

*Mr. Carruthers.* the money was obtained, although that coal was purchased for cash price. This circumstance has been mentioned to me?—I have no intimate knowledge of how long it would take for the account to go through the Audit Office.

17th Aug., 1877.

66. I understood you to say in answer to the Chairman that all expenditure had to be authorized by a Minister after the requisition passing through you?—The local Managers have all power for entailing expenditure in connection with their respective lines. It is only in relation to expenditure of loan that a Minister's approval is requisite. The ordinary management expenditure goes through the Managers themselves, such as the purchasing of stores. The only delay likely to occur in the payment of store accounts would be while going through the Audit and Treasury.

67. Perhaps it would not be waste of time to ask you to state the exact process gone through in regard to stores in the matter of payment?—A purchase is made by, say Mr. Conyers.

68. Well, what is done next?—A voucher is sent up to Wellington, and the account is scheduled, audited, and paid.

69. You are not in a position to state the customary length of time taken up?—I am not.

70. If you refer to section 102, you will see there is a recommendation regarding "cases of emergencies;" when the supplies required are accidental, they may be procured out of local stores?—Yes.

71. What would be the process of payment in such cases?—I have no knowledge of that.

72. Is it not in accordance with the present system to enter into a contract for all stores, or nearly all stores, with the one house?—Yes.

73. Is there any great advantage in entering into contracts with persons who are neither manufacturers nor importers of the articles contracted for?—The thing is let by contract, the lowest tender being accepted.

74. That is not the point; the question is, is it advantageous or otherwise to deal for all stores with one house by a general contract. Is there any advantage in regard to items?—I think it almost impossible to do otherwise. Tenders are called for, and the lowest accepted.

75. Suppose the department requires to purchase rope. The contractor, who perhaps neither imports nor manufactures that article, has to procure it elsewhere in order to keep up with the terms of his contract. Now is there any advantage to the railway to buy the rope in that manner?—If the person supplies it at a lower rate than the manufacturer, there is.

76. As a general rule, would it or would it not be advantageous for the Railway Department itself to purchase such items as are not imported or manufactured by the contractor direct from the stores?—It would depend on circumstances. Tenders are called, the lowest accepted, and it does not matter then where the contractor obtains the supplies necessary.

77. I do not see how your remark bears if he has to go and purchase supplies from other tradesmen, because you do not know what price such supplies might be had for if some supplies were tendered for separately?—Tenders might be broken up more than they are, but in fact we are only beginning the system.

78. Then do I understand that tenders might be broken up with advantage?—I think they could.

79. In what way is the removal or dismissal of servants carried on. I understand that removals have to be sanctioned by you?—The approval of the Minister is requisite for the appointment or dismissal of Stationmasters and officers of higher grade.

80. Do you think the present system the best system?—No. The Minister is bothered a great deal about the payment and dismissal of clerks. It would be better to leave this to the Managers. The Storekeepers I would have as independent as possible, and have them under the Store Department.

81. Are you aware, after the finding of a loss occurring to a consignor or consignee in respect to goods carried on the line, what is done when that loss is discovered or complained?—The matter is reported to the General Manager, who will pay for it if it is not a large sum. It has never occurred since the railways have been taken over.

82. Are you aware of any case in the colony where, in such a loss as I have described—not for any large sum—the fault has been traced down to the person causing the loss, and the officer proved or believed to have caused it was sent to the person with a view to making a private arrangement?—I do not know whether such a thing has occurred. If it had, it would be very irregular and improper.

*Mr. Stevens:* I mention it because I have heard that it has occurred.

83. *Mr. Bunny.* I see in your report that the charge shall be 20s. a mile for a special train. What is a fair charge?—It is very difficult to say what the cost is of special trains. They interfere very much with the line. The actual running cost of a train would probably not be more than 3s. a mile.

84. Do you approve of the charge shown for wear and tear in the Railway Report of a special train on the Auckland and Mercer line. The charge is six guineas?—I do not think the charge is much out of the way.

85. Therefore, if the cost for wear and tear upon one large carriage and two smaller for forty miles be six guineas, the wear and tear of an ordinary train would be largely in excess of that?—You can hardly say that. The engine does most of the damage.

86. If that is the market estimate of wear and tear for forty miles, the railway from Wellington to Upper Hutt would for that purpose alone, for the five trains a day, cost £210?—You forget that the special train has to go back again and run eighty miles instead of forty. I cannot follow your figures. The charge of 1s. 6d. a mile for use of road, coal, &c., does not strike me as being much out of the way. The tariff of charges has been increased lately.

87. Are you aware that in consequence of the increased tariff the traffic on the Dunedin and Port Chalmers line has fallen off?—Yes; about £1,200 per month.

88. *Mr. Larnach.* Must all orders for the payment of money be sanctioned by you?—No; the whole working expenses of the railway are paid by the Managers. The payments are not referred to me. They are referred to the Audit Department,