

as a schedule on the map, shows no land at a less value than 10s. per acre. The company foresaw that if they completed their line they would have to ask for so much land as would drive them into this comparatively valueless area before they would get the full amount of the grant, and then they asked to have a clause put in providing that if the area granted to them, valued at 10s. per acre, did not realise £1,250,000, further land should be granted. This was done, with this very important proviso—namely, that under no circumstances should they go outside that blue area. So that, if the company was driven into this comparatively valueless land to select the total of its land-grant, the only remedy it had was to get more comparatively valueless land. The blue area contains nearly 6,000,000 acres. Out of that the Government had the right to take 750,000 acres for mining purposes, leaving an area of over 5,000,000 acres. Clause 15 of the contract contains these words: "The company shall not be entitled to make a selection or receive a grant of any land outside the authorised area on any account or claim under these presents, or any Act relating thereto." So that, as I have already said, if they had completed their line they would certainly have been driven into this comparatively valueless land to complete their selections, and if the land, when sold, had not realised the full amount of £1,250,000, they merely had the right to get some more of this comparatively valueless land. [Contract put in, D.-2, of 1889.]

The next statement in the prospectus to which I wish to draw attention is contained in this clause: "From the valuations made in the colony it is anticipated that the land, when the whole line is made, will realise at least £2,500,000. All increase in value arising from any source belongs to the company, without in any way reducing the above guarantee." In reference to this I contend that, although the land adjacent to the line would doubtless be enhanced in value by the construction of the railway, still the great bulk of this land was miles and miles away from the railway, and would never be enhanced in value at all. It is absurd to contend that any of the land separated from the railway by impassable mountain ranges could in any way be enhanced in value by the construction of the company's railway. And yet the company practically told the probable investors that the whole of the land would be doubled in value. Land which was to be debited to them at £1,250,000 was to realise £2,500,000. Practically, therefore, investors were led to suppose that every acre of land would be doubled in value.

The next statement to which I draw attention is as follows: "Mr. Thomas Pavitt, of Christchurch, timber-valuer, estimates that the timber alone on 91,000 acres of land in the vicinity of the line now to be built (out of a large acreage under timber included in the company's option) is worth £635,000, apart from the value of the land when cleared"; and this figure is solemnly put down at the end of the prospectus as being the largest item of the four items on which the debentures are specifically secured. I cannot make any stronger comment on that statement than Mr. Chapman made yesterday, when he said that the timber had so far realised nothing.

The next statement to which I wish to allude is this: "The line to Reefton passes through the best coal and gold districts of the colony, where, during the last few years, much land has been taken up for farming and mining, and the population is rapidly increasing." That statement contains another half-truth, which was decidedly calculated to mislead. No doubt, the Brunner mine is a mine from which a very large amount of coal has been taken; but not one ounce of coal taken from the Brunner mine passes over the company's railway; it is already served by the Government railway. There is a mine on the company's railway—the Blackball Mine—which is being developed, but the output from that mine is not very extensive; and I wish also to mention that that mine is situated only eight miles up the company's railway. The company's railway to Reefton is forty miles long, so that they only get haulage of coal for a distance of eight miles out of that forty, and then have to hand it to the Government to be carried on when it reaches Brunner-ton. So that the rate charged on that coal has to be exceedingly moderate, inasmuch as it has to pay two rates, one to the Government and one to the company. They also go on to state that "the demand for land (which is under the contract withheld from sale by the Government) is far in excess of what the company is now able to supply." That prospectus is dated the 12th April, 1889, and up to that date the company had not selected one single acre of land on the West Coast. The company has all through selected practically the whole of its land in Canterbury. Although the land on the West Coast was to be largely enhanced in value by the construction of the railway, they have not practically shown their faith in this doctrine, as they have almost altogether abstained from selecting land on the West Coast. When that prospectus was issued, and they told investors that there was a greater demand for land on the West Coast than they could supply, they had not at that date selected an acre of land in that locality. They also refer to the increase of population. They say that the population is rapidly increasing. I have extracts from the censuses of 1886, 1891, and 1896. That of 1886 would be the latest available to the company at the time they compiled their prospectus. Comparing 1886 with 1891, it shows an increase of not quite twelve hundred people in the four counties of Buller, Inangahua, Grey, and Westland, on the West Coast: total, 17,485 in 1886, and 18,668 in 1891. There was a larger increase in the boroughs. In the latter there was during the same period an increase of three thousand people. The boroughs are Westport, Greymouth, Hokitika, Kumara, and Ross: total, 9,812 in 1886, and 12,816 in 1891. But in 1896 in both cases there was a decline; the total in the counties in 1896 being 18,402 and in the boroughs 11,090, a gross decline of about two thousand. [Copy of census papers put in. See Exhibit E.] At the time the prospectus was prepared there might or might not have been an increase of population, but certainly there was no increase of population to go into ecstasies about, or to pointedly direct public attention to.

The next paragraph to which I wish to draw attention, and one apparently to which the company appears to attach great weight—because I find it printed in very large type, much larger than the rest of the prospectus—is in these words: "The gross receipts of the Greymouth Government line, of which this line is a direct extension, were £3,602 per mile for the financial year ending the 31st March, 1888; and when the accounts for the year ending the 31st March, 1889, are published, it is believed this figure will be maintained. It is estimated that an annual gross receipt of only