

104. We know that. We will suppose the applications had been dealt with?—Supposing an application had been dealt with. The man pays his deposit to the Receiver of Land Revenue in the district, who credits that to the company as being an area which the company may take up some time during the course of its contract; but it does not necessarily follow that the company would make that area a selection. But the area would be counted as a selection at any time if the company took that block, and in the meantime the money would be lodged with the Receiver of Land Revenue and remain there in a suspense account.

105. Supposing you did not take the block?—The moneys deposited would ultimately go back to the Government.

106. It would only be a contingent account subject to selection from the block in which the earnings arose—subject to the right of the company to select that value?—Yes.

107. *Sir R. Stout.*] I understand there was an agreement made. You should put the agreement in?—The agreement was never carried out. The Minister, after taking about two years to consider this agreement, told us practically that he had no power to make any agreement.

108. Was not there an agreement made after?—After that there were proposals, which were considered by the company impossible to act under.

109. Did you give the Government notice of that?—Yes. I think it is in the correspondence.

110. *Mr. Hutchison.*] I would ask you to illustrate to the Court how this system would work in practice. A selector would want a little piece of a big block?—Yes. Take any block on the West Coast in B1 map. If a man wanted to buy a piece of this block, our plan was to enable the man to take a small piece, say, on the boundary. When the whole block came under selection he applied for the piece so decided on. Possibly he applied for the best piece of land in that block. The Queen then sent her representative to assess the value. We will say this block was valued at 10s. an acre all round, and we say this piece was worth £1 an acre in relation to the whole, consequently the Government could not sell this to the applicant on behalf of the company at less than £1, and the result would be, in view of the Government assessing one-half the block at £1, while in regard to the B1 value it is only 10s., the company would get the balance at about 5s. That is how it was intended to work out, and it was intended, in reference to these blocks on the western side of the ranges, that they should be kept for small settlement.

111. *Sir R. Stout.*] Where do you see it intended in the contract?—Clause 33.

112. *Hon. E. Blake.*] It provides for that because it was a district suitable for small settlement, instead of settlement in large areas?—Yes. The company might have two applications for parts of one of these big blocks, and, before they could deal with it, one man might select 50 acres out of a 10,000-acre block, and another man might select another small area out of a 50,000-acre block. The result would have been a loss to the company by the company not being able to select a whole block to meet these small applications. Therefore these blocks were put up under clause 33. These small sections were looked on as being a source of great profit to the company, and in case of purchase, and of the land being dealt with, we could have financed on the land. That was considered by the company to be a very great advantage under the contract, as settlement would have been going on in the district where the land was not really required for *bonâ fide* mining. That is why it was set out in the prospectus that we anticipated such large profits from the small settlement of our lands.

*Hon. E. Blake:* We do not know anything about the prospectus.

*Mr. Hutchison:* It will be put in. I did open it.

*Witness:* The agreement the Government afterwards offered us was unworkable, on account of details. The real difficulty was that the Minister maintained that this clause 33 was governed by clause 29, which was a clause put in the contract dealing with the company's selection of B1 block, and under which the Minister had the right to two months' time to consider whether he would allow us to have the selection or not. This clause 33 does not contain any provision allowing the Minister any such right, but he insisted on governing that clause by clause 29.

113. *Hon. E. Blake.*] Is that insistence on paper?—It is probably in the correspondence. We could not deal with the latest proposals, as they were too cumbersome, and were not in accordance with the contract. I said I would follow exactly the clause in dealing with the applications, but when the people offered their deposits the Receiver-General refused to take them, because he had not been instructed by the Government to carry out clause 33.

114. *Sir R. Stout.*] When was this?—You will get it in the correspondence.

*Mr. Hutchison:* I will ask leave to withdraw the lists just handed in. My desire at present is to confine the evidence to what occurred prior to July, 1892, when the petition was presented.

*Sir R. Stout:* I do not object to them being withdrawn. [Exhibit No. 65 withdrawn].

115. *Mr. Hutchison.*] You say in the petition that the Government hindered and prevented the company in its operations under the contract?—Yes, they checked all settlement.

116. Can you give particulars of damage?—Yes, I gave it in the summary.

117. Up to 1892?—I have not them separate, but I will have them separated.

118. In another branch—C—of your petition you refer to delay in respect to the deviation at Lake Brunner. You state, “(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