

33. When the Order in Council was issued it was open to any one to enter into negotiations for that land?—Yes.

34. But subject to the conditions that you had laid down to a very great extent?—Got from the Natives? Yes, many of those terms were suggested by us, because they were the terms on which the Natives had agreed it was reasonable to dispose of their timber.

35. The point I wish to make is this: that any one outside yourself negotiating for that land would be bound by the conditions or terms that you had placed in the Order in Council?—They would be bound by the terms of the Order in Council, of course.

36. After the issue of the Order in Council your position, as compared with the position previous to the issue of the Order in Council, was this: that you might say you had a gilt-edged security?—Yes; the position was very much better. Of course, there were rehearings in connection with the blocks to be disposed of, and the interests of owners had to be ascertained and subdivided; then the whole of the Native signatures—that is, of the rightful owners—had to be obtained for the corners of the blocks in which the bushes lay.

37. But your position was very much sounder?—Yes; after we had got the leases signed by the proper owners and confirmed by the Court.

38. And in the face of that you did not see your way to give more than £2 per acre?—Certainly not. The first agreement would have been impossible. I found that out when I tested it on the money-market.

39. You paid Mr. Grice how much?—Thirteen thousand pounds odd; 6s. 3d. per acre all round for the 43,000 acres.

40. Have you any idea what Mr. Grice paid for it?—No, I have not.

41. You told us this morning that you had an understanding with the Government that you would carry on your railway when it was completed anything they might require in the way of passengers, goods, and timber?—The terms are limited by this deed of covenant with the King. One of the conditions the Government made was that we were to bring out produce from Crown lands.

42. At what rate?—At rates to be agreed upon, or failing that, at rates to be fixed by arbitration.

43. So that, as a matter of fact, you do not know what the Government would pay?—No; it would depend largely upon the class of line. If we continued the running of a horse-line it would cost at least 3s. per 100 ft. to bring the timber down to the railway, which, of course, would be a great deal more than the charge on the same length of Government line.

44. *Mr. Hone Heke.*] Where from?—From the bush to Putaruru, fifty-one miles; our experts advise us that it will cost us at least 3s. a hundred on the horse-tramway. That would be the actual haulage.

45. *Mr. A. L. D. Fraser.*] And then from Litchfield to Auckland?—It would be another 3s. from Putaruru to Auckland.

46. But the agreement with the Government is on the assumption that you propose to lay down a railway-line?—It is called a "tramway." We have had to acquire all the freehold right out over the whole distance, except over the Government portion, about five miles from Litchfield to Putaruru.

47. You do not propose to carry the timber from Crown lands on a horse-tramway?—The Government can compel us to do so, subject to their paying a sufficient sum to be settled by arbitration or mutual arrangement.

48. Is it, as far as you are informed by your experts, a fair estimate to say that from this leasehold property there will be recovered about 250,000,000 ft. of timber—totara and matai?—Yes; or 230,000,000 ft. That document [the circular to members of the company] shows it.

49. I am quoting from Mr. McKerrow's estimate?—His estimate, I think, was about 600,000,000 ft. for the two properties, but he reduced that to 400,000,000 ft. to be on the safe side—that is, on the Native and the freehold land together.

50. I am treating of the leasehold?—Yes; it would be about 230,000,000 ft. I think Mr. McKerrow's estimate is a fair one.

51. Taking the selling-price at present, what would be the value of totara and matai at Auckland or the Thames—the shipping-port—per 100 ft.? Would it be fair to say 16s. 6d. per 100 ft. for the totara and matai?—That would be for first quality. The price is too much all round. In that estimate sufficient allowance is not made for seconds and thirds, I think.

52. Perhaps it is a question you are not quite capable of answering?—That is so. I may say I am mainly responsible for those estimates, but they were given to me by a sawmiller. Sufficient allowance was not made there for seconds and thirds, which in totara are very large.

53. It would be an exaggeration to say it was worth 16s. 6d.? It is only fair to you and the company to say that it is an exaggeration in the prospectus?—I should say that price might be applied to timber of first-class quality only.

54. But taking the seconds and thirds it is exaggerated?—Yes; it is extravagant.

55. *Mr. Mander.*] You say that you were compelled under the agreement to run the timber out by a horse-tram?—We were compelled to put in a tramway—the kind was not specified—sufficient to market the output.

56. But you would not think of running fifty miles with horses?—It would be impossible to do it, some people say, but I think myself we could do it profitably with horses. They say I am over-sanguine.

57. Do you not think it could be done more profitably with engines?—Very much. But our difficulty has been want of capital, as I have tried to emphasize, and it would have been impossible—and I say it deliberately, because I have been four or five years at it—to get the capital to put the tramway down unless we had consented ultimately to put in an iron tram-line, and we certainly could not have got it then without the aid of the freehold.