

124. *Hon. Mr. Seddon.*] Another year and a half will put it out of pawn?—I will show you where you have security. When the company raise the new capital in London we have probably to raise it on debenture bonds; these bonds compel the company to spend that money on a specific work, between Springfield and Jackson's. To each individual bondholder the company give a bond that it is going to do the work; so that the Government are perfectly secure, the company could not spend a penny of that money on anything else. It is allocated for that specific work, and upon that the money represented by these bonds must be spent. So the Government are perfectly safe in that respect.

125. Will not the position of the present debenture-holders and the holders of the original debentures—the quarter of a million—be improved?—No.

126. Not if the terms now offered by the company are accepted?—No, I do not think their position will be at all improved, and for this reason: they must come in as part holders of the total security. It is my intention when I get to London, if we are successful with our proposals, to suggest to my directors that they should convert our existing debentures into 4-per-cent. debentures and have a total issue of £2,000,000 4-per-cent. debentures, which will all rank equally. Therefore, their position will not be improved in any way; they will have no better security excepting the improved value of the undertaking generally.

127. Suppose there is no contract at all, what is the position? How are they to get the money already invested?—If no modification is made they will, I have no doubt, soon ascertain their position. They will appeal to law; they cannot do otherwise, and will be compelled to do so in self-defence.

128. There is not much money made by going to law?—No; whichever side wins there must of necessity be expenses, and that is what I want the Committee to consider fairly. The company have tried to arrive at a friendly settlement of that which might degenerate into serious legal proceedings, which probably would not be creditable to the colony.

129. Had you any doubt when you were in London as to the colony's guarantee, as to the value of the land-grant?—My evidence here proves that our land-grant has hitherto paid us a considerable increase; and I maintain we have not taken the "eyes of the country." As good country is available for selection now as any we have ever touched in Canterbury or any other provincial district. That land-grant, if properly dealt with, will bring the Government in far more than the price we are giving it up at, and it will sell for an increase, as it has hitherto done. It is only a question of dealing with that land properly. If I myself were a man in a position to take up the company's contract and find the required capital, I would not let the Government have one acre of their land back. I would make a large profit on it in time, if it were properly treated. But the company is driven by the force of circumstances to make a sacrifice which, if it were in a position to finance, I would never have advised them to submit to. But people have talked all sorts of utter rubbish about the land-grant. People have made statements about the West Coast and Canterbury land, knowing nothing whatever about the places. One statement made is that on the West Coast there is nothing but black-birch, and that the land is either hill or swamp, and valueless. On a fair estimate, I should think there must be 40 per cent. of as good red- and white-pine as anywhere in the colony. But people make statements like that without a single atom of proof of what they are saying. Lots of land on the West Coast, if cleared and bushed, would grow grass and be good for stock. There are also patches of excellent land worth, I dare say, £10 an acre. There are patches not worth 2s. 6d. an acre; but there are patches very good. It must be remembered there are patches in Hawke's Bay not worth 10s. an acre. To make general statements like these I have referred to about the land-grant in either Canterbury or Westland is utterly fallacious.

130. *Mr. Tanner.*] Would it not be fair to say who made the statements?—With regard to the timber-land of the West Coast, it was said last year to be absolutely valueless. But I have evidence here to the contrary. I have an offer to purchase 300 acres at £1 10s. an acre—that is part of Block XXVIII.—after the timber is cleared off; while the timber is earning in royalty something like £2 an acre now.

131. £2 an acre per year?—No, for the timber-crop.

132. *Hon. Mr. Seddon.*] They get £3 10s. for what they gave £1 2s.?—Yes. I have another case. I sold on behalf of the company a small patch of land of 250 acres to a small settler at £1 7s. 6d. an acre. I saw him the other day, and he told me he was fattening four to five sheep to the acre. They were store sheep, bought for fattening, and put on the land before being sent to the market. The settler told me he would not sell his land for £4 an acre. It was rich scrub land, around Lake Brunner.

133. I suppose it would be a very effectual check to those pessimists who make the statements of which you have spoken, if the Government was prepared to give you cash in lieu of land-grant?—The answer is, if these proposals are accepted it will show the Government believe in the value of the land and has bought it. It would no doubt make a large profit. There is no doubt about it that the Government in dealing with that land will make in gross far more than they give for it. It is undoubtedly the cheapest method for the colony to get this line made. Our proposals are advantageous in every sense to the colony—only the colony gets an advantage through the misfortune of the company. Had the company had good luck in its finance from the earliest days they would never have considered the offer they make to-day.

134. Touching the clause making it compulsory for Parliament to buy in ten years. That is a very important modification or alteration, is it not?—It is a modification in this way: You can see from my estimates that, unless the company were driven by force of circumstances, they would never make that suggestion. But it is an answer at once to the wicked evidence which was given last session, that the line could not pay working expenses. When my directors place the matter before financiers they will say, "What about the railway paying?" My answer is, at once, "If this railway will not pay—which I am certain it will—in ten years the company can, by sacrificing the whole of its share capital, and its interest during construction, get its bare debenture debt back.