

ferred to to the Crown to take out timber and raw material over our tramway or railway ; and unless we comply with these conditions our leases are to be forfeited. At that time the whole of the area the syndicate had in view was 5,000 acres, and no more. Upon subsequent survey it was found that there was a little over 6,000 acres ; but if you will compute the estimated timber on that area, and the capital which will have to be expended to take it out, you will find that we have agreed to pay a very good royalty indeed, because the timber could not be got out unless we made this tramway or railway, which may be worth nothing to us at the end of the term ; and we must therefore treat the whole cost of the line as part of the sum we are paying for the bushes. The next point I wish to emphasize is this : the fairest possible test is that Mr. Grice owned a freehold of 43,000 acres, and had held it for over twelve years. Some time after we had secured these Native rights we approached Mr. Grice to see what he would take for his freehold. The reports state that the estimated timber consists roughly of 200,000,000 ft. on each area—both Mr. Grice's and the Native land. Mr. Grice had independent valuations made of the timber and of the land. Messrs. Bell and Co. acted for him. Some three months or more expired during the negotiations, and finally we paid £13,000 for the 43,000 acres belonging to Mr. Grice—the freehold of the whole 43,000 acres, including the bush, for £13,000. Mr. Grice was confronted by the same difficulty of getting anything off the land as had confronted us. On this land there is a large amount of flax, and we are advised that we can use two mills. If you compare the terms you will find that we pay the Natives very little less for the mere timber than what we are paying Mr. Grice for the timber *plus* the freehold. This keen business-man sold his 43,000 acres of land because there was no chance of his doing anything with it unless he got a railway. Our estimates, however, were falsified. We took the experience of people in the colony and America as to using a wooden tramway, and we got a report condemning the use of a wooden tramway, and were told that it would cost us more than steel rails. When I was in London this prospectus was sent to me, and I confess it puts somewhat too rosy a complexion on the scheme. I saw some people on the Stock Exchange—Mr. Begg and others—and they said, “ You want a construction bond. There is no proof that that will be obtained.” They asked me what the total output was, and other questions. Mr. Begg slept upon it for a week, and then rejected it, and I found that others would not touch it. Then we had to face this position : “ Are we going to give up the whole thing or find an additional £70,000 to make this railway ? ” And that is where we are to-day. The best experts we have consulted tell us that if we put in a wooden tramway we shall not make the venture a success ; but that if we put a railway in it will pay us to do it although the railway has to be given up at the end of the term.

*Mr. Moss :* Have you no claim over the railway at the end of the term ?

*Dr. Findlay :* None at all on that portion between Litchfield and Putaruru, but it remains ours from Litchfield to the bushes ; but we are asking the Government to allow us to lay down the rails from Putaruru to Litchfield. In the meantime McLean Bros., of Auckland, who are constructing the tramway, are in difficulties as to transport. I am quite prepared to give the Committee a complete list of our shareholders. A number of people in Wellington have spent thousands of pounds practically of their savings in trying to help this thing through, because they felt that the amount they had still in it would go unless they faced the additional capital required. The original shareholders had about 75,000 shares. They had no more money. They issued 75,000 preference shares, and then it was found that more money was wanted, and debentures were issued for £60,000 having a first charge over everything. That is our present position, and we still want £30,000 to go on with. The difficulty is that we have to buy steel rails for our tramway, and the difference amounts to £40,000. I thought of appealing to the Government, but we have no encouragement from it that we are likely to get any help, and it will probably amount to this : that those who are in it still will have to find the necessary amount. Mr. James Fulton, the engineer, and McLean Bros. have undertaken to construct a railway which will enable the rolling-stock of the Crown to go over our line. We have intimated to the Government that we shall keep the line in such a condition that they can run their trucks and passengers over it. That is the position just now. If we can pull through and get our £30,000 we think we can do very well—perhaps exceedingly well—but if not, then the prospect before us is not a very hopeful one. Now, every matter of this kind which touches politics seems to have a sinister side to it, and I want to say that no person in any way connected with politics has or ever has had the faintest interest in this concern. When I was first approached I think the syndicate consisted of seven or eight people, and they were all on the Opposition side in politics. Mr. T. W. Hislop was one of the original investors in this project, and put in some £700 or £800, on which he got no interest. When the Order in Council was obtained and the leases secured he took his chance and accepted £1,300 and went out gladly. It may be taken as perfectly clear from this what his opinion was at the time the leases were secured. It may have been said that we had a really good thing, but that is a fair indication of the position. The Government have been particularly vigilant in connection with this matter. On one of the first applications I made I was called upon to supply a list showing the names of all those who had anything to do with the concern, and that is now in the hands of the Government. If the Committee will peruse that list it will find that so far as there may be any political aspect of the matter, I believe I am the only one interested who belongs to the political party at present in power. That is, I think, all I can tell you.

TUDOR ATKINSON further examined. (No. 15.)

8. *The Chairman.*] You were giving your evidence before this Committee, and were interrupted this morning : have you anything further to say in connection with this matter ?—I do not quite know what the Committee most desires ; the whole subject is a very intricate one. I have brought with me a copy of the Order in Council, a copy of the original agreement, and a copy of the lease now taken in terms of the Order in Council. I shall be glad to answer any questions.