

spirit of the contract was being broken by the fact of him declaring these reserves on the very lands that we were led to suppose would be available for settlement, and when that was revoked we naturally took it that that would not be repeated.

354. But was not that showing, from the area that Mr. Larnach was claiming, the possible limit of the reservation?—We quite admit that the possible limit of the reserves could be taken by the Government if the mining development was so great that it required it. I interpreted it to mean that they would give a reasonable ground to His Excellency the Governor to show that these lands were required for gold-mining purposes before they were taken.

355. Not to look at the future at all?—You have a provision to guard against our taking the land, clause 23.

356. Is it simply to refer to the present or the future?—The present. The reserves are to be made for the actual requirements of *bonâ fide* mining.

357. When do you say the reserves were proclaimed?—You see a series of Proclamations made from day to day and from week to week to evade the provisions of the contract.

358. When do you say your finance first gave out?—I say, since we expended our money on the line to Reefton.

359. Is it not a fact that you tried to get money in 1891 and failed to obtain it? Have you not said that?—Probably. If I have stated it, no doubt they did, and failed.

360. Up to the time of this failure had any reserves been made?—I presume there had.

361. Is it not a fact that up to the time you tried to get financed in London not a single reserve had been made?—I do not think that.

362. The first reserve was made in August, 1891. Did you not state that the rumour had gone Home that the Government had made Proclamations taking these areas of land, and you say that that affected the finance of the company?—Ultimately it did.

363. No rumour could have been made until the Proclamations were made?—I promptly reported it.

364. And it was the rumour from you that affected your finance?—I did not say that.

365. Is it not a fact, according to your own answer to the question before the Committee, that your directors tried in March, 1891, and in August, and could not?—Probably it is true if I said so.

366. Probably it was true!—you say so?—Yes.

367. Question 116 asks, "Would I not be correct if I [Mr. Seddon] 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?" Answer: "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." Question 117: "You made the attempt?—No; the directors informed me that they could not get it. The discount rendered it simply hopeless. They have tried in March, 1891, and in August?"—Yes.

368. They were unsuccessful in March and August, before a single Proclamation had been made?—Yes; but you appear to forget that there were grave doubts cast upon the value of the land-grant entirely.

369. It was before the Proclamations were made?—I do not care when it was made. The effect was that—

370. How can the reserves in the Grey Valley have affected your finance if your finance was hopeless before the reserves were made?—I do not say it was hopeless.

371. You said it was unsuccessful?—Finance is very often unsuccessful.

372. Now, as to question 123, this is what you say: "If the date of the first reserves was August, 1891, that could not have affected your position at that time?—Probably not; I do not say it would?"—I say that now.

373. I want to know this: Have you tried to finance since you tried in 1891, on the London market?—Yes, I went Home in 1893.

374. Have you tried to finance this?—Yes, and in November, 1893, the company tried then, and the result was the offers to the Government.

375. But during that time, is it not a fact that you were negotiating with the Government to get them to alter the contract, and this finance was to be on the altered contract?—Yes, exactly.

376. And you did not complete the arrangement?—Because we found it impossible to deal with the old contract, and, also, we were affected by the evidence that the line would not pay which was given before the Committee in 1892. We had to face the depreciation of the land-grant caused by your statement at Auckland—

*Sir R. Stout*: It was not at Auckland, it was at Waipawa.

*Witness*: Well, at Waipawa; the impression was there, and it lasted.

377. *Sir R. Stout*: You were warned that the land was valueless before you took it up?—Yes, we were warned.

378. You cannot suggest that it is a breach by the Government?—But it is a reason why we could not finance.

379. You say that the people in London had heard of the refusal of the land-value?—Yes. Then we had evidence brought against us, in Committee, that the line would not pay working-expenses when finished. How could we go on with finance when the Government had given evidence that it would not pay the working-expenses?

380. I put it this way: Was the cause of the company failing to finance the statement that the land was of no value?

Hon. E. BLAKE: I understand that all that was before the grants were made.

381. *Sir R. Stout*.] Were there any statements made to that effect in the House before?—I cannot say; probably they were.