

justice. It is hard to draw the line between these branch lines and private sidings; and if the lines now in existence were purchased by the Government, all the people who are constructing, or who may in the future construct lines of this character will also want their railways to be bought by the Government, and the matter would be never ending (for instance a Company is at present thinking of making another line to Kaitangata, and there are several others projected or proposed).

30. *Mr. Ballance.*] Are the lines you have just mentioned being undertaken by private enterprise?—Yes; and there is another in the Waikato which will cost from £5000 to £6000; it is two miles in length, partly over stiff country. Wherever a coal mine is opened in the country a branch line of more or less extent is required; and if the Government is going to buy them all it would be as well for the Government to construct them in the first instance.

31. Do you think that would be advisable?—I do not think so; it is rather difficult to say whether the coal mines they would open up would pay to work or not. It is the greatest guarantee that can be got from coal mining people of their coal mines being *bond fide* concerns that they make the branch lines themselves. If Government constructed the branch railways it would possibly fictitiously improve the value of the mines, and thus enable the owners to sell them for high prices. They could point to the fact that the Government had constructed the lines as a guarantee that the mines themselves must be valuable.

32. *Mr. Peacock.*] Can you tell how many of these coal mines are on Government property—Shag Point for instance?—I do not know how that is situated; part of it is under the sea.

33. With the exception of Shag Point are all on private land?—I cannot undertake to say.

34. Speaking generally from the fact that these branch lines aid the traffic of the main lines would it be wise for the Government (seeing that they work most of the lines) to purchase them?—I do not see what more the Government could get than they do now. The only case the Companies can make out is a case of justice; that is an injustice for the Government to get all the benefits from the Company's lines and for the Company to bear all the losses, if any from working the coal. I do not see how the Government could be better off by buying the lines, as they get the whole traffic without doing so.

35. Would not a private Company owning railways feel themselves justified in making branch lines which would tap traffic and add to the revenue of the main line?—Yes; but each case would be a matter of careful consideration before the work was undertaken and it would probably generally pay them better if some one else made and worked these branch lines.

36. Are you aware what is the usual course in the old country in these cases where the main lines are owned by private companies?—I believe the sidings are constructed by private owners; I know for certain at any rate that some of the coal owners in England have immense stocks of wagons of their own. They find that their traffic is so important that loss from delay in providing trucks, etc. is so great that they not only provide the rolling stock required to carry their coal on their own lines but also throughout the whole of the journey on the main lines.

37. Do you know anything definite about the condition of the lines under consideration?—I believe that they are in very fair order with the exception of the Ocean Beach line, which I do not think is in first-class order.

38. Can you say anything about the apparent small cost of the Shag Point line, and as to whether it has been constructed in a satisfactory manner?—I have never been over it; but it seems well constructed. It has been run over by Government stock for some time, and that would not be permitted if it was in very bad order.

39. In the case of the Whau Whau line; are you aware that the Government made the line?—Yes; at the expense of the Company.

40. But under the Government's own supervision?—It was made on plans that the Company approved of themselves; we did not dictate the class of line; we only undertook the work in order to protect ourselves, because it was made under the Public Works Act. We got a Bank guarantee from the Company to defray estimated cost.

41. But the Government would see that it was well constructed?—It did not necessarily devolve upon the Government to do so as they did not undertake to work it; they only got the guarantee from the Company and let the contract so as to guard themselves from responsibility as regards liabilities which might be involved in the construction of the work.

42. *Mr. Dargaville.*] You said just now that it was not so much a question of desirability of the Government purchasing the lines as one of justice or injustice. For instance, we have in the evidence of Mr. Maxwell that his department are gaining an advantage equal to £300 a year from the use of the Nightcaps branch; that branch having been made at a cost of £7000. It is in cases of this kind that you admit that an injustice is being done in the Government appropriating the whole of that net profit and allowing nothing to the Company for interest on money or cost of construction?—I did not, I think, go so far as to say that an injustice is being done; but that that seemed to be the only platform on which companies could by any possibility make out a case. They could not, I thought, show that the Government would be better off by buying the lines; but they might be able to show that there was more or less injustice in the Government getting a profit from their expenditure.

43. That would specially apply in cases such as that I have mentioned?—I am not sufficiently acquainted with the circumstances to be able to say that the Government really does clear £300 a year in that case. There is the cost of carrying to be taken into consideration.

44. But assuming that it so?—Mr. Maxwell says that the Government gets a net profit of £300 a year after allowing for working expenses and everything else. In cases of this kind would not the question of justice or injustice come in?—Possibly yes; but the same argument might apply to a turnpike road. If a County Council or a private individual made a road leading to a Government railway they might equally well on that basis of argument ask the Government to buy this road from them, and also to maintain it, because it was the means of bringing traffic to the railway. I am not sure that I apprehended correctly what Mr. Dargaville meant in this instance. If a profit of £300 a year is made on