

mean that it would pay 4 per cent. clear interest on that sum. Looking at it commercially, at any rate, you would have to show that it would give you 4 per cent. clear interest before you could say that it actually paid. Speaking generally, I mean you can get money at 4 per cent.; and anything that will give you 4 per cent. or more you might buy with advantage; but anything that would give less than 4 per cent. you would lose by, from a commercial point of view.

92. But Mr. Maxwell made a distinct statement that it would be worth while to the colony to make it at £110,000?—He probably meant to say so on a broad basis. I should suppose that he meant to say that it could be made to pay as well as our railways pay on the average.

93. I do not know whether you consider £118,000 too much?—If you are looking at it purely as an investment you could only afford to give what it would pay 4 per cent. upon.

94. *Mr. Cowan.*] Before we leave this question of the debentures, is it the fact that the Government has guaranteed £40,000 of them?—Yes.

95. What security is there attached to the balance of £35,000?—I thought the Government had guaranteed them all, but I am not sure. At any rate, the association has a mortgage over the railway for both lots.

96. Do you know what amount the Government has guaranteed?—I cannot say. I thought it was the whole amount.

97. Will you state to the Committee what the average cost per mile some of the lines of railway have been to the Government?—Some lines of that character, which follow the line of watershed between two rivers without crossing rivers, have been made very cheaply. The Malvern Hills line did not cost, I think, more than about £2,500 a mile. The Rakaia Railway, which the Government bought a short time back, is in a similar position. It cost about £3,000 a mile. Another railway from Ashburton has been made very cheaply, costing, I think, not much over £2,000 a mile.

98. Taking the whole of the railways of the colony, what is the average?—About £7,000 a mile. There is a great difference in the cost of railways which cross the lines of drainage and those which follow the watersheds.

99. But lines similar to this cost about £3,000 per mile?—Yes.

100. Have you seen the agreement entered into between the company and the Government?—Yes; I have it here.

101. The Third Schedule contains a number of sections of land, also fencing, and a number of other articles: have you placed a value on the contents of these schedules—that is, in making your valuation have you taken into consideration all that has been done—thirty-seven miles of fencing, for instance?—There is not thirty-seven miles of fencing done, to the best of my belief.

102. It says so in the schedule?—That must be a mistake if it says so. Of course the general spirit of the whole agreement is that they are to give us everything they have. The line is fenced in places, I think, over the whole thirty-seven miles, and thus the description conveys the whole of the fencing which exists; but the line is not continuously fenced throughout.

103. What I ask you is, whether you have decided on the value of the fencing?—Yes, upon the actual fencing done; but there is not thirty-seven miles of fencing.

104. Do you recollect the amount of fencing you allowed for?—I cannot say at this moment; but I think there would be from ten to fifteen miles of fencing done.

105. There are two locomotives: what do you reckon to be the value of them?—They are valued at about £3,000, I think.

106. Do you give credit for these in your calculation of value?—Yes.

107. What is the exact length of the line?—Thirty-six miles some odd chains.

108. What condition is it in as compared with the average of Government lines?—It is fairly good; but it was reported to us that many of the sleepers wanted renewal. We had a report made some time ago.

109. In that report is it stated that much expenditure would be required to put the line in thorough working order?—The report says, amongst other things, "The annual cost of renewing sleepers will now become very heavy."

110. That applies to all railways according to age, does it not?—The Government railways are generally kept up to a high state of efficiency; as a rule, they are kept in first-class order: on companies' railways the lines are frequently run down a good deal, and then they do a lot of repairs all at once.

111. You conclude that the actual value of work and material on this line is £95,000—that is, equal to £2,500 a mile?—Yes. That is, I believe, what it cost. Taking fencing and everything, it only comes to that. It was built very cheaply.

112. Have you computed what is the value of it as an adjunct to the general system of railways?—No, I could not say.

113. Mr. Maxwell said yesterday that, in that view, it was worth £1,000 a year?—Yes, I believe he estimates it at that. What I understand him to mean is that if he had the working of this line in his own hands he could so arrange the running of trains that he would save £1,000 in working the Government lines.

114. Do you agree with him?—I cannot form an opinion as to its actual worth to the Government from that point of view; but I only know enough about it to be able to say that some such saving is, no doubt, practicable, and that it ought to be considered.

115. You have not computed it?—No, I have not got the necessary data.

116. You are not in a position to say that the estimate of £1,000 a year saving is excessive?—No, I have no reason to think it is excessive. In our calculations as to the value of the Waimea line we have taken no account of the gain that might accrue to the Government in the working of its own railways; but, on the other hand, we have not made any allowance for possible reduction in rates or charges on the Waimea line itself.

117. There is in favour of the purchase by the Government the fact that the line to the Switzers will join it?—Yes, but we have not allowed anything for that.