The Summit Tunnel, as located by the Government surveys, was three miles and a quarter long. The ground through which it would have to be made, as far as can be ascertained, is composed of hard crystalline slate rock and sandstone, the slate rock appears much shattered, and is interspersed with innumerable minute quartz veins crossing and recrossing each other in all directions. There are also strata of a soft, broken, and shaly nature, and this appears to carry great quantities of

water—a fact which would add considerably to the cost of driving, and in my opinion many contingencies would have arisen during construction, which would not only have increased the cost over the estimates, but would also have increased the time estimated for completing the work. The original estimates for the tunnel line included the cost of lining for a quarter of a mile at each end only. From experience gained in driving this same character of rock there is great probability that the main tunnel would have to be lined throughout. Should this prove necessary, the original estimates would be increased by about £22 per yard, or in round figures about £110,000. A tunnel of this length and cost would be considered a heavy work to undertake in any densely-populated country, even to meet the requirements of very heavy traffic, and it may be well considered a much more formidable work in connection with this line and the anticipated traffic in conjunction with the present population of the district to be served by the railway.

The tunnel was laid out on a gradient of 1 in 44 against the mineral traffic from the coalfields of the Westland and Nelson Districts. It was designed for a single line of rails 3ft. 6in. guage, which necessitates a comparatively small cross-section. It is, therefore, questionable if, with the frequent passage of trains, the traffic could have been maintained throughout such a length of tunnel with so small a cross-sectional area without the aid of artificial ventilation. No provision was made in the original estimates for such a contingency. As a large tourist-passenger traffic is anticipated after the line is opened, there can be no doubt that all classes of passengers will find a greater inducement to travel on the incline line, open to air and light, with constantly-changing views of mountain scenery unsurpassed in beauty and particularly striking as seen from the incline, as against having to travel three miles in darkness in the vitiated atmosphere of a tunnel, and thus miss the grandeur of the Otira Gorge, which has induced hundreds of tourists every summer to brave the discomforts of a two-days' coach journey, many miles of which are over the rough boulders and shingle beds of the bridgeless rivers, liable to heavy floods, which often render them for a time impassable.

In addition to the uncertain and costly nature of the tunnel works, the line, on leaving the west end of it, was located in the rocky gorge of the Otira River, and on the abrupt hill-sides of the Rolleston Creek. This entailed exceptionally costly work, including many short tunnels, numerous deep rocky cuttings, high and costly retaining-walls, and several high, long viaducts. The line beyond this passed down the Otira and Teremakau River valleys, being located on the steep sides of mountains which are composed mostly of slate rock covered with a surface of loose material, unstable in character and liable to frequent landslips. There are many places on these mountain-sides formed into streams of fractured rock and shingle, known as "shingle slides." These masses of loose material are standing at the angle of repose—that is, the angle of balance—so the slightest tremor of the earth, or a disturbance caused even by a heavy rainfall or the weight of fallen snow, may at any moment put thousands of tons on these slides in motion. These shingle streams extend in some places from the foot to the highest summit of the mountains. The original line is located to pass over many of these slides, and it would have been impossible to maintain a line on such ground at reasonable cost. These shingle slides are continually being supplied by the disintegration of the rock at the bare rugged summits, accelerated by the heavy rainfall of the district penetrating the innumerable and varied cleavages of the slate rock, which is ultimately fractured and loosened by the winter frosts. The surveyed line at these places would have to be altered to avoid these serious difficulties, and most probably thrown back into tunnel to allow the streams of shingle to flow uninterruptedly over them. This would have increased the original estimates. A line located on such rough ground as these loose hill-sides, besides being abnormally costly to maintain, involves a doubt as to the ultimate first cost of construction, which could only be definitely ascertained upon opening up the ground.

On my return to London I submitted a report to you on this subject of substituting an incline for the tunnel line, and afterwards, on your instructions, visited the Hartz Mountain Railway in Germany, on which the Abt system was adopted, and over this line is now transported heavy mineral traffic in conjunction with steep gradients. On receiving my reports on the Abt system and the Hartz Railway, negotiations were entered into by you with the New Zealand Government, who were then modifying the contract with the company, and a clause was inserted empowering the company to construct an incline line instead of a tunnel line. This clause, No. 4 of the contract, reads in part as follows: "The company may construct the incline line instead of the tunnel line, if the Governor, after having obtained the opinion of two eminent engineers to be nominated by him, is satisfied that the incline line when made will be suitable for mineral and other heavy traffic, and in his opinion worked at a satisfactory cost." In my opinion this report will show that both these stipulations will be fully met by the incline line now instituted for the tunnel line. The report on the Hartz Railway, which I had the honour to submit to the Board, gave full particulars of the details of the Abt engine and centre rack-rail. I may mention that I also submitted a report on the same subject to the New Zealand Government as their then joint Consulting Engineer in London, after making a special visit to the Hartz Railway, accompanied by the Agent-General for the New Zealand Government, Sir Francis Dillon Bill. I therefore need not now enter into the details of the Abt system of incline with which you and the New Zealand Government are conversant.

On returning to New Zealand in 1889 to take charge of the construction of the railway on behalf of the company, I again made a close examination of the country at and near Arthur's Pass. These further investigations confirmed the opinion formed on my first visit to New Zealand as to the advantages of substituting the Abt incline for the Summit Tunnel. After fixing the general direction and location of the incline line, I completed the detail surveys and estimates. These surveys, from the rugged nature of the country, covered with dense bush on the lower part of the mountains, were difficult and costly to make, and required great skill and daring on the part of my staff, and necessitating in places many trial lines to get the best location.

Much time and care has been taken in fixing the position of the line to insure a minimum cost of construction, as well as to place it on solid ground, so as to reduce the cost of maintenance in the future. Having now the surveys and estimates for the original tunnel line as well as for the

newly-surveyed incline line, I am enabled to compare their respective cost of construction, time for completion, their capacity for traffic, and their cost of working and maintenance. The comparisons which I give in detail show that I was fully justified in submitting my proposals to change the location of the line.

From the "0" peg at Springfield to 42 miles 25 chains, the centre of the Bealey Station, the original line as surveyed and laid out is not influenced by the change in plan from the Summit Tunnel to the Abt incline. This section remains common to both, and does not enter into the comparative calculations of cost of working the two sections. The section directly affected is 21 miles 77 chains long on the original tunnel line, and is reduced in length to 21 miles 3·74 chains on the new line being comprised between Bealey Station on the east side and Jackson's Station on the western side of the range. The following are brief descriptions of the original tunnel line and the incline line included in the section affected by this change of location:—

Description of Tunnel Line.

The original tunnel line ascends towards the tunnel from the eastern side of the range with gradients of 1 in 61 and 1 in 50. For one mile it passes along steep hill-sides of shingle and clay, then crosses the Bealey River, is located close to this on very rough rocky mountain slopes until it enters the Summit Tunnel three miles and a quarter long on the straight, with a descending gradient towards the west of 1 in 44 against the anticipated traffic.

Coming out of the tunnel at 46 miles 70 chains from Springfield, the line crosses the Otira, and was laid out on the left-hand side of the Otira Valley, descending on a uniform gradient of 1 in 50 for fifteen miles, with numerous curves, with a minimum radius of 7½ chains. The valley it descends is much steeper than the line, consequently the line would have had to pass through a dividing spur of the mountain by tunnel into the valley of the Rolleston Creek, which it follows upwards for a mile. It crosses the Rolleston Creek on a viaduct curved so as to form a complete semicircle of 7½ chains radius. The line from the west end of the tunnel to the Rolleston Creek Viaduct was laid out on very steep rocky mountain sides, the work was exceptionally heavy, with deep cuttings, high embankments, eight short tunnels, numerous retaining-walls of considerable height, one bridge of 140ft. span, two of 60ft., and the Rolleston Viaduct of 420ft. long and 90ft. high.

From the Rolleston Viaduct at 49 miles 29 chains the line was laid out on the steep mountain sides of the left hand of the Otira Valley, descending with a uniform gradient of 1 in 50, with numerous curves of 7½ chains radius to 60 miles 70 chains, after which the gradients were much flatter. Six miles of this last section is heavy work, with deep cuttings and high embankments, the longer cuttings being rock, and the shorter being loose broken stones, shingle, and clay. There are three short tunnels, one viaduct 420ft. long and 130ft. high, one 800ft. long and 170ft. high on a semicircular curve of 7½ chains radius, the second one of this description on the line; also five bridges from 100ft. to 150ft. spans, and numerous retaining-walls of considerable height. A mile and a half of this section from Rolleston Viaduct was laid out on the very steep mountain side on which are many loose shingle slides, all liable to slips and to falls of rock and shingle. In fact, the entire length from Rolleston Viaduct to 60 miles 70 chains would have been costly to maintain and more or less liable to slips.

To facilitate the construction of the Summit Tunnel there would have to be four shafts, varying in depth from 300ft. to 460ft. The material would be hard crystalline slate and sandstone, much broken and shattered, and probably containing great quantities of water. The estimated time for the construction of this tunnel was four years and a half, and it was taken for granted that only about half a mile would require lining with concrete or brickwork; but it is more than probable that the whole would require lining, in which case the time required to complete the tunnel would have been at least five years.

The gradient of 1 in 50 descending towards the west for fourteen miles, with numerous curves of 7½ chains radius, would be equivalent to 1 in 44 on the straight. There was one siding placed at the middle of the incline and one at the mouth of the tunnel at the top end, which would allow two trains descending and one ascending to be on the incline at the same time, or about twelve trains per day ascending the incline of 1 in 50. At 60 miles 70 chains the original tunnel line joins the new line, and for a little over three miles they both run over much the same ground, and the work is similar in each.

Description of the Incline Line.

The incline line starting from the Bealey Station, the point common to both lines, ascends for 52 chains a grade of 1 in 52.31 to a level crossing-siding at the mouth of the Bealey Gorge. From this point it rises on a varying steep gradient fitted with the rack-rail, the maximum being 1 in 15, to the summit of the pass, a distance of 2 miles 55 chains from Bealey Station. The work is comparatively light on this section, including one short tunnel through a rocky spur and three short bridges. On the summit there is another crossing-siding. From this the line commences to descend to the west with a maximum gradient of 1 in 15 for 74 chains, being on the right-hand side of the valley. At this point there is a third crossing-siding located on the flat land below the second summit. The works on the section from the summit to the third crossing-siding are not very heavy, and include one tunnel 14⅔ chains long and two short bridges. At this third crossing-siding the line passes over from the right-hand to the left-hand side of the valley, and thus avoids the broken unstable ground above the great landslip at the head of the Otira Gorge. The line passes on to high solid rocky cliffs, which overhang the deep gorge of the river at this point, and descends on a grade of 1 in 15 for 1 mile 38 chains to the fourth level crossing-siding situated on the leading spur which divides the valleys of the Otira and Rolleston Creeks. The works between the third and fourth crossings are very heavy, the line cuts through several spurs of rock extending from the face of the cliffs back to the mountains behind. These rocky spurs are separated by mostly narrow and some of them deep gullies, which have to be bridged. There are five short tunnels on this section 5½, 11, 9¾, 29½, and 31½ chains in length. There are also five bridges, the most important of which is over Park's Creek, requiring one span of 80ft., two of 55ft., and two of 33ft., the greatest height from the creek bed to formation-level being 123ft., the only high

viaduct on this line. The next bridge of importance is one span of 132ft., another bridge with one span of 100ft., and two small span bridges of 44ft.

Beyond this fourth crossing place the line curves round the before-mentioned dividing spur, and goes in a direction up the Rolleston Creek for 50 chains, descending all the time on a grade of 1 in 15. At this point is situated the fifth level crossing-siding, combined with the Switchback siding. At this point the direction of the line is reversed and goes down the Rolleston Creek, being located on the same mountain slope, but below the level of the line from the fourth crossing to the Switchback. The descent is continued on a maximum gradient of 1 in 15 for 1 mile 45 chains, to the sixth level crossing-siding at a point on the righ-hand side of the Otira River at the mouth of the gorge. The works between the fourth crossing and the Switchback are not exceptionally heavy, and include two short tunnels of 1½ and 2½ chains, and one short bridge of 44ft. span. Between the Switchback and the gorge crossing the works are very heavy, and include five short tunnels through rocky spurs, their lengths being 1½, 2, 3½, and 4½ chains; there are three bridges required of 44ft. spans, and one over the Otira River with cylinder piers, four spans of 66ft. and two of 22ft. At the end of the level at the sixth crossing there is a length of 28·50 chains of rack-laid line on a grade of 1 in 21 leading on to the level bridge which the line crosses to reach the left-hand bank of the Otira River, below its junction with the Rolleston Creek. Beyond this there is 21 chains of rack-laid line on a grade of 1 in 20, the line flattening to 1 in 52 without the rack, as it leads on to the level of the Otira Station yard. The two last-mentioned short lengths of rack were introduced to obtain a convenient bridge-crossing, and to bring the line down to the level of the permanent flat on which the Otira Station is situated. On this last section the important works are the Otira Bridge with seven spans of 66ft., on cylinder piers, and a bridge over Warnock's Creek on cylinder piers of two 80ft. spans.

The incline section comprised between the centre of the Bealey Station and the Otira Station is 9 miles 35 chains, the total length of rack-laid line between these points being 7 miles 12·50 chains. The minimum curve on the section is 12½ chains radius. The line is located on sound rocky ground, and although the works are very costly owing to the nature of the country, they are concentrated into a short section, and the whole of the incline line will be cheaply and easily maintained. Each of the six passing places is capable of holding four full trains, two on the up and two on the down journey. From the Otira Station to Jackson's Station, 11 miles 48·74 chains, the line is located on the flats near river level; in places it is close to or on the river bed, at other parts it is well back on the flat ground away from the river. The two first miles from Otira Station are heavy in earthwork, but very light for the remainder of the distance. There are two small bridges on the section requiring 44ft. spans, the maximum gradient is 1 in 60, but much flatter in many parts. Where the line is located close to and on the river bed, ample provision is made in the estimates for heavy rock protective works; for this purpose there is an almost inexhaustible supply of large boulders on the mountain slopes laying close to the line; these provide a convenient and cheap supply of pitching materials, such as will give efficient protection against the river, and at the same time provide material for cheaply maintaining these works in the future.

In comparing the descriptions of the two lines, it must be noted that the original tunnel line had a continuous gradient of 1 in 44 and of 1 in 50 from the east end of the tunnel for a distance of 17 miles 18½ chains. This grade is against the anticipated heavy traffic. The grade of 1 in 50 is, with its curve-resistance, equal to 1 in 44, which is therefore the ruling gradient or limit of engine-hauling power over the section. The traffic from east to west would have to be lowered over this 17 miles 18½ chains by means of the ordinary friction-brake on the engine and train. This would have been a source of danger during unfavourable weather as well as increasing the charges of maintenance of the rolling-stock. The descent of the train on the incline is regulated by a system of brakes or resistance to the descent, obtained through the rack-rail and engine. This gives a perfect control of the train without heavy frictional wear. The brake arrangement, after a long trial, has been termed a "perfect system" by engineers of experience, and as such will render the descent on the rack-line on a maximum gradient of 1 in 15 safer than the descent of a train controlled by the ordinary brake on the long gradient of 1 in 50.

Capacity of the Incline for Traffic.

In the estimates it is provided for laying the incline section with steel rails weighing 75lb. per yard on the steel sleepers, together with the Abt system of rack-rail and fittings of the greatest strength and most improved design yet introduced, similar to those in use on the Hartz Mountain Railway, on which nearly the whole is heavy mineral traffic, principally ironstone. This line is now proved by a lengthened experience to be successfully worked by the Abt system, and is shown to be suitable for the heaviest mineral traffic. Powerful engines on the Abt system are included in the estimates. These will weigh about 52 tons loaded, and be capable of hauling a train-load of 118 tons up to a maximum grade of 1 in 15, which is to be fitted with three steel rack-bars. The incline section, as before mentioned, will be laid out with six level passing sidings; each of these is sufficiently long to allow four fully-loaded trains to pass each other at the same time, two going up and two going down the line.

This arrangement allows two trains following one another closely so that double loads can be taken over the line. It has been found preferable to do this, and not to couple two engines to one long train when working over the rack, as it is the usual practice on the ordinary adhesion line. The capacity of the incline with the six crossing-sidings is so great that for many years all these need not be brought into service. I append a graphic time-table for the incline section, which shows that eight engines can be employed on it, and sixteen journeys each way can be made within twelve hours, allowing ample margin for time of stoppages at the crossings and terminal stations. A speed of six miles per hour only is assumed for the rack-laid line.

Each engine will take 118 tons of train-load. Allowing 46 tons for wagons, equals a paying-load of 72 tons; this multiplied by sixteen journeys equals 1,152 tons each way, or 2,304 tons both ways in the twelve hours. It is shown that two trains, or double the load, can be carried over during the same time, which would equal 2,304 tons each way, and 4,608 tons both ways in the

twelve hours. As the rack-engine can be worked throughout the whole of the twenty-four hours like an ordinary engine, the capacity is thus doubled, being 9,216 tons in the twenty-four hours, and for a year of 313 working-days the capacity is 2,884,608 tons.

On the original tunnel line there was a siding sufficient in length to admit a single train arranged for in the middle of the long-grade approach from the west, and another at the eastern end of the tunnel. Taking a speed of ten miles per hour, the capacity was one train per hour, including stoppages. The engine can take, say, 96 tons of train-load up 1 in 44 at ten miles per hour, equal to a paying-load of 58·5 tons multiplied by 12, equals 702 tons in twelve hours, or working twenty-four hours per day for 313 days, equals a capacity of 439,452 tons paying-load per annum. The incline has therefore a possible capacity of over six times that provided for on the original tunnel line.

A more comprehensive idea of the ultimate capacity of the incline may be gathered from the fact that the total tonnage of goods, &c., carried over the New Zealand lines of railway, taken from the returns of 1891, was 2,134,023 tons. It is almost superfluous to point out that anything approaching the traffic limits of the incline cannot be expected even in the comparatively distant future, or was ever anticipated in laying out the original tunnel-line. Although provision has been made in the surveys for the incline-line for six passing sidings, all of these need not be constructed until they are required.

Comparative Estimate of Cost of Working the Traffic over the original Tunnel Line and Incline Line.

To arrive at a comparative estimate of the cost of working the original and incline lines data must necessarily be assumed for calculations. These and the calculations are given in tabulated form from letters A to N. An assumed paying traffic of 200,000 tons is taken as being carried over each line. This gives a gross load, including weight of wagons, of 333,333 tons. It is anticipated that the traffic will be much heavier from west to east than from east to west; therefore, of the total 333,333 tons, 250,000 tons are assumed to be carried from west to east, and 83,333 from east to west—that is, from Christchurch to Brunnerton, and, passing over the section under consideration from Bealey Station to Jackson's Station. It would therefore be necessary to return 99,999 tons of empty trucks from east to west to meet the difference of traffic, making a total load of 183,332 tons going from east to west, and 250,000 tons from west to east. As pointed out in the description of the two lines, the ruling gradient of the original tunnel line against the west to east traffic is 1 in 44, and against the east to west traffic is 1 in 50·3. The ruling gradient against the west to east traffic on the incline line is the limit of load of the rack-engine on 1 in 15, or equivalent to 1 in 59 on an adhesion line, and the same against the traffic from east to west. The load which any given engine will take over the line is in proportion to the ruling gradient (see Table C). This, therefore, becomes the standard of traffic efficiency. The flatter the gradient, or, in other words, the less the grade-resistance the greater the load the engine can haul over it; and it follows the greater the load the engine can take each journey, the fewer journeys it has to make to transport a given weight of traffic (see table B), and as each fully-loaded journey will entail the same charges per train-mile, the greater the weight of paying-load carried each journey decreases the cost per ton hauled, which directly in proportion affects the cost of working the railway.

The cost of working per train mile (Table F) is based upon the actual figures obtained from the published report of the Commissioners of the New Zealand Government Railways of March, 1891. The cost of working the Abt engines on this section (Table G) is based on the cost of working the Fell engines on the Rimutaka incline, fitted with a somewhat similar auxiliary power, and working on the same maximum gradient of 1 in 15 (see Government Return No. 23). I anticipate that the Abt system will show better results than those obtained from the Fell engine, owing to many improvements of mechanical detail; and the longer incline will keep the engines more fully employed. But for the purposes of estimate I take the actual cost of the engines now at work in New Zealand. Table E gives the number of train miles over each section.

Tables H, I, J give the cost of working per train-mile over different sections of line affected by local conditions, such as increased cost of maintenance. &c. Table K is the estimated cost of working the assumed traffic on the original tunnel line over the section between Bealey and Jackson's Stations, and Table L is the estimated cost of working the same traffic over the incline line on the same section. Table M gives the cost of working the assumed traffic to Jackson's and Brunnerton by trains governed by the ruling gradient on the original tunnel-line section, and Table N on the same basis, the same traffic over the ruling gradient on the incline section. Referring to Table K, the cost of working the assumed traffic on the basis taken for the original tunnel section is £25,319 17s. 1½d., and for the incline line £21,993 3s. 9d., showing a saving in favour of the incline line of £3,326 13s. 4½d. per annum. From Tables K, L, M, N, treating the traffic between Jackson's and Brunnerton on the basis of the through traffic loads governed by the ruling gradients which can be carried over the respective lines on the section between Brunnerton and Bealey, on this basis of cost the difference in favour of the incline is £5,093 7s. per annum:—

TABLE A.—Speed and Frictional Resistances of Engines and Wagons.

Speed-resistance per ton hauled at ten miles per hour	= 8·5lb.
Frictional resistance of engine per ton hauled	= 18 "
" wagons "	= 10 "
	36·5lb.

TABLE B.—Resistance due to Gradients per ton hauled, *plus* Frictional and Speed-resistances.

	Per ton hauled.
Gradient 1 in 44 $= \frac{2240}{44} = 51 + 36·5$ (A)	= 87·5 lb.
" 1 in 50·3 $= \frac{2240}{50·3} = 44·53 + 36·5$	= 81·03 "
" 1 in 60 $= \frac{2240}{60} = 37·33 + 36·5$	= 73·83 "
" 1 in 52·3 $= \frac{2240}{52·3} = 42·83 + 36·5$	= 79·33 "

TABLE C.—Net Weight in Tons hauled up Different Gradients by the Adhesion Engine, weighing 32 Tons; the net weight is the gross, less the Weight of the Engine.

Gradient 1 in 44,	$\frac{11200}{87{\cdot}5}$	tractive force resistances (B)	= 128	− 32 weight of engine	= 96 tons
„ 1 in 50·3,	$\frac{11200}{81{\cdot}03}$	„	= 138·22	− 32 „	= 106·22 „
„ 1 in 60,	$\frac{11200}{73{\cdot}83}$	„	= 151·69	− 32 „	= 119·69 „
„ 1 in 52·3,	$\frac{11200}{79{\cdot}33}$	„	= 141·18	− 32 „	= 109·18 „

„ 1 in 15, the rack engine will take up this grade ... ... 118 tons net

TABLE D.—The Number of Trains per Annum required to transport 250,000 Tons to Christchurch and 183,333 to Brunnerton over the Ruling Gradients on the Tunnel Line and on the Incline Line respectively.

			Trains per annum.
Tunnel line—			
Ruling gradient to Christchurch, 1 in 44,	$\frac{250000}{96}$	tons weight hauled (C)	= 2604·16
„ Brunnerton, 1 in 50·3,	$\frac{183333}{106{\cdot}22}$	„	= 1725·97
Incline line (rack engine)—			
Ruling gradient to Christchurch, 1 in 15,	$\frac{250000}{118}$	„	= 2118·6
„ Brunnerton, 1 in 15,	$\frac{183333}{118}$	„	= 1553·67

Local conditions will affect the cost per train-mile on different sections of both tunnel and incline line, owing to the increased cost of maintenance and locomotive and wagon charges. The following Table (E) separates the sections and gives the train miles per annum on each to transport the assumed traffic in both directions:—

TABLE E.

	M. ch.			
Tunnel line to Christchurch—				
E_1 Easy grades	9 59	× 2,604·16	trains (D)	= 12,337·208
E_2 Main tunnel	3 16	× 2,604·16	„	= 8,333·312
E_3 1 in 50, long grade, bad country ...	14 02	× 2,604·16	„	= 36,523·344
	21 77			57,193·864
Tunnel line to Brunnerton—	M. ch.			
E_4 Easy grades	4 59	× 1,725·97	trains (D)	= 8,176·783
E_5 Main tunnel	3 16	× 1,725·97	„	= 5,523·104
E_6 1 in 50, long bank, bad country ...	14 02	× 1,725·97	„	= 24,206·730
	21 77			37,906·617
Incline line to Christchurch—	M. ch.			
E_7 Rack-laid line	7 12·50	× 2,118·6	trains (D)	= 15,161·232
E_8 Adhesion section	13 71·24	× 2,118·6	„	= 29,428·414
	21 3·74			44,589·646
Incline line to Brunnerton—	M. ch.			
E_9 Rack-laid line	7 12.50	× 1,553·67	trains (D)	= 11,118·451
E_{10} Adhesion section	13 71·24	× 1,553·67	„	= 21,581·254
	21 3·74			32,699·705

TABLE F.—Average Cost per Train Mile on the New Zealand Government Railways (Report of of March, 1891, Return No. 4), taken as Cost of Working the Light-graded Portion of the Tunnel Line and Incline Line.

	d.
Maintenance	20·01
Locomotives	14·26
Carriage and wagon repairs	5·49
Traffic expenses	16·04
General charges	1·84
Sundries	·45
	58·09

TABLE G.—Cost of Working per Engine Mile for Fell Engines (Central-rail System on Gradients of 1 in 15), Return No. 23, March, 1891, compared with Cost of Abt Engine.

	Fell. d.		Abt. d.
Repairs, wages, and materials	22·00	...	22·00*
Stores	·50	...	·50*
Fuel	12·04	...	6·02†
Wages	8·53	...	8·53*
	43·07		37·05

* Unchanged. † Fuel, 15s. per ton on West Coast, as against £1 10s. on Rimutaka incline.

TABLE H.—Estimated Cost per Train Mile to Work the Long Gradient of 1 in 50 over bad ground on Tunnel Line.

	Average Cost on New Zealand Government lines, the same cost being taken for Light Grades of Tunnel Line.		Increased Cost of Working 1 in 50 Section of Tunnel Line.
Maintenance	20·01	...	= 26·68 *
Locomotives	14·26	...	= 15·686†
Carriage and wagon repairs	5·49	...	= 6·039†
Traffic	16·04	...	= 16·04 ‡
General Charges	1·84	...	= 1·84 ‡
Sundries	·45	...	= ·45 ‡
	58·09	...	66·735

* Increased one-third. † Increased one-tenth. ‡ Unchanged.

TABLE I.—Estimated Cost per Train Mile to Work Main Tunnel Section on Original Tunnel Line.

	Average Cost on New Zealand Government Lines.		Estimated Cost Tunnel Section.
Maintenance	20·01	...	20·01 *
Locomotives	14·26	...	15·686†
Carriage and wagon repairs	5·49	...	6·039†
Traffic	16·04	...	16·04 *
General charges	1·84	...	1·84 *
Sundries	·45	...	·45 *
	58·09		60·155

* Unchanged. † Increased one-tenth.

TABLE J.—Estimated Cost per Train Mile to Work the Abt Rack Section.

	Average Cost on New Zealand Government Railways. d.		Estimated Cost Abt Section. d.
Maintenance	20·01	...	26·68 *
Locomotives	14·26	...	37·05 †
Carriage and wagon repairs	5·49	...	6·039‡
Traffic	16·04	...	16·04 §
General charges	1·84	...	1·84 §
Sundries	·45	...	·45 §
	58·09		88·099

* Increase, one-third. † New figure (Table G). ‡ Increase, one-tenth. § Unchanged.

TABLE K.—Cost of Working the assumed Traffic on Tunnel Line between Bealey and Jackson's Stations.

		£	s.	d.
To Christchurch—				
Easy grades, train miles = 12,337·208 (E_1) × 58·09 (F) ... =		2,986	2	4½
Tunnel section, " = 8,333·312 (E_2) × 60·065 (I) ... =		2,085	11	8¼
Long grade 1 in 50 " = 36,523·344 (E_3) × 66·735 (H) ... =		10,155	15	5¼
To Brunnerton—				
Easy grades, train miles = 8,176·783 (E_4) × 58·09 (F) ... =		1,979	2	5¼
Tunnel section, " = 5,523·104 (E_5) × 60·065 (I) ... =		1,382	5	5
Long grade 1 in 50 " = 24,206·730 (E_6) × 66·735 (H) ... =		6,730	19	0
Total		£25,319	17	1¼

TABLE L.—Cost of Working the Assumed Traffic on the Incline Line between Bealey and Jackson's Stations.

		£.	s.	d.
To Christchurch—				
Rack-laid line, train miles = 15,161·232 (E_7) × 88·099 (J) =		5,565	7	5¼
Adhesion line, " = 29,428·414 (E_8) × 58·09 (F) =		7,122	18	0½
To Brunnerton—				
Rack-laid line, train miles = 11,118·451 (E_9) × 88·099 (J) =		4,081	7	0¼
Adhesion line " = 21,581·254 (E_{10}) × 58·09 (F) =		5,223	11	3
		£21,993	3	9

	£	s.	d.
Difference between K and L in favour of L, incline line, cost per annum	3,326	13	4¼

TABLE M.—Showing the Cost of Working the Through Traffic on the Original Tunnel Line between Brunnerton and Jackson's, on the Basis of a Ruling Gradient of 1 in 44.

	Train miles.	d.		£	s.	d.
Brunnerton to Jackson's—						
31m. 79ch. × 2,604·16 (D) =	83,300·568 ×	58·09 (F) =	...	20,162	4	2
Jackson's to Brunnerton—						
31m. 79ch. × 1,725·97 (D) =	55,209·466 ×	58·09 (F) =	...	13,362	19	10
				£33,525	4	0

TABLE N.—Showing Cost of Working the Through Traffic on the Incline Line, between Brunnerton and Jackson's, on the Basis of a Ruling Gradient of 1 in 59, equivalent to Rack Engine on 1 in 15.

	Train miles.	d.		£	s.	d.
Brunnerton to Jackson's—						
31m. 79ch. × 2,118·6 (D) =	67,768·718 ×	58·09 =	...	16,402	17	2
Jackson's to Brunnerton—						
31m. 79ch. × 1,553·67 (D) =	49,698·019 ×	58·09 =	...	12,028	19	10
				£28,431	17	0

	£	s.	d.
Difference in favour of incline line, 1 in 15 ruling grade, per annum	5,093	7	0

ESTIMATED Cost of the Original Tunnel Line, from the Junction of the Government Line at Springfield to Jackson's Station on West Coast.

	£	£
0m. 0ch. to 43m. 41·60ch., east end of tunnel, original estimate	569,486	
Add for increase for bridges, which were underestimated	19,595	
		589,081
43m. 41·60ch. to 46m. 68·60ch., main tunnel, original estimate	307,604	
Extra lining for tunnel	100,000	
		407,604
46m. 68·60ch. to 67m. 50·66ch., end of Napier Bell's survey on Bruce's paddock, original estimate ...	458,024	
Add for extra bridges, underestimated	10,035	
	468,059	
Deduct distance from 64m. 22ch., Jackson's Station, from 67m. 50·66 = 3m. 28·60ch.	25,000	
		443,059
Add for extra rolling-stock, as provided, in addition in incline estimate		12,047
		1,451,791
Engineering and administration, 10 per cent.		145,179
		£1,596,970

ESTIMATED Cost of Incline Line from Springfield to Jackson's Station.

	£	£
0m. 0ch. to 43m. 41·60ch., east end of tunnel, as per estimate for original line, including extra for bridges	589,081	
Deduct 1m. 16·60ch., from 42m. 25ch. to 43m. 41·60ch., included in estimate of incline section below ...	25,000	
		564,081
Incline section, Bealey Station to Otira Station ...	...	344,410
Otira Station to Jackson's Station	...	86,000
Extra rolling-stock provided, including Abt engines, £17,953 + £12,047	...	30,000
		1,024,491
Engineering and administration, 10 per cent.	...	102,449
		£1,126,940

	£
Original line with tunnel	1,596,970
Incline line	1,126,940
Difference in favour of incline line	£470,030

INTEREST during Construction based on the Assumption that this is only chargeable on Works as constructed during the period of Construction.

	£
Original tunnel line: Cost, £1,596,970, divided by 5 years, gives an annual expenditure of £319,394, at 5 per cent. ...	15,969·7
Therefore, 319,394 at 5 per cent. = 15,969·7 × 5 years = ...	79,848·5
" × 4 " = ...	63,878·8
" × 3 " = ...	47,909·1
" × 2 " = ...	31,939·4
" × 1 " = ...	15,969·7
Total interest during construction	£239,545·5

	£
Incline line: Cost, £1,126,940, divided by 3 years, gives an annual expenditure of £375,646, at 5 per cent.	18,782·3
Therefore, 18,782·3 × 3 years = ...	56,346·9
" × 2 " = ...	37,564·6
" × 1 " = ...	18,782·3
Total interest during construction	£112,693·8

	£
Original line—Total interest during construction	239,545·5
Incline line—Total interest during construction	112,693·8
Difference in favour of incline line...	£126,851·7

Total saving by substituting Incline for Tunnel.	£
Saving on cost of construction	470,030
Saving on interest during construction	126,851·7
	£596,881.7

Taking this at 5 per cent., it represents a charge for interest of £29,844·085 per annum.

In conclusion, I beg to state that, in my opinion, there is no doubt that the substitution of the incline line at Arthur's Pass for the original tunnel line must be, in every sense, an important advantage to the New Zealand Midland Railway Company, and must also react favourably upon the Colony of New Zealand, and that the Governor in Council can have no reason for withholding the requisite consent for the substitution under the terms of the contract, because the successful manner in which mineral traffic of the heaviest description has been transported for years over the Hartz Mountain Railway, which is fitted with the Abt system of auxiliary power, similar to that proposed by me to be used on the incline line at Arthur's Pass, together with the experience obtained on other lines since fitted on the same plans, must be accepted as proof that this system of incline will be "suitable for mineral and other heavy traffic," because in general details of centre rack and engine power it will be similar to that proved by experience to be successful on the Hartz Mountain and other railways. At the same time, the maximum gradient is no steeper, and the minimum curves no sharper, than those on the Rimutaka incline line, which has been constantly and satisfactorily worked by the Government in this colony for many years. Moreover, the graphic time-table I have submitted with this report shows that the incline, as laid out, is capable of dealing with more than six times the traffic that the original tunnel line plans provided for, and that the tonnage carried during the financial yearly period ending 31st March, 1891, over the whole of the New Zealand Government Railways, a length of 1,842 miles, can be carried over the incline during an equal period of time. There can be, therefore, no question as to the traffic capacity of the incline.

That the line can be worked at a satisfactory cost is shown by my comparative estimates of cost of working the two lines over the sections affected by the change of location, and over the longer section between Brunnerton and Bealey Station.

These estimates are, of course, hypothetical, like conditions being common to both, and as such they may be questioned in minor details or on total amount; but I maintain that their relative proportionate costs must remain closely approximate in result, which is in a great measure governed by the ruling gradients on the two lines, and there can be but one conclusion arrived at by engineers of experience: that the long continuous grade of 1 in 50, located by the original tunnel line plans on the unstable mountain sides of the Otira and Teremakau Valleys, could not be maintained except at an abnormal cost, the one-third added for maintenance over the average cost throughout New Zealand for this section is more likely to be below than above the true figure. The cost of working the incline is based on the actual cost of working the Fell engines on the Rimutaka incline, which is thus an unquestionable figure to assume, and more likely to be reduced than exceeded in practice.

The most striking feature in the substitution of the incline for the original tunnel line is the important saving shown in the comparative estimates of cost of constructing the two lines. These show that a saving of £370,000 would be effected by adopting the incline, if the main tunnel on the original line did not require lining throughout its length; this proving necessary, which, in my opinion, would be the case, the difference becomes £470,000. This saving is shown to be greatly increased when the relative time of completion of the two lines is taken into consideration, together

with the contingent interest on the capital expended during this period. The economy effected is shown to be:—

	£
Difference in cost of construction	470,000
Interest during " "	126,851
	£596,851

This amount, at 5 per cent. per annum, is equal to £29,844 difference in interest-charges in perpetuity. This saving must most favourably affect the prosperity of the company, and, as a natural sequence, will ultimately equally favourably affect the Colony of New Zealand.

I have, &c.,
ROBERT WILSON, F.R.S.E., M.Inst.C.E.

The Chairman and Directors,
New Zealand Midland Railway Company (Limited).

No. 2.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

Christchurch, 5th September, 1891.

SIR,— *Substitution of Abt Incline for Summit Tunnel at Arthur's Pass.*

Referring to my letter of the 19th ultimo, I have the honour to inquire what steps have been taken towards procuring the consent of His Excellency the Governor to the proposed alteration in the line at Arthur's Pass.

I may point out again that this is a question of the utmost importance to my directors in view of early financial arrangements, and I am anxious to have the question decided at an early date.

I have, &c.,
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works,
Wellington.

No. 3.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 17th September, 1891.

Midland Railway.—Substitution of Abt Incline Line for Tunnel Line at Arthur's Pass.

SIR,—

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 5th instant, on the above-mentioned subject, and in reply to state that the matter is now being carefully inquired into by the professional officers of the department.

I have, &c.,
H. J. H. BLOW,
Acting Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, New Zealand Midland Railway, Christchurch.

No. 4.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

(Telegram.) Christchurch, 19th October, 1891.

WHEN shall I receive reply my letter of August 18th on Abt system. Reply.

The Hon. the Minister for Public Works, Wellington. ROBERT WILSON.

No. 5.

The ACTING UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 19th October, 1891.

MINISTER absent on West Coast. Letter *re* Abt system still under action by engineering officers.

H. J. H. BLOW,
Acting Under-Secretary for Public Works.

Robert Wilson, Esq., C.E., Midland Railway, Christchurch.

No. 6.

The RESIDENT ENGINEER, Wellington, to the ENGINEER-IN-CHIEF.

The Engineer-in-Chief.

I BEG to make the following remarks on Mr. Wilson's report on the substitution of an Abt incline for the original tunnel line at Arthur's Pass, New Zealand Midland Railway.

Tunnel.—Mr. Wilson's addition of £100,000 to the estimated cost of the tunnel is hardly justifiable, even though he may hold that the length to be lined has been underestimated. The original estimate was based on very liberal prices—about £46 per lineal yard, while ordinary tunnels of the same section, and lined throughout, have been constructed in various parts of the colony for about £30 per lineal yard.

Also, on account of the ample prices allowed for all items in the original estimate, there is no necessity to make the additions he proposes for bridges and rolling-stock.

The ventilation of the tunnel, if found necessary, need not present any special difficulty, as the shafts necessary for speedy construction can be utilised for that purpose.

Assumed Traffic.—The paying traffic is assumed by Mr. Wilson at 200,000 tons per annum, or 250,000 tons gross Brunnerton to Christchurch, eastward traffic; and, I take it, 150,000 tons gross Christchurch to Brunnerton, or westward traffic. With coal, the wagon-tonnage may be two-fifths of the gross tonnage, and with timber a little less; but with passenger traffic the carriage-tonnage may be seventeen-twentieths of the gross tonnage.

Assuming only coal traffic, 100,000 tons of wagons would be required to transport 150,000 tons of coal eastward, and, of course, there would be an equal return-tonnage westward. If Mr. Wilson intends to provide 133,333 tons of rolling-stock, his figures should be 283,333 tons eastward, and 183,333 tons gross westward; or, if only 100,000 tons of rolling-stock, 250,000 tons gross eastward, and 150,000 tons westward. As the latter figures seem to me to be too small, I assume that the gross tonnage (exclusive of engines) is 283,333 tons eastward, and 183,333 tons westward per annum.

Engine-load on Rack.—The Hartz Mountains Railway in Germany is worked with engines weighing 55·9 tons in working trim, and these engines can haul 120 tons gross load up 1 in 66 grades. The Hoellenthal Railway through the Blacks Forest, Germany, has engines weighing 42·4 tons in working trim, which can haul gross loads of 100 tons up 1 in 18·8 grades. From these data the proportional load for an engine of similar design, weighing 52 tons in working trim, on a 1 in 15 grade would be about 100 tons, against 118 tons gross load given by Mr. Wilson. Possibly his engine could be designed to take up the loads given; but for a comparative estimate of the merits of an Abt and an adhesion line it seems safer to keep within the limits of the known performances of such engines.

Traffic capacities of the two Lines.—As regards the capacity of the proposed Abt line for traffic, setting aside all questions as to safety of working for the sake of argument, it could be crowded with trains to carry at least 2,600,000 tons paying-load, or possibly a greater, but the cost, as will be shown below, will be prohibitive.

The scarcity of siding accommodation on the tunnel line is not an important difficulty, as the height and length sufficient to enable such being constructed, either in the first instance or hereafter, can be obtained either by making the grades in all straights over a certain length 1 in 44, instead of 1 in 50, as shown, and by using equivalent grades on all curves, or by lengthening the incline 20 or 30 chains, or by combining both expedients; and, should the tunnel line ultimately be decided upon, provision should be made for at least two more sidings in addition to the one already shown on the incline, as the want of such sidings would in the future most seriously hamper the working of the line and diminish its traffic capacity.

In dealing with the tunnel line Mr. Wilson is not very clear as to how his trains run. The total number is correct, but it seems to me that on his own figures the tonnage carried should be greater. This is, however, but a minor point, as for the following reasons his estimate of the capacity of the tunnel line is very wide of the truth: First, his engine-loads, as based on his erroneous Table A, are far too low; second, he does not examine the effect of providing additional sidings; third, he takes no notice of the fact that assistant engines can be used on this long incline to the best advantage, and the train-loads thereby doubled, at an increased cost of from 50 to 60 per cent. per train-mile, with a proportional reduction in the cost of each ton of paying-load transported over the section in question; and fourth, he overlooks the fact that the passing-station at foot of incline can be located three miles on the tunnel side of Jackson's Station, and will, without doubt, be put there as soon as the traffic requires it.

With the above additions to Mr. Wilson's postulates the tables below show approximately the annual traffic-capacity of the tunnel line for fully-loaded trains, the line being assumed to be worked continuously either 12 or 24 hours per day, with a train speed of 10 miles per hour in the first two tables, and 15 miles per hour in the third, the year being taken at 312 working-days, and the paying train-load approximately east being 90 tons, and west about 93 tons, for goods trains. The engines required to work the line, as per Table III., would need to be of 460-horse power in place of 300-horse power for a speed of 10 miles per hour, but the adhesive weight would only be a little greater.

Annual Capacity of Tunnel Line.

TABLE I.—Bealey to foot of Incline. Speed, 10 Miles per Hour; one Passing-station.

Single engine each train—					
Total possible annual paying-load	east,	168,480	tons, working	12	hours per day.
" "	west,	174,100	"	12	"
" "	east,	336,960	"	24	"
" "	west,	348,200	"	24	"
Two engines each train, equal power—					
Total possible annual paying-load	east,	336,960	"	12	"
" "	west,	348,200	"	12	"
" "	east,	673,920	"	24	"
" "	west,	696,400	"	24	"

TABLE II.—Three Passing-sidings. Speed, 10 Miles per Hour.

Single engine each train—					
Total possible annual paying-traffic	east,	336,960	tons, working	12	hours per day.
" "	west,	348,200	"	12	"
" "	east,	673,920	"	24	"
" "	west,	696,400	"	24	"

Two engines each train, equal power—

Total possible annual paying-traffic	east,	673,920	tons, working	12	hours per day.
" "	west,	696,400	"	12	"
" "	east,	1,347,840	"	24	"
" "	west,	1,392,800	"	24	"

TABLE III.—Three Passing-sidings. Speed, 15 Miles per Hour.

Single engine each train—

Total possible annual paying-traffic	east,	505,440	tons, working	12	hours per day.
" "	west,	522,300	"	12	"
" "	east,	1,010,880	"	24	"
" "	west,	1,044,600	"	24	"

Two engines each train, equal power—

Total possible annual paying-traffic	east,	1,010,880	"	12	"
" "	west,	1,044,600	"	12	"
" "	east,	2,021,760	"	24	"
" "	west,	2,089,200	"	24	"

The maximum possible annual paying-traffic is, in Table I., 1,370,320 tons; in II., 2,740,640; and in III., 4,110,960 tons; and therefore I submit that Mr. Wilson's estimate of the capacity of the tunnel-line is fallacious.

Tables in Mr. Wilson's report: Tables A, B, C, D, and E are all incorrect. Mr. Wilson evidently takes 36·5lb. per ton gross of train for the constant resistance due to journal friction, &c., and the speed-resistance at 10 miles per hour. There is no justification for this in any authority, but ample evidence can be adduced to show that 11lb. per ton is ample. With a nominal tractive force of 7,883lb. the J engine can take a gross load of 158 tons, or 121 tons of train, up 1 in 45 at 10 miles per hour. The T engine of a nominal tractive force of 9,500lb. can haul a gross load of 192 tons, or 148 tons of train-load, up the same grade at the same speed; whilst Mr. Wilson's engine of 11,200lb. tractive power is only credited with being able to haul 128 tons gross, or 96 tons train-load, up 1 in 44—practically the same grade. Again, the best American authorities give a gross load of 36·07 tons for each ton of tractive force on a 1-in-44 grade, which gives a gross load of 180·35 tons for an engine of 5 tons tractive power, but the rolling-friction is taken at 11·2lb. per ton. These are serious differences from Mr. Wilson's results, and corresponding divergencies from the true results obtain in all his tables founded on his Table A, &c.

Table F is merely an extract from New Zealand parliamentary papers. Table G is also an extract from parliamentary papers, with reasonable modifications to meet local conditions. Table H is the same, and may be admitted for the sake of argument. The same may be said of Table I, but the first item for maintenance might be held to be too high. Table J gives estimated cost of working Abt line per train-mile, and I have taken this at 90d. to allow for probable extra maintenance on the higher line, and because of the probable increase of carriage -and wagon-repairs due to the much greater strains to which they are subjected, and also to the necessity of providing for the tear and wear of the rack-brakes with which a proportion of the stock is usually fitted on such railways. Tables K and L, I deem to be quite incorrect, being founded on Table A. Tables M and N have no bearing on the question at present at issue, the length of time between Brunnerton and Jackson's being sufficiently long to be worked independently of the tunnel section, and the cost of working it therefore being dependent principally on the ruling gradients obtainable between these places, seeing that for the heavy eastward traffic trains must be broken up at Jackson's or Otira for the tunnel and rack line respectively.

Cost of Working.—I estimate the approximate annual cost of working a gross tonnage of 283,333 tons east, and 183,333 tons west, between Jackson's and Bealey, as under:—

	£	£
Abt line, eastward	14,194	
Tunnel line "	11,110	
Annual loss on eastward traffic by Abt line ...	———	3,084
Abt line, westward	9,391	
Tunnel line "	6,905	
Annual loss on westward traffic by Abt line ...	———	2,486
Total annual loss by Abt line		£5,570

This transformation of Mr. Wilson's saving of £3,326 13s. 4¼d. per annum into a loss of £5,570 is due to all his calculations being founded on his Tables A, B, C, &c., which have been dealt with above.

I have given reasons to show that Mr. Wilson's contention, that the maximum annual capacity of the Abt line would be six times that of the tunnel line, is without foundation in fact; and it can now be shown that his position is financially indefensible, for the annual loss of working the Abt as compared with the tunnel line, if a traffic of double the volume just given had to be dealt with, would be about £5,700 on the eastward and £4,500 on the westward traffic, worked with single engines; while for a double traffic, the tunnel line, by assistant engines, the probable annual loss by the Abt line would be £11,000 east and £7,500 west; and for a treble traffic, worked on the tunnel line by assistant engines, the probable annual loss by the Abt line would be £17,000 east and £12,000 west; and for still larger volumes of traffic the loss by the Abt line would be correspondingly increased.

Estimates.—The original estimate for the tunnel line should, I think, be adhered to, namely,—

	£
Springfield to $\frac{43}{41\cdot60}$	569,486
$\frac{43}{41\cdot60}$ to $\frac{46}{68\cdot60}$	307,604
$\frac{46}{68\cdot60}$ to Jackson's	343,024
	£1,220,114

Assuming Mr. Wilson's estimate for his proposed Abt line to be sufficient (as to which I can give no opinion, not having the working-plans thereof, or the checked quantities of work requiring to be done in constructing it), the difference in cost between the two lines will be, roughly, £200,000. The theoretic difference between the interest on cost during construction need hardly have much weight, as the company is as likely to take as long to construct one line as the other, judging from their present rate of progress, and, moreover, the weather would have much greater influence on the rate of progress on the works for the Abt line than it could possibly have on the excavation of the tunnel, which could be carried on practically independently of the seasons.

It seems to me that the Abt line can be defended on mere financial grounds for a volume of paying-traffic not exceeding 300,000 tons east and 100,000 tons west, but there are disadvantages inherent to the system which must be considered, such as the extra weight of rolling-stock, due to the additional brake-power required, &c., and the fact that the through journey east will probably be twenty to thirty minutes longer, and the journey west fifty to sixty minutes longer than the corresponding journeys by the tunnel line.

The only justification, in my opinion, for the substitution of an Abt for an adhesion line over Arthur's Pass would be the probability of a small prospective traffic for a long time to come, or one well within the volume stated in the preceding paragraph, and should the traffic ever much exceed this the Abt line would, I believe, be abandoned for an adhesion line.

It is impossible and undesirable to deal finally with this question without first being provided with copies of the working plans of the proposed line, to enable us to make reliable comparative estimates of the two lines, and weigh other points of details which cannot be done with the small scale-plans accompanying Mr. Wilson's report.

P. S. HAY, M.A.,
Resident Engineer.

24th October, 1891.

No. 7.

The ACTING ENGINEER-IN-CHIEF to the UNDER-SECRETARY for PUBLIC WORKS.

Under-Secretary for Public Works.

Mr. WILSON'S report very fairly describes the character of the country in the Otira Gorge, alon which the line for the railway has been laid out, and the diffiiculties likely to be encountered in constructing and maintaining a line of railway on the route as surveyed. Some of these difficulties are, however, common to both the original tunnel line and the incline line which he recommends, besides the latter being along the bank of the Otira River for a considerable distance will require protective works of considerable magnitude, and will always be liable to damage from scour and floods.

There is no reason to suppose that the cost of constructing the railway on the tunnel section has been under estimated, as suggested by Mr. Wilson; and Mr. Hay's report shows what may also be reasonably assumed, that the cost of working the traffic on the incline line will not be less than on the tunnel line.

The report and the tracing of sketch-plan and sections drawn to a small scale do not, in my opinion, sufficiently describe or show the character of the country and nature of the works proposed for the construction of the incline line to enable the Government to decide on the matter; and the engineers to whom the question may be referred would have to be supplied with more extended and detailed plans, sections, and cross-sections, as well as other information regarding the character of the country to be traversed by the railway, and of the works designed for its construction, before they could be expected to decide on the merits of the scheme.

3rd November, 1891. WILLIAM H. HALES.

No. 8.

The GENERAL MANAGER, Midland Railway Company, to the Hon. MINISTER for PUBLIC WORKS.

(Telegram). Christchurch, 3rd November, 1891.

ARTHUR'S Pass Incline.—When shall I receive reply? Has report to be referred England.

The Hon. the Minister for Public Works, Wellington. ROBERT WILSON.

No. 9.

The UNDER-SECRETARY for Public Works to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Office, Wellington, 5th November, 1891.

Midland Railway.—Proposed substitution of Abt Incline for Tunnel Line at Arthur's Pass.

Referring to my letter of the 17th September last relative to the above-mentioned subject, I have now the honour, by direction of the Minister for Public Works, to state that after carefully looking into the matter the Acting Engineer-in-Chief is of opinion that the copy of your report on the subject furnished to the Government, together with the sketch-plans accompanying

the same, do not sufficiently describe the character of the country to be traversed by, or the nature of the works proposed for, the incline line, so as to enable the engineers to whom the Government may decide to submit the matter to arrive at a definite conclusion as regards the relative merits of the two lines.

I am therefore to request that you will be good enough to furnish more extended and detailed plans, showing sections and cross-sections of the proposed incline line, and also fuller information as the character of the country to be traversed by the same, and the nature of the works proposed for its construction, in order that the same may be submitted, with the information already furnished, to the engineers to be nominated by His Excellency the Governor.

I have, &c.

H. J. H. Blow,
Under-Secretary for Public Works.

R. Wilson, Esq., C.E.
Engineer-in-Chief and General Manager, Midland Railway Company,
Christchurch.

No. 10.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

Christchurch, 7th November, 1891.

Sir,— *Abt Incline.—Arthur's Pass.*

In reply to your letter of the 5th instant, I would remind you that under clause 4 of the Midland Railway Contract the only points which the Government have to consider are whether the proposed incline will be "suitable for mineral and other heavy traffic," and can be "worked at a satisfactory cost." Sufficient information is given in the report which was forwarded to you to enable the Government, or any engineers whom they may appoint, to decide both these points. Exact information is also given as to the character of the country.

The Government have not to determine the relative capital cost, or any engineering question with respect to the two lines, and therefore must confine reference to the above-mentioned points.

I must ask you to forward the matter without delay.

I have, &c.,

Robert Wilson,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works.

No. 11.

The General Manager, Midland Railway Company, to the Hon. Minister for Public Works.

Christchurch, 12th November, 1891.

Sir,— *Arthur's Pass Incline.*

Referring to previous correspondence on this subject, I have the honour to inform you that in letters received by late mails my directors have made special reference to the importance of having the question decided before they can negotiate for further issues of capital for construction. I must, therefore, ask you to push on the matter without delay, otherwise a favourable opportunity may be lost.

I have, &c.,

Robert Wilson,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works,
Wellington.

No. 12.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

(Telegram.) Christchurch, 10th December, 1891.

Papers relative to substitution of Abt incline Arthur's Pass have been with Government since 18th August last, and, as I informed you verbally, it is absolutely necessary to forward Government's consent to substitution to London without delay, as company's financial operations are contingent on consent, and delay may have very serious effect. When may I expect decision, or what steps are being taken?

The Hon. the Minister for Public Works, Wellington. Robt. Wilson.

No. 13.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

Christchurch, 9th January, 1892.

Sir,— *Arthur's Pass Incline.*

Referring to previous communications on this subject, my telegram of the 10th December still remaining unanswered, I have now to inform you that by the last English mail I am advised by my directors that it will be absolutely impossible for them to make any advance whatever in the way of future finance until the formal consent is given to the adoption of the Abt incline at Arthur's Pass. I must, therefore, again impress upon you the necessity of informing me what steps are being taken in the matter, and when I may expect to receive the required consent that I may forward it at once to London.

The particulars of the proposed incline have been in the hands of the Government since 18th August last.

I have, &c.,

Robert Wilson,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works,
Wellington.

No. 14.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Office, Wellington, 18th January, 1892.

SIR,— *Midland Railway.*—Re *Abt System.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 9th instant asking for information as to what steps are being taken in the matter of the proposed Abt incline at Arthur's Pass, and in reply to state that the matter is still under consideration.

I am to add that, while every care will be taken to see that the matter is not unduly delayed, the question at issue is of such magnitude and so important that it cannot be hurriedly dealt with.

I have, &c.,
H. J. H. BLOW,
Under-Secretary for Public Works.

The General Manager, Midland Railway Company (Limited), Christchurch.

No. 15.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company

SIR,— Public Works Office, Wellington, 22nd February, 1892.

Midland Railway.—Re *proposed substitution of Abt Incline at Arthur's Pass for the Tunnel Line.*

With reference to your telegram of the 10th December last, and letter of the 9th ultimo on the above-mentioned subject, I am now directed by the Minister for Public Works to state that His Excellency the Governor has been pleased to nominate Messrs. J. P. Maxwell, Railway Commissioner, and H. P. Higginson to advise the Government, in terms of clause 4 of the Midland Railway Contract, and upon receipt of their joint report the matter will be duly considered.

I have, &c.,
H. J. H. BLOW,
Under-Secretary for Public Works.

Robt. Wilson, Esq., C.E.,
General Manager, Midland Railway Company, Christchurch.

No. 16.

Mr. J. P. MAXWELL to the Hon. MINISTER for PUBLIC WORKS.

Wellington, 3rd March, 1892.

SIR,— *Midland Railway Deviation.*

On behalf of Mr. Higginson and myself I have the honour to inform you that I recently visited Arthur's Pass in company with Mr. Wilson, who afforded me facilities for examining the location of the deviation. We have received from you the data of the deviation and original lines, with your letter of the 12th February, and Mr. Wilson, in addition, has now forwarded for our inspection working plans and sections of the deviation, on which his report is based.

In the letter which accompanied these details Mr. Wilson says, "I think it probable that I should modify the engines mentioned in my report." After consultation with Mr. Higginson, we are agreed that, before we can proceed further with our investigations, we must be supplied with particulars of the engines which the company proposes to use, as the capacity of the incline for traffic depends on them.

We should, therefore, be glad if you would obtain from Mr. Wilson, in addition to the data you have supplied us with, the following information:—

Particulars of all engines proposed for the working of the proposed Abt incline over Arthur's Pass, New Zealand Midland Railway: Gross weight in working-trim. Adhesive engine: number of coupled wheels; weight on coupled wheels; cylinders, diameter; cylinders, stroke. Rack engine: mean diameter of pinion; number of cylinders; cylinder, diameter; cylinder, stroke. Boiler dimensions: working boiler-pressure; capacity of tanks; capacity of coal-bunkers.

I have, &c.,
J. P. MAXWELL.

The Hon. Minister for Public Works, Wellington.

MEMORANDUM.—Mr. Maxwell also asked on the 4th instant, that company might be requested to state the maximum load which they estimate that the engine will be able to take, and the speed at which it will travel on the 1 in 15 gradient. Information as regards the adhesion and Abt engines wanted separately.

4th March, 1892. H. J. H. BLOW.

No. 17.

Mr. J. P. MAXWELL to the Hon. MINISTER for PUBLIC WORKS.

(Memorandum). Wellington, 4th March, 1892.

Midland Railway Deviation.

WOULD you please ask Mr. Wilson, with reference to his report which you have submitted to us, if he would kindly answer the following questions for our information:—

1. What are his reasons for objecting to running the Abt engines coupled together in taking a double load up the incline?

2. Is he aware of any trials having been made of such a practice, and of any inconvenient results arising therefrom?

The Hon. Minister for Public Works. J. P. MAXWELL.

No. 18.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Office, Wellington, 5th March, 1892.

Midland Railway.—Re *proposed substitution of Abt Incline for Tunnel Line at Arthur's Pass.*

Messrs. Maxwell and Higginson, the engineers nominated by His Excellency the Governor in terms of clause 4 of the Midland Railway Contract, to advise him on the above-mentioned subject, have requested to be furnished with the following additional information in connection therewith, viz.:—

Particulars of all engines intended to be used for the working of the proposed incline, stating (*inter alia*) gross weight of same when in working trim, and, as regards adhesive engine, number of coupled wheels, weight on coupled wheels, diameter and stroke of cylinders; and, as regards the ack-engine, mean diameter of pinion, number of cylinders, and diameter and stroke of same.

Also boiler dimensions, working boiler-pressure, capacity of tanks, and capacity of coal-bunkers.

Also, the maximum load which it is estimated the engine will be able to draw, and the speed at which it will travel on the 1 in 15 gradient. The information as regards the adhesive and Abt engines to be given separately.

With regard to your recent report on the proposed substitution of the Abt incline for the tunnel line at Arthur's Pass to the directors of your company, a copy of which you forwarded to this office, Messrs. Maxwell and Higginson desire to be informed—1. What your reasons are for objecting to running the Abt engines coupled together, in taking a double load up the incline, &c.; 2. Whether you are aware of any trials having been made of such a practice, and of any inconvenient results arising therefrom.

The Minister would be glad if you will kindly supply this information also, when replying on the subject.

I have, &c.,

J. H. BLOW,

Under-Secretary for Public Works.

The General Manager, New Zealand Midland Railway Company,
Christchurch.

No. 19.

The GENERAL MANAGER, Midland Railway Company, to the Hon. MINISTER for PUBLIC WORKS.

Christchurch, 8th March, 1892.

SIR,— Re *Arthur's Pass.*

In reply to your letter of 5th instant on the proposed substitution of the Abt incline for the Summit Tunnel at Arthur's Pass, I have to state that, with regard to the particular adhesion engines intended to be used on the company's line, the design is not yet completed. It is my present intention to use tank engines, six wheels coupled, fitted with leading and trailing bogie, and to have about 9½ tons on each of the three driving axles. This will give about 140 tons of train-weight, exclusive of engine up a grade of 1 in 60. The weight of the engine in working order I estimate to be be about 35 tons.

With regard to the incline engines, I may mention that, after consultation with Mr. Rinecker, of Messrs. Rinecker, Abt, and Co., who was recently in the colony, I shall in all probability modify my views with regard to the size of the engines to be used on the incline, so as to arrange that they will take a load of about 75 tons up 1 in 15 at six to eight miles an hour—about half the load of the adhesive engines proposed to be used. The weight, in working order, would be about 38 tons. I enclose details of the engines at present in use on the Hartz Mountain Railway, from these Messrs. Higginson and Maxwell will be able to calculate the other details for an engine such as I propose, the designs for which I have not yet got out.

In answer to your questions, "What your reasons are for objecting to run the Abt engines coupled together in taking a double load up the incline?" I consider that starting on the rack the leading engine might produce shocks between the rack and pinion of the following engine by over-running, and I consider that the independent action of both engines is desirable.

There have been no trials that I am aware of with two engines together, and I have no doubt that it is quite possible to run two engines in this way, as the steam in the pinion cylinders will act as a cushion and take any inequality of motion; but, on the other hand, it would always be advisable to divide the train for pushing or hauling, so as to take the strain off the under-frames and draw-bars, apart from the question of engine construction.

I have, &c.,

ROBERT WILSON,

Engineer-in-Chief and General Manager.

The Hon. Minister for Public Works, Wellington.

Enclosure.

COMBINED ADHESION AND RACK ENGINES.

Abt System, in use on the Hartz Mountain Railway.—General Particulars and Dimensions.

Carrying axles	No.	4	...
Coupled "	"	3	...
Trailing " (Bissel system)	"	1	...
Pinion axles	"	2	...
Sheaves of each	"	3	...
Total wheel base	Ft. in.	...	17 10½
Rigid "	"	...	10 0
Pinion "	"	...	7 1¾
Coupled wheels, diameter	"	...	4 1¼
Trailing " "	"	...	2 5½
Pinion pitch circle, "	"	...	1 10½
Teeth of each sheave	No.	15	...
Boiler, smallest diameter	Ft. in.	...	4 6¾
" length between tube-plates	"	...	13 3½
Tubes	No.	251	...
" outside diameter	In.	...	0 1¾
Fire-box, heating surface	Sq. ft.	89·35	...
Tubes heating surface outside	"	1,546.78	...
" " inside	"	1,374·56	...
Total, " outside	"	1,036·12	...
" " inside	"	1,463·9	...
Grate surface	"	201·28	...
Boiler pressure	Lbs.	150	...
Adhesive cylinder, diameter	Ft. in.	...	1 5¾
" " stroke	"	...	1 11⅝
Pinion " diameter	"	...	0 11 13/16
" " stroke	"	...	1 11⅝
Water in boiler	Tons.	4·489	...
" tanks	"	4·47	...
Coal in bunkers	"	1·97	...
Weight, empty	"	45·036	...
Maximum service-weight	"	56·556	...
Minimum "	"	49·8575	...
Maximum adhesion-weight	"	44·445	...
Minimum "	"	41·225	...
Maximum load per wheel	"	7·409	...
Train-load	"	118·15	...

No. 20.

Mr. J. P. MAXWELL to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Government Railways, Head Office, Wellington,
18th March, 1892.

SIR,—

With reference to the Under-Secretary's letter of the 15th instant, enclosing Mr. Wilson's reply to our queries about the Abt engines: I have the honour, on behalf of Mr. Higginson and myself, to inform you that there must be some misunderstanding, as the reply does not altogether apply to our queries.

We have considered the letter, and beg to suggest that you should forward the enclosed schedule (which is the same as we included in my letter of the 3rd instant), to Mr. Wilson, and ask him to fill it in.

The advisability of adopting an incline depends mainly upon the sufficiency of the appliances for working it, and, after consideration, we have concluded that the company ought to give the Government the fullest information on this point. Should Mr. Wilson inform the Government that he is unable to do so, we shall have to make the best of the information already supplied; but we wish to put on record our opinion that we think the Government should demand more complete information than is at present disclosed respecting the details of the proposed Abt engines, and that it would be advisable to furnish us with this information.

I have, &c.,

The Hon. the Minister for Public Works, Wellington. J. P. MAXWELL.

Enclosure.

PARTICULARS of Abt engines proposed for the working of the proposed Abt incline over Arthur's Pass. New Zealand Midland Railway:—Gross weight in working trim. Adhesive Engine: Number of coupled wheels; number of cylinders; cylinders, diameter; cylinders, stroke. Rack Engine: Mean diameter of pinions; number of cylinders; cylinders, diameter; cylinders, stroke. Boiler dimensions; working boiler-pressure; capacity of tanks; capacity of coal bunkers.

No. 21.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Department, Wellington, New Zealand,
SIR,— 25th March, 1892.

Midland Railway.—Re *proposed Substitution of Abt Incline at Arthur's Pass for Tunnel Line.*

Referring to your letter of the 8th instant, forwarding certain particulars relative to the class of engines proposed to be used on the above-mentioned incline, for the information of Messrs. Maxwell and Higginson, I am now directed by the Minister for Public Works to state that a copy of your letter has been forwarded to those gentlemen accordingly, who state, however, that there would appear to be some slight misunderstanding in the matter, as your letter does not supply the information required. They request, therefore, that you might be asked to furnish replies to the several queries contained in the accompanying schedule, and the Hon. Mr. Seddon will be glad if you will kindly do so accordingly.

I have, &c.,
H. J. H. BLOW,
Under-Secretary for Public Works.

Robert Wilson, Esq., C.E.,
General Manager, &c., New Zealand Midland Railway Company,
Christchurch.

No. 22.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited),
No. 156, Worcester Street, Christchurch, New Zealand, 29th March, 1892.

SIR,— *Arthur's Pass Incline.*

In reply to your letter of the 25th instant, I have now the honour to return herewith the schedule which accompanied your letter, with replies filled in to the queries contained therein.

I have had to give the information approximately, as I have previously mentioned the exact design of the engine is not yet taken out, and the details are therefore subject to modification.

I have, &c.,
(For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

Enclosure.

PARTICULARS of Abt engines proposed for the workings of the proposed Abt incline over Arthur's Pass, New Zealand Midland Railway:—

Gross weight in working trim, 35 tons. Adhesive engine: Number of coupled wheels, 6; weight on coupled wheels, 27 tons; cylinders, diameter, 15½in.; cylinders, stroke, 20in. Rack-engine: Mean diameter of pinions, 1ft. 10½in.; number of cylinders, 4; cylinders, diameter—two rack-cylinders, 11in. diameter; two adhesion-cylinders, 16½in. diameter; cylinders, stroke, 20in.; boiler dimensions—heating-surface tubes, 1,200 square feet; heating-surface, fire-box, 65·5 square feet; grate area, 24 square feet; working boiler-pressure, 150lb. on the square inch; capacity of tanks, 800 gallons; capacity of coal-bunkers, 1½ tons.

ROBERT WILSON, 29/3/92.

No. 23.

The GENERAL MANAGER, Midland Railway Company, to the Hon. MINISTER for PUBLIC WORKS.

Christchurch, 30th March, 1892.

SIR,— *Arthur's Pass Incline.*

I have the honour to inclose herewith copy of a report by Mr. Rinecker, of the firm of Rinecker, Abt and Co., Wurtzberg, Germany, on the application of the Abt system to Arthur's Pass, to which I would ask your consideration.

By the mail just arrived from England I have received a letter from my Directors which contains the following extract on this subject:—"I am instructed to urge upon you the necessity of obtaining the sanction of the Government to the construction of the incline line without delay, as this point must be finally settled before anything can be done in the matter of finance for the completion of the East and West line."

I have advised you to this effect in previous letters, and must again impress upon you that delay in this matter may mean the loss of favourable opportunities for finance, and thus seriously hinder the construction of the line.

I shall be glad to have a reply at an early date.

I have, &c.,
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works,
Wellington.

Enclosure.

SIR,— Christchurch, 17th February, 1892.

Having returned from a drive through the mountains between Springfield and Jackson's, and having studied the location of the proposed railway on hand of your maps and drawings, I beg to report to you as follows, namely:—

The country is very well adapted to the construction of a steep-grade railway on the Abt system. It does not need any excessive gradient, and with the maximum gradient chosen by you—1 in 15—you are able to keep always on very safe ground for the construction of your line. In fact, all the expensive work is drawn together upon about two miles—expensive only with a view to first cost, but cheap for maintenance in future.

Wherever you need a station or a siding you have ample space for the necessary tracks without any extraordinary amount of grading, and your company will be very fortunate if the traffic is forthcoming soon that your line is able to accommodate.

If I draw upon my experience in the construction of railway lines through mountainous countries, as, for instance, Switzerland, I must say that your line, as at present located, does not show anything like the difficulties encountered there in many places, and I therefore am quite sure that your estimate will not be over-run by any difficulties that you have not foreseen already.

With regard to the cost of working such steep-grade railways there is, generally speaking, hardly any difference to the cost of working easier gradients beyond the cost of raising the load to a higher level to avoid the piercing of a tunnel; but this extra cost of fuel, compared to all the other expenses for train-service, maintenance, and especially for the interest of the capital, is rather trifling. Also, the extra cost of maintaining the pinions and their set of machinery under the locomotives, as well as the cost of greasing the rack-rail, is only slight, as has been shown on all the railways being worked on the Abt system, especially on the Hartz Railway, where the most accurate record of all the expenditure is kept.

This Abt line located by you will have the following advantages over the former location:—1. Smaller amount of first cost; 2, smaller amount of annual interest on same; 3. shorter duration of construction; 4, cheaper maintenance of the line against a slightly increased cost of the motive-power.

I have, &c.,
F. Rinecker.

Robert Wilson, Esq.,
Chief Engineer and General Manager, N. Z. Midland Railway Company,
Christchurch.

No. 24.

Messrs. Higginson and Maxwell to His Excellency the Governor.

New Zealand Midland Railway.—Proposed Steep Incline over Arthur's Pass in substitution of the original Line.

Wellington, 1st April, 1892.

To His Excellency the Administrator of the Government.

May it please your Excellency,—

In compliance with the request conveyed in the letter of the Honourable the Minister for Public Works of the 7th of January last, we had the honour to report upon the proposal to substitute a steep incline at Arthur's Pass in lieu of the original line delineated on plan P.W.D. 11555 referred to in the contract between Her Majesty the Queen and the New Zealand Midland Railway Company, dated the 3rd of August, 1888.

The opinion invited is upon the points whether the incline line proposed will be suitable for heavy mineral traffic, and if it can be worked at a satisfactory cost.

The merits of the steep incline have to be considered in relation to those of the original line in regard to the probable cost of construction and working.

The line shown on plan P.W.D. 11555 which has been submitted to us is of the nature of a trial line only, having gradients of 1 in 44 on the straight, and 1 in 50 upon the 7½-chain curves; in finally locating such a line it must be assumed that necessary crossing- and watering-stations, &c., would be provided; and if the limits of grade and curve mentioned were adhered to in descending on the western side sufficient crossing-station room could be obtained on the level without lengthening the line.

The line of deviation for the incline has been permanently located by the company's engineers; and we have been supplied by the company's Engineer-in-Chief with copies of the working-plans and sections, which are of a very complete character; but particulars of the permanent-way, engines, and vans have not been submitted.

The line of deviation extends from a point near Jackson's Hotel in the Teremakau Valley to a point in the Bealey Gorge, a length of 20 miles 3·74 chains. The original trial line between these two points is a little under a mile longer. The summit level of Arthur's Pass is 3,017ft. above the sea.

The original line proposed was to pierce this saddle with a tunnel about three miles long on a 1-in-44 gradient, thence descending to the Teremakau Valley by a 1-in-50 gradient with 7½-chain curves, for about seventeen miles.

On the deviation it is proposed to take the line at a lower level up the Teremakau and Otira Valleys for a distance of about eleven miles with occasional limiting gradients of 1 in 60, and to rise thence over the summit of Arthur's Pass with a ruling gradient of 1 in 15 with 12½-chain curves, and to descend into the Bealey with similar ruling gradients and curves.

The length of the proposed 1-in-15 gradient on the west side is about four miles and three-quarters and on the east side about one mile and three-quarters.

The greater traffic is against the longer grade, from west to east.

Equivalent crossing accommodation being assumed to be available on both the original and deviated lines, and other things being equal, the flatter the gradient the greater must be the capacity for traffic.

The time occupied in traversing the deviation line with a train may be estimated at about an hour longer than traversing such a line as the original one.

The loads on the 1-in-15 gradients on the deviation will not exceed one-half of what should be taken by suitably-designed adhesion engines on the original line.

The data submitted by the Government to us, which have been furnished by the company's Engineer-in-Chief, indicate that.

The company proposes to provide, for working the steep inclines of the deviation line, a railway and engines on the Abt system, with 75-lb. steel-adhesion rails and a central triple rack, the engines being of about 52 tons in weight, and capable of taking 118 tons up the 1-in-15 grades at low speeds.

This proposal has been modified by subsequent intimation from the Engineer-in-Chief of the company that he proposes to use 38-ton Abt engines taking 75-ton loads.

In estimating the possible traffic which might be expected, we have considered the statement in Parliamentary Paper D.–2A, 1883, and the present coal and timber consumption in Canterbury; and we think that 100,000 tons of traffic from west to east, and 30,000 tons in the opposite direction appears to be a very liberal estimate. This allows for a possible trade by railway of 70,000 tons of coal per annum out of a total of about 99,000 tons imported into this district last year.

Taking a very liberal view of the rolling-stock capacity, and at the same time having regard to the character of the business which must be worked to get a large coal and timber trade direct to the various buyers, and making due allowance for dealing with other traffic and for service trains, we calculate on 90,000 tons of rolling-stock going east, making a total of 190,000 gross tons going east and 120,000 gross tons going west annually.

By the term "gross tons of traffic" is meant the paying and nonpaying load exclusive of the weight of the engines.

We have prepared a diagram for a working time-table for the steep inclines of the deviation line. We consider that this portion of the deviation should be worked on the block system. We have shown two block stations, one at the place proposed for a switchback, the other at Kopeki, on the company's working section.

We consider this number of intermediate block stations as many as can conveniently be worked, and that the number of trains we have shown is about as many as can be conveniently passed over such a road in practice at low speeds in the time allowed.

The time-table provides for six trains a day each way in a total time of somewhat under ten hours.

This series of trains, according to current practice in the colony, would be worked by four gangs of enginemen and brakesmen and single gangs of other employés at the stations per day.

The number might be doubled, and twelve trains a day each way taken in about eighteen and a half hours, by doubling the gangs.

We consider it would not be advisable to reckon on working more than eighteen and a half hours per day during 300 working-days per annum, having regard to the character of the line and the country through which it passes.

As this maximum would entail twenty-two crossings of trains daily between Otira and Bealey, it may be regarded as a liberal estimate.

If we take our estimated traffic of 190,000 gross tons going eastward, in order to carry this economically it should be done within the time allowed on the diagram so as to avoid employing more than the single gangs.

To carry this traffic with six trains per day during 300 days average loads of 105 gross tons must be taken.

The time-table, if worked with extra gangs for eighteen and a half hours a day, would thus accommodate 380,000 gross tons of traffic in single-train loads of 105 tons from west to east annually, or 200,000 tons of net paying traffic.

This we consider the maximum traffic which should be reckoned on to be taken over the deviation from west to east in single-engine loads of 105 tons.

We next have to consider the proposals of the company as regards the manner of working and the engines to be used.

We are of opinion that the proposal made by the Engineer-in-Chief of the company to work such an incline with two trains following closely upon one another is inadmissible; and our opinion would not be altered by the fact that such a practice is followed on the Abt railways elsewhere. We regard the practice as unsafe, and consider that only one completely-coupled train should be allowed between any two block stations at the same time.

The original proposal laid before us is to use engines approximately of the power of the Hartz Railway engines—about 52 tons in weight and capable of taking 118 tons at low speed up 1 in 15.

The Hartz Railway, however, is on the 4ft. 8½in. gauge, while the Midland Railway is on the 3ft. 6in.—New Zealand Railway—gauge.

It does not appear to be practicable to construct an Abt engine on the 3ft. 6in. gauge of the power proposed. The narrowness of the gauge greatly curtails the dimensions of the internal mechanism, and at the same time compels the adoption of a lower position for the boiler than the 4ft. 8½in. gauge admits of. We cannot, therefore, reckon on obtaining Abt engines of sufficient power for hauling trains of 105 gross tons load on the 1 in 15.

The Venezuela Railway, which is on the 3ft. 6in. gauge, has Abt engines which take 60 tons gross load up 1 in 12½.

We understand that Messrs. Rinecker and Abt have introduced Abt engines on the Japanese 3ft. 6in. gauge railways capable of taking 80 tons up 1-in-20 grades at speeds between five and six miles an hour.

These engines probably represent the practice attainable on 3ft. 6in. gauge with Abt engines. They are of about the same power as the Fell engines on the Rimutaka incline, which take 70 tons of working load up 1 in 15 on 5-chain reversing curves.

The amended proposal of the Engineer-in-Chief for the New Zealand Midland Railway is (as previously stated) to use 38-ton Abt engines capable of taking 75 tons up 1 in 15 on 12½-chain curves.

This would approximately equal the present practice with Fell engines on the Rimutaka incline.

To work 75-ton loads will prove very much more costly than to work 105-ton loads, which is the extent to which it is required to go to deal with the probable traffic within economical working-hours.

It is therefore desirable to obtain engines which will take the larger load if possible.

The capacity of the Fell engines is not so restricted by the gauge as that of the Abt engines appears to be. Upon a road with 12½-chain curves, such as has been laid out by the company, it is quite feasible to design a Fell engine of about 45 or 46 tons weight which would work the larger load indicated, and it is therefore desirable to consider what are the respective merits of the Abt and Fell systems.

The Abt engine is independent of the ordinary vicissitudes of climate so far as the rack portion of the engine is concerned—that is, to the extent of somewhat under half its power. The greater part of the power—represented by the adhesion portion—is, like any other locomotive, influenced by climatic effects.

In snow, the Abt engine with its vertical pinion working on the vertical rack must be superior to the Fell engine with its horizontal gripping-wheels; but, so far as the Midland Railway is concerned, we understand that difficulties from snow are but rarely to be expected.

The Abt rack-rail is, on the other hand, more liable to be affected in various ways by falls of earth than the Fell rail is.

The internal friction of the Fell engines is probably a little greater than that of the Abt engines; but, on the other hand, the ultimate friction between the rack and pinion is absent on the Fell engine.

"Slip" on the central Fell engines is almost unknown, because the power to regulate the pressure on the central rail is much greater than is needed for tractive purposes; the full tractive power can always be relied on by proper adjustment of the springs which produce the adhesion.

The transverse strength of the 70-lb. horizontal rail on the Fell incline is not affected by the pressure of the horizontal wheels, as it is applied on both sides.

The Fell engine may in practice, where heavy falls of snow are not experienced, be regarded as practically on a par with the Abt engine up to the maximum load of the latter, and if it is capable of construction on a more powerful scale, it will be a better type.

There seems to be a general opinion among European engineers that the Abt is superior to the Fell engine; but experience with the Abt engine is very limited, and it has apparently not been generally understood that the gauge limits its power to a much greater extent than it does that of the Fell engine.

The limit of power to Fell engines on the Rimutaka is fixed by the 5-chain curves; with 12½-chain curves the limit would be much higher.

This investigation has resulted in a conclusion contrary to preconceived opinions based mainly upon the results reported about the Hartz Railway Abt engines, which are on a wider gauge.

The pushing of trains on a 3ft. 6in. gauge as proposed is objectionable, more especially through such a country. The driver of a train should be able to see ahead of it, and should always be in front of it. Fourteen years' experience in working the 1 in 15 Fell railway on the Rimutaka confirms this view; and we are of opinion that there should always be an engine in front of the train and a break-van at the rear fitted with a special brake strong enough to hold the loaded train and engine together.

We regard the switchback as a very objectionable feature, and consider that if the incline is sanctioned, it should by eliminated, so that loads may be taken through from Otira to Bealey without changing ends with the engines or brake-vans.

We consider that the section of tunnels should be about 2ft. higher than the standard New Zealand section, as the great volume of smoke and steam thrown out by the engines on 1-in-15 grade would make tunnels of over 5 chains long unbearable by the men engaged in working; it is essential also that ventilation be obtained by shafts or headings from the faces of cliffs in the longer tunnels.

The company's Engineer-in-Chief in his proposals has intimated his objection to running Abt engines coupled together, and has proposed instead to run two trains in close proximity to one another so as to increase the capacity of the incline.

In answer to the question as to what are the reasons for objecting to run the Abt engines coupled together in taking a double load up the incline, the company's Engineer-in-Chief has informed the Government that he considers that "starting on the rack, the leading engine might produce shocks between the rack and pinion of the following engine by over-running, and that the independent action of both engines is desirable."

In the opinion that there may be considerable risk in running two Abt engines coupled together we agree; and we could not with the present limited experience in working recommend a scheme the success of which might depend on such a practice.

The Fell engines, on the other hand, have been run coupled successfully for years with better results than when run singly.

In working the traffic on the Rimutaka incline, on account of the live-stock traffic connected with the meat-freezing industry, it is necessary to concentrate the work, and to runs trains daily with two engine loads and sometimes three.

To satisfy ourselves as to this practice, we have visited this incline, and have travelled up it in a carefully-weighed train. The gross load taken, excluding that of two 36-ton Fell engines, was

155 tons 10cwt.; the time occupied was thirty-six minutes from station to station, being at the rate of five miles an hour; the speed was maintained uniformly at this rate. The usual working-load of these engines is 70 tons each; but as the rails were in good order a larger load than usual was taken upon that occasion.

After some years' experience pushing trains up this incline has been entirely abandoned as risky and expensive.

All loads are drawn; single engine-loads are limited to 70 gross tons in ordinary practice; each train-load has a special van fitted with two brakes gripping the central rail, and capable of holding the whole train; each engine is also fitted with two brakes of like power gripping the central rail; ordinary friction-brakes are also applied on the engine and other wheels.

In taking up double loads the first engine is always in front of the train; the second engine is placed so as to divide the load a little unequally, the greater part being placed between the two engines. Unnecessary strains on the draw-gear are thus avoided.

In this way double loads amounting to 140 tons are daily taken up the Rimutaka incline; and, as we witnessed, under very favourable conditions 156 tons can be taken up.

We have then this additional point in favour of the Fell engines, that trains can be run coupled together, and that by the method followed on the Rimutaka incline, which prevents the over-straining of the draw-bars, a load of 210 tons may be taken up a 1-in-15 incline on 12½-chain curves by suitably-designed Fell engines.

As regards brakes, the clip-brake, which grips the centre rail in the Fell system, is, we believe, as perfect and secure a brake as has yet been devised. When applied, it is a safeguard against lateral or vertical displacement; and in this respect it is superior to the rack-brake, which is liable to fail through displacement of the vehicle either laterally or vertically.

In the rack-brake on the Abt system, the frictional resistance is applied to a drum on the pinion-axle by a band; in the clip-brake on the Fell system it is applied to the centre rail. It is probably preferable to apply it in this way. The wear of the centre rail after fourteen years' working is found to be slight. The replacement of the cast-iron brake-blocks of the clip is simple and quickly effected, and the brake is capable of application with the greatest celerity desirable.

In estimating the cost of working the assumed traffic, it is necessary to do so on the basis of the wages and hours of labour current in the colony, and in view of the surrounding conditions.

The experience of steep-incline traffic on the Hartz Railway is no guide to us in framing an estimate—firstly, because the working-hours per day and the rate of wages in New Zealand are such that labour here costs not less than three times as much as in Europe; secondly, because the conditions of traffic differ materially. On the Hartz Railway the heavy traffic is chiefly down the incline, on the Midland Railway it would be the reverse.

Neither can we conveniently compare with the cost of working the Fell Railway on the Rimutaka, because on that line the special character of the live-stock traffic compels the management to concentrate the loads within a few hours, and to keep two engines in steam to do the work, which, if spread uniformly over the day, could be done by one engine; and secondly, because the estimated ton-mileage of the traffic on the Midland incline is six times greater than that on the Rimutaka; and thirdly, because the proportion of nonpaying to paying loads is much greater on the Rimutaka than will be the case where a heavy mineral traffic is worked. The Midland incline will therefore be capable of being worked much cheaper than the Rimutaka.

We have therefore to make out an independent estimate based on the wages, hours, and practice current on the New Zealand Railways.

To work the traffic on the incline to the diagram time-table attached, from the Otira to the Bealey in 105-ton single engine-loads at the rate of 190,000 gross tons a year as indicated, with a return traffic equal to 120,000 gross tons, the cost is estimated at £13,800 a year.

To this must be added the cost of working the remainder of the deviation between Jackson's and the Otira Gorge.

According to the intimation given to us by the Government, the line from Brunner to Otira is to have a maximum gradient of 1 in 60. The section supplied to us, however, shows a short grade of 1 in 53, which we conclude is an oversight; and we take the line from Jackson's to Otira, with occasional short limiting gradients of 1 in 60, as what has to be worked.

This part of the deviation would be worked as a part of the section from Brunner to Jackson's.

According to the practice at present current, engine loads of 210 tons each could be taken from Jackson's to Otira at a speed of about twelve miles an hour; three train-loads a day from Jackson's to Otira will therefore supply the six trains proposed for the incline work. The estimate for working this portion is £5,500 per annum, making a total estimated cost of £19,300 per annum for the whole deviation of twenty-one miles.

In comparing this with the estimated cost of working the original line (say twenty-two miles) between Jackson's and the Otira, we find that there would be no difficulty in putting on the 53lb.-rails engines which could take loads of 210 tons over 1 in 44 on the straight, or 1 in 50 on 7½-chain curves, and we have therefore estimated for three trains a day at an average speed of eleven miles an hour up the grades, assuming that were the line finally located, proper watering- and crossing-places would be provided.

The estimated cost of working the original line is £12,500 per annum.

The estimated cost of working the deviation line is £6,800 a year more than that of working the original line, which is equal to 12½d. per ton on the net paying traffic of 130,000 tons in both directions. This cost we consider satisfactory.

If the deviation inclines were worked with engines of only 75 gross tons capacity instead of 105 tons, the cost would be largely increased; and the same traffic is estimated to cost from Otira to the Bealey £17,200, to which must be added the amount of £5,500 as before for the cost from Jackson's to Otira, making a total of £22,700, the difference in cost between this and working the original line being equal to about 18¾d. per ton on the 130,000 tons of paying traffic.

We think that the proposal to work the incline with 75-ton loads should be negatived, as it could be undoubtedly worked much cheaper with 105-ton loads by Fell engines, and, as double loads can be run with these engines in the manner which is followed on the Rimutaka, 210-ton loads could be successfully worked, and the capacity of the incline doubled.

Worked with double loads of 210 gross tons the incline would take from west to east about 200,000 net tons of traffic per annum, with a time-table running between nine and ten hours, or 400,000 net tons from west to east, with a time-table of about eighteen and a half hours, and this we consider to be about the maximum capacity of the incline when run with double loads for traffic from west to east.

The quantities of traffic which might be expected from east to west would be very much smaller, and need not now be considered.

The Engineer-in-Chief of the company has submitted to us the quantities and estimates for comparing the cost of the proposed deviation with that of the original line. We have examined these, together with the estimates of the Government officers for the original line, and we see no occasion to take exception to them. These estimates go to show that the original line will probably cost about £470,000 more to construct than the deviation.

There would also be a considerable saving in time in construction, and thereby of interest on capital during construction.

The interest on £470,000 at 5 per cent. is £23,500 per annum, against £6,800 per annum, the extra cost of working the incline with 100,000 tons of net traffic from west to east, and 30,000 tons of net traffic from east to west. There would thus be a saving of £16,700 a year on this traffic, or £9,900 a year on double the traffic, by adopting the incline.

Judging from the progress of trade and population during the last ten years in the districts concerned, it will be many years before the traffic will be doubled, while the time must be regarded as remote when the capacity of the incline will have reached its limit.

We are of opinion that it would undoubtedly be the right course to sanction the incline provided the appliances for working are capable of doing the work we have indicated.

We should suggest that the company be invited to submit the following plans :—

1. To do away with the proposed switchback.
2. To provide tunnels on the 1-in-15 grade, say, 2ft. higher in section than the standard New Zealand section.
3. To provide ventilation for tunnels on the 1-in-15 grade at intervals of about 12 chains.
4. For an engine capable of taking 105 tons average gross load, exclusive of its own weight, up the 1-in-15 incline, with 12½-chain curves, to be suited to run coupled trains of 210 gross tons on the same road in daily practice, and to draw all loads with a brake-van in the rear of each engine-load.
5. For a brake-van fitted with two efficient brakes suitable for resisting lateral and vertical displacement, as well as restraining the train in the direction of the road.
6. For the permanent-way.

It being understood that upon such plans being approved as satisfactory by the Government, consent would be given to the adoption of the deviation.

We have, &c.,
H. P. Higginson, M.Inst.C.E.
J. P. Maxwell, M.Inst.,C.E.,
New Zealand Railway Commissioner.

No. 25.

The Under-Secretary for Public Works to the General Manager, Midland Railway Company.

Sir,— Public Works Department, Wellington, 20th April, 1892.

Midland Railway.—Re *proposed substitution of Abt Incline for Tunnel Line at Arthur's Pass.*

I have the honour, by direction of the Minister for Public Works, to forward to you herewith a copy of the report of Messrs. Maxwell and Higginson on the subject of the proposal to substitute an Abt incline line for a tunnel line at Arthur's Pass on your company's railway, and to request that you will be good enough to furnish as early as possible the several plans which Messrs. Maxwell and Higginson suggest that your company should be asked to supply.

Upon receipt of the plans referred to the Government will take the matter into consideration with the view of deciding what advice should be given to His Excellency the Governor thereon, provided, of course, that the plans when furnished are found to be sufficient and satisfactory.

I have, &c.,
H. J. H. Blow,
Under-Secretary for Public Works.

The General Manager, Midland Railway Company, Christchurch.

No. 26.

The General Manager, Midland Railway Company, to the Hon. Minister for Public Works.

(Telegram.) Christchurch, 21st April, 1892.

I still await reply *re* adoption of Abt incline, and also *re* extension contract time, as my directors are constantly urging me to have these matters decided. Please inform me in what state they now are, and when I may expect decision, as engineers have sent in their report on Abt incline. I shall be glad to receive copy.

Hon. Minister for Public Works, Wellington. Robert Wilson.

No. 27.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

(Telegram.) Wellington, 21st April, 1892.

COPY of engineers' report on Abt incline posted you to-day. Question of extension contract time still under consideration.

Robert Wilson, Esq., Midland Railway Company, Christchurch. H. J. H. BLOW.

No. 28.

The GENERAL MANAGER, Midland Railway Company, to the MINISTER for PUBLIC WORKS.

Christchurch, 26th April, 1892.

SIR— *Arthur's Pass Incline.*

I am in receipt of your letter of the 20th instant, enclosing a report by Messrs. Higginson and Maxwell on the proposed steep incline over Arthur's Pass in substitution of the original line, and in which these gentlemen ask for certain further information.

In connection with the information asked for, and other matter in the report, there are certain expressions of opinion and deductions to which I take exception, as I think, in some instances, these have been given and formed upon a mistaken basis, owing to insufficient local knowledge of the country through which the proposed deviated line has been located. I specially refer to the switchback, and to which I will first allude, as being the most important point raised.

Messrs. Higginson and Maxwell are correct in stating that a switchback is a disadvantage, but this must be qualified by adding, If it can be avoided at a reasonable expense. I have to state that, in locating this incline line, I made full investigations in the endeavour to avoid using this switchback, but I found the country in the valley of the Rolleston so cramped and narrow at the point fixed by the required grade, that to do away with this plan of construction would entail crossing the river on a viaduct forming nearly a semicircle, the maximum radius possible being 7½ chains. After crossing the river as indicated, it is necessary to at once recross it with a long viaduct on a sharp skew, to a point on the present line below the switchback. This must be done to avoid the broken ground and shingle slides on the west bank of the Rolleston, which extend about a mile beyond its junction with the Otira. To make such a change would, I estimate, cost at least £35,000 in addition to the present estimated cost, and introduce a long curve of 7½ chains radius, the minimum being at present 12½ chains. The valley is too narrow to admit of a 12½-chain curve being substituted for one of 7½ chains. I think, when Messrs. Higginson and Maxwell are informed that the switchback was introduced as a necessity from the nature of the country, and not from choice, that they will not desire me to go to the expense of making further surveys to submit the plan asked for, or advise that so costly a change should be made to overcome the comparatively trifling disadvantage of the engine changing ends of the train at a point on the line proposed by them to be a block station, and where the trains must of necessity be standing some little time in ordinary course of working on the block system. It cannot be argued that the increased cost of working, owing to the shunting, can possibiy approach the charge for interest on the increased cost of works to eliminate the switchback. I may point out that there is a switchback on the Hartz Mountain Railway, and this is not found to be a disadvantage warranting any further expenditure to eliminate it. I may also cite the switchback at Oamaru. I will therefore ask that Messrs. Higginson and Maxwell be advised to reconsider this point, upon which they have laid some stress, when probably unaware of the cramped nature of the country and the difficulties in the way of making the change they suggest, and which I maintain will not seriously effect the cost or safety of working the incline. I enclose rough sketch showing approximately the two crossings of the Rolleston River that would be required to eliminate the switchback.

Messrs. Higginson and Maxwell, in computing the capacity of the incline, assume that two passing places only are to be used. Under these circumstances the limit of traffic is a figure much below mine, which was calculated on the basis of six passing-places. These my plans show can be conveniently provided for, and I maintain can be successfully used if occasion required; but, as Messrs. Higginson and Maxwell show that with two crossing-sidings the incline line will have ample capacity for the prospective traffic, I need not discuss the question further at present, although I do not accept their conclusions as being correct as to limit of traffic. I also question the possibility of obtaining at a reasonable cost other passing-places assumed to be obtainable on the original line other than those shown on the present plans.

The question is raised in the report as to the safety of working two trains, either coupled, as in the case of the Fell system, or following so closely as to be practically in contact in the case of the Abt system. As this is only a matter of opinion, it need not be discussed. As proof can, no doubt, be produced in support of either view, I will refer the question to Messrs. Rinecker and Abt. I have hitherto given expression to my own opinion only on this subject. The question mentioned by Messrs. Higginson and Maxwell, of pushing or pulling a train, is merely a detail of working, and somewhat beyond the scope of the present report. There is no objection to the Abt engine hauling the train provided the rolling-stock and draw-bars are made strong enough, and there is an efficient break-van at the rear of the train to prevent a runaway in case of the train becoming uncoupled or breaking away. I admit that it is desirable for the driver of the train to see clearly ahead in a country liable to falls of earth and rock. My only reason for suggesting pushing is that with an engine in the rear of the train on the up grade there is no possibility of a break-away.

I take exception to Messrs. Higginson and Maxwell's estimated cost of working the incline deviation and the original line. I shall be glad to know if due allowance has been made in the

estimate for the saving in cost of maintenance of line and rolling-stock which will arise by locating the deviation in a much more stable country and with shorter length of grade requiring brakes than on the original line.

I should also like to know if the adhesion engine-load of 210 tons is the basis of calculation of both the deviation and the original line. On page 14 of the report it is stated that, with 53lb.-rails, an engine could be designed to take 210 tons up over 1 in 44 on the straight. I must point out that whatever engine could run over the original line could also run over the deviation with a ruling grade of 1 in 60, which will also have 53lb.-rails, and consequently the engine which will take 210 tons over 1 in 44 on the straight will take 286 tons over 1 in 60 on the straight. The short grade of 1 in 53 mentioned in the report is to be flattened to 1 in 60 when the line is made to the Otira, as arranged with the Government. Have Messrs. Higginson and Maxwell given the deviation line the credit of the difference in computing the cost per train-mile on this section as compared with the original line? But I need not discuss the question further, as Messrs. Higginson and Maxwell consider their results show a satisfactory cost of working the incline.

It is my intention, as Mr. Maxwell is aware, to increase the sections of tunnels on the incline by making them 2ft. higher than the present Government standard drawings show, and also that it is my intention to ventilate the tunnels by side-headings or shafts. I presume, therefore, these drawings will not be required at present.

Messrs. Higginson and Maxwell ask to be supplied with designs of an Abt engine capable of taking 104 tons up 1 in 15. I have no designs for such an engine, and am not aware that one has yet been made; this I could prepare, but should not feel justified in submitting it without first obtaining the opinion of the patentees on such a design; the same remark applies to the brake-van. I think it would be advisable to have the engine and van design prepared by Messrs. Rinecker and Abt to particulars suggested by Messrs. Higginson and Maxwell, and sent out when completed. It was my intention that I should visit Europe later to personally supervise the designs for all the plant for the incline, and I have left these questions of engine and plant in abeyance until I could study the latest and most improved scheme; I have not, therefore, plans in detail of the permanent-way. It is quite possible that there might be some difficulty in detail in making so powerful an engine for the 3ft. 6in. gauge; but if the Government will now give their consent to the incline which Messrs. Higginson and Maxwell report, "It would undoubtedly be the right course to sanction, provided the appliances for working are capable of doing the work we have indicated;" and as it is most important that the company should receive such consent without delay for financial purposes, I am quite prepared to allow the question of the system—Abt or Fell—to remain in abeyance until these plans arrive; I shall then be ready to discuss the question fully with Messrs. Higginson and Maxwell, or any other engineer of standing the Government like to appoint; and if it can be shown that the Fell system has the stated advantages over the Abt for the gauge of 3ft. 6in., and that the incline can be worked more economically and safely by this system, I shall be prepared to advise my directors to adopt the plans and system which are then deemed to be most advantageous.

I trust my proposals and suggestions will meet with immediate and favourable consideration.

I have, &c.,
For the New Zealand Midland Railway Company (Limited),
Robert Wilson,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

No. 29.

[The Under-Secretary for Public Works to the General Manager, Midland Railway Company.

Public Works Office, Wellington, 18th May, 1892.

Sir,— *Midland Railway.—Proposed Incline Line at Arthur's Pass.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 26th ultimo containing observations on the report of Messrs. Higginson and Maxwell on the above subject, and to forward herewith for your information a copy of the remarks thereon, which have been obtained from the gentlemen named.

I am to add that the Government will expect the company to submit complete proposals for the construction and working of the incline line before His Excellency can take into consideration the propriety of assenting to its construction.

I have, &c.,
H. J. H. Blow,
Under-Secretary for Public Works.

The General Manager, New Zealand Midland Railway Company, Christchurch.

Enclosure.

Sir,— Public Works Office, Wellington, 2nd May, 1892.

We have the honour to reply to your request that we should remark on the letter of the Engineer-in-Chief of the Midland Railway Company of the 26th of April about our report to His Excellency the Governor on the proposed Abt incline at Arthur's Pass.

The proposals of the company submitted to us by the Government were to build a 1-in-15 incline, with curves of 12½ chains minimum radius, to be worked on the Abt system.

The sufficiency and economy of such incline for the traffic are essentially dependent upon the appliances for and sytem of working it.

After carefully considering the proposals, we found that the data and evidence submitted did not show that Abt engines of sufficient power and in other respects suitable to the conditions could be designed for the 3ft. 6in. gauge to work the estimated traffic as conveniently and economically as desirable, while such other evidence of existing practice as we could obtain tended to show that the design and construction of Abt engines of sufficient power could not be reckoned on for the 3ft. 6in. gauge.

The letter of the Engineer-in-Chief does not add any further information about the Abt engines. In fact, it confirms our previous views, and indicates that the company is not in a position to submit complete proposals in this respect for the consideration of His Excellency, so that we are unable to offer any further advice; and it is manifest that His Excellency the Governor could not assent to the adoption of the Abt system under these circumstances.

We took the opportunity of pointing out in our report that some years' experience in working Fell engines in this colony in our opinion gave us substantial evidence that the proposed incline might be worked on the Fell system conveniently and economically. It was not a part of our instructions, and is not a part of our duty, to make any recommendation on the Fell system; but we considered that it was only reasonable that, having such information, we should make it known in our report, as we considered it might be of value to the company as possibly affording an immediate solution of what otherwise might prove a serious difficulty to them. As we understand the position, it is not for us to make proposals, but for the company to do so, they being responsible for submitting the same to the Government, while our duty is to report upon their suitability.

With regard to the switchback, the very complete working drawings furnished by the Engineer-in-Chief, and such limited local knowledge as we have, made it at once apparent to us that a 12½-chain curve could not be contained within the Rolleston Gorge at the locality necessary. We considered that such an arrangement would involve some heavy tunnelling and some bridging on a large scale. These points received our special consideration before reporting.

The Engineer-in-Chief estimates that £470,000 would be saved in first cost of construction, and £126,000 in interest, by adopting the incline. With so large a margin of saving, we considered that the relatively moderate expense of making the incline as safe and efficient as possible should not be foregone. We see no reason to alter our carefully-formed opinion that the switchback is an arrangement attended with great inconvenience and some risk, and that it should therefore be eliminated. With regard to submitting plans for its alteration, the excellent working plans and data in the hands of the company and the thorough local knowledge of its officers, will probably enable them to submit plans on a 3-chain scale, which, while they can make no pretensions to be regarded as working plans, will probably be found sufficient to base a general approval of the scheme upon, without incurring the delay involved in making fresh working surveys.

There should be no difficulty in submitting particulars of the cross-section of tunnel, general proposals for ventilation, and the permanent-way: this is a necessary formality, and will involve very trifling trouble.

We think it our duty to express our opinion that, before His Excellency the Governor could be satisfied that the incline line would be suitable for mineral traffic, and that it could be worked at a satisfactory cost, the complete proposals showing how this is to be done should be formally submitted to him by the company. We have indicated in our report that in our opinion it is competent for the company to submit formal proposals of a character which we think should satisfy His Excellency, but that the company have not yet done so. We may add that we consider that the information within the colony would enable this to be done.

Having assented to a scheme which may be regarded as capable of providing the maximum accommodation at the lowest cost of working which our information and practice at present justifies us in expecting, if it is hereafter proved to His Excellency's satisfaction that it is possible to adopt better arrangements giving superior results, there will doubtless be no hesitation in giving assent to modifications of the proposals which the company may have submitted, and which may have been previously approved.

We think that the company should not be relieved from taking the full responsibility for such proposals as they may submit to the Government.

We have, &c.,
H. P. Higginson, M.Inst.C.E.
J. P. Maxwell, M.Inst.C.E.

The Hon. the Minister for Public Works — New Zealand Railway Commissioner.

No. 30.

The General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

Sir,— 156, Worcester Street, Christchurch, 31st May, 1892.

I have the honour to acknowledge the receipt of your letter of the 18th instant *re* proposed incline line at Arthur's Pass, and enclosing further remarks by Messrs. Higginson and Maxwell.

Messrs. Higginson and Maxwell refer to details of construction which do not affect either the capability of the incline for dealing with heavy traffic or the satisfactory cost of working. All remarks on such points are, I am advised, beyond the scope of the report required by the contract, and therefore cannot be considered. The question of the switchback is one of detail of construction, and is therefore beyond the scope of the report; but I may point out that the interest, cost on additional works, and the increased amount of curvature, and consequent extra cost of maintenance involved by the suggested alteration, would greatly exceed the small cost of the engine changing ends of the train at the block station, where all trains must of necessity stop a short

time in course of working. The argument used by Messrs. Higginson and Maxwell that, because the estimates show such a satisfactory saving, further capital should be expended, is quite inadmissible.

As Messrs. Higginson and Maxwell report that the incline line over Arthur's Pass worked on the Fell system will be suitable for mineral and other heavy traffic, and can be worked at a satisfactory cost, I have now, after consultation, to request you, on behalf of the company, to obtain the immediate consent of His Excellency the Governor to the incline, on the basis of using the Fell system.

I hope that the Government will see their way to settle this matter at the earliest possible date. I have, &c.,

ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works.

P.S.—In asking the consent of His Excellency the Governor to the incline worked on the Fell system, I anticipate that His Excellency will reserve the right to permit the company to substitute for the Fell system any other system which can be shown to be superior.

No. 31.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

SIR,— Public Works Office, Wellington, 25th June, 1892.

Re *Midland Railway.—Proposed Incline Line at Arthur's Pass.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 31st ultimo, in which you request the consent of His Excellency the Governor to the construction of the incline line to be worked on the Fell system.

In reply, I am to state that the Minister is not prepared to discuss the details of the report of Messrs. Maxwell and Higginson with you.

It is for you to furnish full particulars of any deviation from the contract which you propose.

Copies of the working plans and sections which you submitted to Messrs. Maxwell and Higginson have been retained here, and will, if you desire it, be accepted as part of the particulars of your proposal; but to make this part of the proposal complete, the Minister thinks it would be necessary for you to add another plan, showing the deviation from these plans, which would be necessary to eliminate the switchback without making the curves sharper than 12½ chains radius.

The other particulars which it is necessary for you to submit will be—

1. Cross-sections of tunnels.
2. The proposal by means of which ventilation is to be effected.
3. Particulars, either by drawing or general specification, of the permanent-way.
4. An indication of the locomotive power which you propose to adopt.

It will be sufficient in the latter case to specify the average working load which you propose that your Fell locomotive should be able to draw.

I have, &c.,
H. J. H. BLOW,
Under-Secretary for Public Works.

The General Manager, New Zealand Midland Railway Company.

No. 32.

The ENGINEER-IN-CHIEF and GENERAL MANAGER of the Midland Railway Company to the Hon. the MINISTER for PUBLIC WORKS.

New Zealand Midland Railway Company (Limited), No. 156, Worcester Street, Christchurch, 1st July, 1892.

SIR,— *Proposed Incline Line at Arthur's Pass.*

In reply to your letter of the 25th June, I have again to inform you that I am advised that questions of detail of construction, including the switchback sections of tunnels, ventilation, and permanent-way are beyond the scope of reference to Messrs. Higginson and Maxwell for report. As these gentlemen have reported in favour of an incline worked by the Fell system, and as I have accepted the system they recommend, subject to no other being subsequently proved to be better, I must again request you to obtain the formal consent of the Governor to the substitution of the incline for the original tunnel line at Arthur's Pass; and I must hold the Government responsible for all loss and damage which the company may sustain due to such consent being withheld.

Without prejudice, however, to the company's right to insist upon an immediate consent being given, I desire to meet your wishes as far as possible, and I have to inform you that I propose if possible to adopt on the incline engines capable of hauling 104 tons up a 1-in-15 grade, exclusive of their own weight. The permanent-way I propose to use will be similar to that on the Rimutaka incline, with such improvements as past experience may recommend, if the Fell system is adopted. The cross-sections of the tunnels will be 2ft. higher than the Government standard. Ventilation will be obtained in these, where possible and necessary, by side-headings or shafts. I am now making explorations on the ground to endeavour to eliminate the switchback, which I am prepared to do if the cost of the alteration does not exceed the cost of the line as at present set out.

I shall be prepared to submit my plans, with all details, when they are completed, and before the commencement of the works. I must ask you to kindly, in the meantime, return the plans which I sent to Messrs. Higginson and Maxwell, and which have been retained by you.

I have, &c.,
For the New Zealand Midland Railway Company, (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

Hon. Minister for Public Works, Wellington.

No. 33.

The GENERAL MANAGER, Midland Railway Company, to the Hon. the MINISTER for PUBLIC WORKS.

SIR,— Wellington, 14th July, 1892.

Without prejudice to the company's right to object to Messrs. Higginson and Maxwell raising questions of detail of construction in their report on the incline line at Arthur's Pass, I have the honour to send herewith plans, &c., of a deviation I intend to make at Rolleston Creek to obviate the switchback. The line I intend to adopt is shown in green. Kindly return the plans after inspection, and please inform me when I may expect to receive the formal consent of His Excellency the Governor to the incline line.

Yours, &c.,
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

No. 34.

The UNDER-SECRETARY for Public Works to the GENERAL MANAGER, Midland Railway Company.

Public Works Department, Wellington, 18th July, 1892.

SIR,— *Midland Railway*—Re *Proposed Incline Line at Arthur's Pass.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 1st instant, in which certain further information is given as to the mode in which the company proposes to carry out the construction of the above-mentioned incline, and I am to say that, without admitting the sufficiency of these proposals, the Minister will cause them to be laid before Messrs. Higginson and Maxwell for the completion of their report, and then submit the whole matter to the Governor for his consideration in accordance with the contract.

With regard to the plans which you lent Messrs. Higginson and Maxwell, and which you now ask to have returned, I am informed by Mr. Maxwell that they were returned to you on the 25th April last.

In the letter now under reply certain statements are made to which the Minister takes exception. In that letter you ask for a "formal consent of the Governor to the substitution of the incline for the original tunnel line at Arthur's Pass," and intimate you "must hold the Government responsible for all loss and damage which the company may sustain due to such consent being withheld," while further on you refer to "the company's right to insist upon an immediate consent being given." Respecting these statements, I am directed by the Minister to say, it is not admitted that the Governor's consent is a "formal" matter, nor that the company have a "right" to insist on an immediate consent, nor that, in adopting the course hitherto taken by the Government, there is any reason for the threat of being held responsible in damages.

The Minister further directs me to say that the tone of the letter as a whole is not of a character to facilitate this matter, but he refrains from further comment thereon, and only repeats what has been already intimated to you, that the onus lies upon the company of furnishing full particulars of any deviation from the contract which is proposed, to which I am now to add that, before the Governor is called upon to exercise the discretionery power vested in him under the contract respecting the proposed deviation, the Minister is bound to see that full and reliable information is available for that purpose.

I have, &c.,
H. J. H. BLOW,
Under-Secretary for Publ Works.

The General Manager, New Zealand Midland Railway Company, Christchurch.

No. 35.

Messrs. H. P. HIGGINSON and J. P. MAXWELL to the Hon. the MINISTER for PUBLIC WORKS.

SIR,— Wellington, 30th July, 1892.

New Zealand Midland Railway.—Proposed Steep Incline over Arthur's Pass in substitution of the original Line.

With reference to our interim report of the 1st April last upon the proposed steep incline upon the Midland Railway at Arthur's Pass, in our previous remarks we expressed our opinion that, before His Excellency could be satisfied that the proposed incline line would be suitable for mineral traffic, and that it could be worked at a satisfactory cost, the complete proposals for construction and working must be submitted by the company.

Since expressing this opinion, supplementary proposals, embodied in three letters from the Engineer-in-Chief of the Midland Railway to you, dated respectively 31st May, 1892, 1st July, 1892, and 14th July, 1892, together with two tracings of a plan and section for eliminating the switchback, marked P.W.D. 16973, have been placed before us.

The proposals are wanting in that clearness and technical conciseness which are essential to a final settlement of the matter, and they are not such as can be professionally regarded as in proper or specific form.

The proposals, qualified by various conditions, protests, and reservations in the various documents presented to us may be regarded as including the following propositions:—

(*a.*) To divert the original line shown on plan P.W.D. 11555 for a distance of about 20 miles 3·74 chains from a point near Jackson's Hotel to a point in the Bealey Gorge, introducing in the deviation incline lines with maximum gradients of 1 in 15, and with curves of minimum radius of 12½ chains; this diversion being shown on plans P.W.D. 16935 and 16936, further modified by the elimination of the proposed swithback shown on plan P.W.D. 16973.

(*b.*) To work the proposed incline upon the Fell system.

(*c.*) To adopt Fell engines for working, each engine to be capable of hauling 104 tons average load, exclusive of its own weight, over and throughout the incline at a speed of not less than five miles an hour.

(*d.*) To construct all the tunnels on the steep incline 2ft. higher in section than the New Zealand Government standard tunnel design.

(*e.*) To ventilate all the tunnels where possible and necessary by side-headings or by shafts.

(*f.*) To adopt the same weight of rails and style of permanent-way as are in use upon the Rimatuka incline on the Wellington–Masterton Railway.

If this interpretation of the various letters and documents referred to is accepted and the company's proposals embodying the same are submitted to us in a concise form, with the plans attached—all other conditions, protests, and reservations being absolutely withdrawn—we shall be prepared to make a definite recommendation to His Excellency; but we cannot make any definite recommendation on the proposals as at present laid before us.

We have, &c.,

H. P. Higginson, M.Inst.C.E.
J. P. Maxwell, M.Inst.C.E.,
New Zealand Railway Commissioner.

To the Hon. Minister for Public Works.

No. 36.

The Under-Secretary for Public Works to the General Manager, Midland Railway Company.

Public Works Office, Wellington, 9th August, 1892.

Sir,— *Midland Railway.*—Re *Proposed Incline Line at Arthur's Pass.*

Referring to my letter of the 18th ultimo on the above-mentioned subject, I have now the honour, by direction of the Minister for Public Works, to forward to you herewith a copy of a memorandum which has been received from Messrs. Higginson and Maxwell thereon, and to request that you will be good enough to submit proposals in accordance therewith.

The tracings showing the further proposed deviation at Rolleston Creek, forwarded with your letter of the 14th ultimo, are returned to you enclosed herewith, copies having been retained in this office for reference purposes.

I have, &c.,

H. J. H. Blow,
Under-Secretary for Public Works.

The General Manager, Midland Railway Company, Christchurch.

No. 37.

The Engineer-in-Chief and General Manager, Midland Railway, to the Hon. the Minister for Public Works, Wellington.

Sir,— Wellington Club, Wellington, 15th August, 1892.

In reply to your letter of the 9th instant, I have the honour to enclose formal request for the substitution of the incline line for the summit tunnel at Arthur's Pass.

Desiring to have this question settled without further delay, I have endeavoured to meet the wishes of Messrs. Higginson and Maxwell in the form of applications, but have done so without prejudice to the company's rights under the contract.

You have copies of the plans referred to, and I shall be obliged if you will kindly allow these to be attached to the enclosed letter for the Engineer's perusal, as it will save delay and the necessity of bringing the original plans again to Wellington.

I have, &c.,

Robert Wilson,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

Enclosure.

The Engineer-in-Chief and General Manager, Midland Railway Company, to the Hon. the Minister for Public Works.

Sir,— Wellington Club, Wellington, 15th August, 1892.

I have the honour to request, on behalf of the New Zealand Midland Railway Company (Limited), that you will obtain, in accordance with the contract, the consent of His Excellency the Governor to the substitution of the incline line for the summit tunnel at Arthur's Pass.

The original line shown on plan P.W.D. 11555 is deviated for this alteration for a distance of about 20 miles 3·75 chains, from a point at Jackson's Hotel, on the western side of the ranges, to a point in the Bealey Valley, on the eastern side of the ranges; this deviation includes the incline line

with a maximum gradient of 1 in 15, and minimum curves of 12½ chains radius; the details of the deviation are shown by the plans of the company, copies submitted are marked P.W.D. 16935 and 16936; a modification of these plans which is to be adopted eliminating the switchback shown on the plans is attached and marked P.W.D. 16973.

It is the present intention of the company to work the incline on the Fell system of traction, but the company are making inquiries and obtaining designs of engines and brake-vans with the view of ascertaining if there will be any advantage of adopting any other system, such as the Abt, in preference to the Fell.

The engines to be adopted to work the incline will be constructed so as to be capable of hauling 104 tons average load, exclusive of its own weight, over and throughout the incline at a speed of not less than five miles an hour.

If the Fell system is finally adopted, it is the intention to use the same weight of rails and style of permanent-way as are in use upon the Rimutaki incline on the Wellington and Manawatu Railway.

If any other and better system of traction is adopted, the permanent-way used will be equal in strength to that on the Rimutaka incline, and only modified to meet the requirements of any such system such as the Abt.

It is the intention of the company to increase the cross-section of the tunnels on the incline line by raising the height 2ft. in excess of the cross-section of tunnels now adopted as the New Zealand Government standard.

It is also intended to ventilate these tunnels on the incline where necessary and possible by means of side-headings or air-shafts.

As the question of obtaining the consent of the Governor to the incline line has been in abeyance so long, I shall be glad if you will take steps to apply for the consent as early as possible.

I am, &c.,

ROBERT WILSON,

Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

No. 38.

The UNDER-SECRETARY for PUBLIC WORKS to the GENERAL MANAGER, Midland Railway Company.

Public Works Department, Wellington, 19th August, 1892.

SIR,— *Midland Railway.*—Re *Proposed Incline Line at Arthur's Pass.*

I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 15th instant, covering formal request for the substitution of the incline line for the summit tunnel at Arthur's Pass, which you state that you submit, "without prejudice to the company's rights, under the contract."

In reply, I am to state that the Hon. Mr. Seddon is not aware that any "rights" of the company under the contract are liable to be prejudiced by the request referred to, but in any case he cannot lay your proposals before Messrs. Higginson and Maxwell for final recommendation, with any hope of their recommendation being favourable so long as they are accompanied by any reservation of undefined rights.

I am further to state that the proposals themselves are also still a little indefinite. The first paragraph on page 2 merely states the present intention of the company, and implies that it has other proposals in view. This is not a final proposal such as Messrs. Higginson and Maxwell asked for. The same remark also applies to the third paragraph on same page.

With the view of facilitating matters as much as possible, I am to send you the accompanying draft proposal, which is the same as the proposal you have submitted, with the doubtful points eliminated; and to state that if you will sign the same, and forward it to this office without any accompanying letter purporting to reserve any rights of the company in the matter, the Minister will have the same submitted to Messrs. Higginson and Maxwell for the completion of their report without delay.

I have, &c.,

H. J. H. BLOW,

Under-Secretary for Public Works.

The General Manager, Midland Railway Company, Wellington Club, Wellington.

No. 39.

The GENERAL MANAGER, Midland Railway Company, to the Hon. MINISTER for PUBLIC WORKS.

SIR,— Wellington Club, Wellington, 20th August, 1892.

I have the honour to request, on behalf of the New Zealand Midland Railway Company (Limited), that you will obtain, in accordance with the contract, the consent of His Excellency the Governor to the substitution of the incline line for the summit tunnel at Arthur's Pass.

The original line shown on plan P.W.D. 11555 is deviated for this alteration for a distance of about 20 miles 3·75 chains from a point at Jackson's Hotel, on the western side of the ranges, to a point in the Bealey Valley, on the eastern side of the ranges; this deviation includes the incline line

with a maximum gradient of 1 in 15, and minimum curves of 12½ chains radius. The details of the deviation are shown by the plans of the company. Copies submitted are marked P.W.D. 16935 and 16936 a modification of these plans which is to be adopted, eliminating the switchback shown on the plan, is attached and marked P.W.D. 16973.

It is the intention of the company to work the incline on the Fell system of traction.

The engines to be adopted to work the incline will be constructed so as to be capable of hauling 104 tons average load, exclusive of its own weight, over and throughout the incline at a speed of not less than five miles per hour.

It is the intention to use the same weight of rails and style of permanent way as are in use upon the Rimutaka incline, on the Wellington and Masterton Railway.

It is the intention of the company to increase the cross-section of the tunnels on the incline line by raising the height 2ft. in excess of the cross-section of tunnels now adopted as the New Zealand Government standard. It is also intended to ventilate the tunnels on the incline where necessary and possible by means of side-headings or air-shafts.

As the question of obtaining the consent of the Governor to the incline line has been in abeyance so long, I shall be glad if you will take steps for the consent as early as possible.

I am, &c.,

For the New Zealand Midland Railway Company (Limited),
ROBERT WILSON,
Engineer-in-Chief and General Manager.

The Hon. the Minister for Public Works, Wellington.

No. 40.

Messrs. HIGGINSON and MAXWELL to HIS EXCELLENCY the GOVERNOR.

Wellington, 25th August, 1892.

New Zealand Midland Railway.—Proposed Steep Incline over Arthur's Pass in substitution of the original Line.

To His Excellency the Governor.

MAY IT PLEASE YOUR EXCELLENCY,—

We have the honour to conclude our report of the 1st April last upon the proposed steep incline on the Midland Railway.

Since writing that report amended proposals have been made by the company, which have been submitted to us by the Hon. Minister for Public Works.

These amended proposals, which are dated 20th August, 1892, are—

(*a.*) To divert the original line, shown on plan P.W.D. 11555, for a distance of about 20 miles 3·75 chains from a point near Jackson's Hotel to a point in the Bealey Gorge, introducing in the deviation incline lines, with maximum gradients of 1 in 15 and with curves of minimum radius of 12½ chains; this diversion, being shown on plans P.W.D. 16935 and 16936, further modified by the elimination of the proposed switchback shown on plan P.W.D. 16973.

(*b.*) To work the proposed incline upon the Fell system.

(*c.*) To adopt Fell engines for working, each engine to be capable of hauling 104 tons average load, exclusive of its own weight, over and throughout the incline at a speed of not less than five miles an hour.

(*d.*) To construct all the tunnels on the steep incline 2ft. higher in section than the New Zealand Government standard tunnel design.

(*e.*) To ventilate all the tunnels where possible and necessary by side-headings or by shafts.

(*f.*) To adopt the same weight of rails and style of permanent-way as are in use upon the Rimutuka incline on the Wellington–Masterton Railway.

We have the honour to advise Your Excellency that, in our opinion, the proposed deviation would be advantageous, and that the proposed incline line situated on this deviation, when executed and worked according to the proposals preceding, will be suitable for mineral and other heavy traffic, and can be worked at a reasonable cost; and we, therefore, recommend that Your Excellency's consent be given to the company's proposals.

We have, &c.,

H. P. HIGGINSON, M.Inst.C.E.
J. P. MAXWELL, M.Inst.C.E.,
New Zealand Railway Commissioner.

His Excellency the Governor.

STATEMENTS—MISCELLANEOUS.

[NOTE.—This statement was received too late for inclusion with the other statements on pages 32 to 37.]

STATEMENT by Mr. JAMES MCKERROW, Chief Commissioner of Railways.

ESTIMATE of TRAFFIC on the New Zealand Midland Railway Company's East and West Coast Line, between Springfield and Stillwater. Distance for rating purposes taken as 103 miles, and the classification as in Enclosure 1 in No. 6 of the Midland Railway Contract. (See Appendix D.-4, House of Representatives, 1892.)

	£ s. d.	£
West to East.		
60,000 tons of coal, local consumption and shipping, 103 miles at an average of £3 18s. ...		24,000
6,000,000ft, of timber, inclusive of sleepers, 60,000 (c.m.b.) at 2s.		6,000
Building stone		Nil
Parcels and sundries		1,500
Passengers, first-class through, 2,000 (103 miles to Springfield) at £1 6s. 10d.	2,683 6 8	
Passengers, second-class through, 3,000 at 17s. 11d.	2,687 10 0	
	5,370 16 8	
But, as one-half the number would travel on return tickets, a deduction of one-third on half of £5,370 16s. 8d., equal to £2,685 8s. 4d., will have to be made	895 2 9	
	£4,475 13 11	say 4,500
Passengers, 11,000 local, say		2,300
Miscellaneous		1,000
		39,300
East to West.	£	
3,000 tons of merchandise, say at £1 5s. per ton	3,750	
4,000 tons of grain and flour, say at 14s. 8d. per ton	2,933	
4,000 tons of agricultural produce, hay, chaff, &c., say at 9s. 3d. per ton ...	1,850	
5,000 cattle and 16,000 sheep, say	1,917	
Parcels and sundries	1,500	
Passengers, 5,000 through, same as West to East	4,500	
Passengers, 4,000 local, say	900	
Miscellaneous	2,000	
		19,350
Estimated revenue for twelve months		58,650
Less working expenses, 75 per cent., say		43,990
Balance		£14,660

JAMES MCKERROW.

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Price 5s.]

S. PERCY SMITH
Surveyor General.

MAP

SHEWING THE MINING RESVES PROCLAIMED
Within the Midland Railway Coy's Area.
WESTLAND LAND DISTRICT.

SCALE 4 MILES = 1 INCH.

— Reference. —

— Mining Reserves proclaimed coloured yellow. —

— Midland Railway Route shewn thus ▬▬ —

AREAS OF BLOCKS IN ACRES THUS, 10,000.

Grey River
COBDEN
GREYMOUTH
Grey River
Arnold River
GREYMOUTH
ARNOLD
Teremakau R.
Wew R.
Moon Ck.
HOHONU
NELSON LAND DISTRICT
KANGAROO L.
LADY L.
Big Hohonu
LAKE BRUNNER
LAKETOWN
Crooked River
TEKINGA
L. POERUA
Kapitea Ck.
KUMARA
Hohonu R.
WAIMEA
Arahura R.
Waimea Ck.
Hayes Ck.
Hou Hou Ck.
HOKITIKA
3
8,250
Hokitika R.
Kawhaka R.
Teremakau River
TAIPO
Jacksons Sta.
11
3,000
TEREMAKAU
Taipo R.
Sandstone Ck.
MAHINAPUA L.
5700
Kanieri R.
KANIERI
TURIWHATE
OTIRA
MAHINAPUA
Eel Ck.
KOKATAHI
KANIERI L.
Arahura R.
Otira R.
Otehake R.
OTIRA GORGE
L. MINCHIN
Totara Lagoon
Kokatahi R.
Mikonui R.
ROSS
10
5,000
Totara R.
Hokitika R.
Browning R.
BROWNING PASS
Boundary of Land Districts
ARTHURS PASS
Poulter R.
BOLD HEAD
Waitaha R.
Granite Ck.
Mikonui
12
2,000
TOTARA
TOAROHA
Wilberforce R.
CANTERBURY
LAND DISTRICT
Waimakariri R.
Bealey R.
Hawkdon R.

G.P.W. DEL.

Lithographed at the Head Office Department of Lands and Survey Wellington.

A. Barron Superintending Surveyor.
5th Sept 1892.

S. PERCY SMITH
Surveyor General

MAP
SHEWING THE MINING RESERVES PROCLAIMED AND RESERVES PROPOSED TO BE PROCLAIMED
Within the Midland Railway Coy's Area.
LAND DISTRICT OF NELSON.

SCALE 4 MILES = 1 INCH

BOUNDARY OF MIDLAND RAILWAY Coy SELECTION – LINE DRAWN DUE WEST FROM "BELGROVE"

Kongahu Pt. Mokihinui R. Ngakawau R. Cape Foulwind Waitakere R. or Nile Buller R. Orikaka R. of Mackleys Ck. New Ck. Lyell R. Matiri R. Oweri R. Ohika Rul Ohika Jct. Blackwater Ohika R. Okari R. R. Totara R. R. Orowaiti Landing Ck. Waitahu R. Inangahua R. Doughboy Ck. Blue Duck Matakitaki River Mangles Glentoy R. Mawhera R. Bullock Ck. (or Omoneku R.) Punakaiki R. Otututu or Rough R. Slab Hut Ck. Big R. Snowy Ck. Grey R. Alexander R. Marula R. Marchant R. Ahaura R. Arnold River Nelson Ck. Red Jack Ck. Coal Ck. Devils Ck. River Wairua R. Waiwhero Ck. Maimai Ck. Big or Inwards Creek Inangahua Jct. Ck. Ck. Ck