

191. I want to know whether you would have advised any company to take up the construction of the line on the terms of the original contract if you had seen it. I refer to the contract of 1888. Supposing the contract of 1888 had been almost completed, and you had got a return of the land-grant, of course that would have reduced the cost of the line 50 per cent., and consequently, its traffic and earning capacity must have been calculated on the reduced cost on the line?—Then I should have to say distinctly, that it would not pay what I should call a profitable rate of interest. It would probably pay a small percentage of interest on its construction, 2½ or 3½ per cent.

192. Would it have paid 1 per cent. on its construction?—I could not say that definitely, without going into the probable traffic. It is very difficult in country like that to say what will be its developing capacity. There is country which is practically speaking unknown and undeveloped. It was nominally country which from its geological formation was of great resources; and those resources being undeveloped at that time, it was impossible to judge what the development of the traffic might be, because very often you see the traffic upon a line, after it has been constructed, increase to an extent never anticipated from the appearance of the country.

193. You have known the West Coast for years. Is it not a fact that you recommended your company not to touch the Reefton-Belgrove Section on the terms of the contract of 1888?—I may have given my opinion as to what I thought would be the ultimate working out of the line; but then all I could do was to give my own opinion.

194. *Sir R. Stout.*] That is all we ask. In your opinion was it not an unprofitable line?—Yes; but I desire you to remember that I expressed my views, without the authority of the company, to the people of Nelson.

195. And also to the Parliamentary Committee, on behalf of the company, that the company could not construct the line except they got further concessions?—I said the conditions which had arisen would render it necessary for the company to have the contract modified before they could hope to finance a line like that.

196. Ever since the negotiations began with regard to the modification of the contract of 1888, you have put the Nelson end of the line on a different footing from what is called the East and West coast line?—I can say this, that having carefully considered—

*Mr. Hutchison:* I must object to any reference to the report of the Committee. Any correspondence between the parties will be admitted at once.

197. *Sir R. Stout.*] I want to know this: You put the East and West Coast on a different footing from the Nelson end?—I must explain this: that these negotiations for the alteration of the contract were done with a view of trying to get a solution of the difficulties which were surrounding the then existing contract, and, after viewing the whole question myself from a professional point of view, and having got the opinions of many experts in the colony, I came to the conclusion that it would probably be both in the interests of the company and the colony if that line was postponed for a time until we had got the East and West Coast line completed, and we could see the results. Then, I suggested, if we could come to terms with the Government, that the other part might be finished.

198. It was to be—to use a popular phrase—like the Greek calends. There was no time fixed for its construction?—When we had completed the other—

199. Why should you make a distinction between the two?—I am speaking as a professional man, and you ask what I think of a certain work. I must, therefore, as a professional man, give my distinct opinion that one line would be more profitable than the other.

200. And that the Nelson line was not likely to be profitable if you cut a bit off of it. The traffic cost of it would be such that the company could not expect any return for even half the capital spent on the line. They would not be able even to make interest on half the capital that went to construct the line?—They would not be able to make a great interest, but they would probably have been able to make some interest.

201. *Hon. E. Blake.*] Enough for working expenses?—Yes. In time it might have come up to being as good a paying line as the other.

202. *Sir R. Stout.*] Then, in your opinion, the two lines were not on the same footing?—Yes; and I say moreover that it was known from the beginning they were not, because one I was assured was merely a political line.

203. *Hon. E. Blake.*] That was the best one?—No, it was the worst.

204. *Sir R. Stout.*] Is it not also a reason that this line goes through the Buller Gorge?—That is one of the difficulties; but you must remember that although the Buller Gorge looks rough it is not anything like as difficult a piece of country as Arthur's Pass.

205. *Sir R. Stout.*] What about the Otira Gorge, where you have a tremendous height?—No doubt in the Buller Gorge, the line once constructed, there would not be much difficulty in maintenance. It is solid country.

206. Once you had constructed it. There are no large agricultural areas there, or any area at all, from Inangahua Junction to the Motupiko Valley, are there?—Yes, there is one place. You seem to have overlooked the Maruia Valley and the Matakita Valley, and those subsidiary valleys. There is a considerable area of country there.

207. Do you know that the only settlement is, I suppose, at Braidwood's and Macgregor's places?—You are forgetting Hampden.

208. You talk of Hampden?—There are a good many people in it.

209. It is a small township on the Buller River. It is a small alluvial flat, is it not?—It is all farms. All around Matakita it is a small alluvial flat.

210. How many acres are there on the flat?—I should say there are 15,000 or 20,000 acres.

211. What, at Hampden?—All round there it is a big flat.

212. You are including the open valley of the Buller River a little bit down below Hampden?—I mean the flat. Right down to the Maruia it is good level country. That is the flat I mean.

213. You mean it is all settled on?—There is some settlement on it.