

65. I think you have already said that it would take about three and a half years to finish the section from Jackson's to Springfield?—With regular work it would take three and a half or four years.

66. Do you agree with this estimate?—I think it is fairly approximate; it is within about £50,000.

67. I mean the Jackson-Springfield Section?—Yes, I understand. The difference is, no doubt, due to certain modifications made in the new surveys, which the Government have not had the opportunity of seeing; but the estimate is a close approximation.

68. Has a detailed estimate been made?—Yes; we have complete working-plans.

69. Now, with regard to section from Reefton to Belgrove, I understand you to say no detailed survey was complete?—No; all that exists is a flying survey made a few years ago, and the Government estimate is a close approximation as far as is possible with such a survey. I think they are very close, but, perhaps, a little underestimated.

70. The same remarks as to engineering and administration apply to this as to the Jackson-Springfield Section?—Yes.

71. This estimate, of course, does not include rolling-stock?—No.

72. What, in your opinion, will be required for rolling-stock for the Jackson-Springfield Section?—I should think, from the amount of traffic, it will require something like £80,000 or £90,000. I allow £80,000.

73. Would the use of the Fell system on that section increase the cost of the rolling-stock or not?—Not as a whole. We shall have special engines for the incline section, but it does not materially increase the cost of rolling-stock.

74. Do those remarks apply to the Reefton-Belgrove Section?—Yes; the allowance should be about £700 a mile for rolling-stock.

75. *Mr. Fraser.*] In excess?—Yes.

76. *Mr. Graham.*] You are aware of the resolution of the House of Parliament of last year?—Yes.

77. And you are aware of clause marked "D" in that resolution, which states that certain modifications of the contract be made conditionally only on the company having first satisfied the Government that it is in a position to raise the necessary capital required to complete the several railway works enumerated in the contract? Do you think there is any ambiguity in that paragraph?—It conveys plainly its meaning on the face of it, and the Government got a clear reply from my Board.

78. *Mr. Graham* reads paragraph 4 of letter No. 13: "My directors have thought it right to call your attention to this point at the earliest opportunity afforded to them, as they cannot help believing that the intention of the resolution is that the Government will be content with my company showing by the statement of a good financial house that they can raise the capital necessary to complete the main line from east to west." How do they come to that conclusion, in view of clause "D" of the resolution of Parliament?—In the correspondence submitted last session to the Government it was clearly stated that the company had no intention at present of completing the Belgrove-Reefton line, and that it would have to be subject to future negotiations.

79. Were you always aware that the company had no intention of constructing the Belgrove-Reefton Section?—It had originally the intention.

80. What would cause a change?—The evidence against paying-traffic, and the difficulty of obtaining capital for constructing the line.

81. Are you aware of Mr. Brodie Hoare's visit to New Zealand?—I was with him.

82. Were you with him when he and others, who were experts, travelled over the proposed line from Belgrove to Reefton, and afterwards, when he stated that he and those with him were perfectly satisfied to enter into the undertaking?—He is not an expert on railway construction.

83. None of them gainsaid his statement, and he said that he was giving expression to the opinions of others?—He was giving views based on information received from the Government, not from any private information of his own.

84. Do you think the company ever had any intention of completing the original contract?—Undoubtedly, until the question of traffic was gone into closely.

85. If it had been gone into closely, would the company not have entered into the original contract?—No.

86. I wish to ask how they could make it appear that they wished it to be understood that the Government or the House of Parliament never intended that portion of the line gone on with?—It shows the company could have gone on with the East and West line without the Reefton-Belgrove portion.

87. On the face of it, does it not show that the company had no idea of ever completing that portion of the line?—The company were prepared to go on with the line subject to the proposals to the Government; if the Government did not accept those proposals the company could not go on. The company are not prepared to submit any proposals with reference to the Reefton-Belgrove portion of the line until the East and West line is finished.

88. *Mr. Hutchison.*] Have the company any proposals to make as to the Belgrove Section?—In paragraph "E" of letter of 20th July it is stated that the company is prepared to complete the Belgrove Section within three years from the signing of the contract, and to accept in payment for the completed section 3½ per-cent. Government debentures; 75 per cent. of the cost, or, say, £70,000. If the Government cannot accept these modifications the alternative is to leave the works at Belgrove in their present unfinished state.

89. *Mr. Graham.*] Does that £70,000 represent the whole cost to the Government?—The amount of land-grant was £30,000.