

on the north side of the river, opposite Greymouth—on the plea that, as the demands of the Railway Commissioners were entirely prohibitive, some other alternative should be opened to them, and the Government being anxious to help their industry if possible got this question carefully inquired into, but were reluctantly obliged to decline to permit the wharf to be erected there, as Sir John Coode, on the question being referred to him, advised the Government that it would be very dangerous to put up a wharf and viaduct where suggested by the companies, as it would confine the river too much. The companies had therefore to fall back on their original proposition to cross the river at Cobden, and deliver the coal on the Greymouth side; or rather, the Cobden Coal Company has decided to adopt this course, the Point Elizabeth Company being of opinion, I believe, that it cannot afford to pay the rate claimed by the Railway Commissioners. As far as I know, there has not been any modification in the Railway Commissioners' demand of 1s. 3d.

3605. Are you aware that the original correspondence was with an independent Cobden and Point Elizabeth Railway Company, supported by Melbourne capital, not with those other coal companies? And I will ask you if it was not owing to the Government negotiating with one of the coal companies alone that the negotiations with the railway company which was distinct from these two coal companies fell through?—It is perfectly correct that the companies agreed, being both competitors for the grant, to make the railway—that they would form a sort of neutral company (composed, I believe, mostly of the shareholders of the two companies) to make the railway. They did form this company, which was, I dare say, supported by Melbourne capital, and it was duly inaugurated as a railway company, quite distinct from the other companies; but when the negotiations were entered into with the Railway Commissioners, and the charge demanded was regarded to be too heavy, the Point Elizabeth shareholders in the railway company refused to go on with it, saying that it could not pay, and that they preferred to let it rest for the time being. The joint railway company then ceased to exist, but the Cobden (Coal Creek) Company thereupon revived its original application to be permitted to make the railway. They said they wanted to go on with it at once, and that the other company should not be considered, as they did not want to go on; and the Minister consequently informed the Point Elizabeth Company, through its solicitor, Mr. Fell, of Nelson, that he had been again applied to by the Cobden (Coal Creek) Company to be allowed to make the railway, and that, unless the Point Elizabeth Company was still desirous of undertaking the work at once, he intended to give the right of doing it to the Cobden Company. The Point Elizabeth Company, I believe, thereupon said they were not inclined to construct the railway under present circumstances, but hoped that their interests would be duly protected in any authority given to the Cobden Company, and desiring to be allowed some voice in the fixing of the tariff rates that they would be subject to. They got an opportunity, accordingly, of seeing the rates proposed, and of expressing opinions on them, but did not express any opinion after receiving list of rates proposed. Finally the rates were authorised on what the Minister considered a fair basis.

3606. *Mr. Brown.* I understand you to say that the terminal rate which has been fixed upon for these coal companies near the port is not adjusted to fair payment for the work to be done, but is a prohibitive rate, so as to prevent them rivalling the coal from the Brunner Mine—so as to create a profit equal to that on the Brunner Railway?—You are now speaking about a rate which is being demanded by the Railway Commissioners, not the tariff the Cobden Coal Company is authorised to levy?

3607. I am talking about the terminal charges which will be levied by the Railway Commissioners, who, I understand, will levy all wharf and railway charges in exactly the same way as they do in the case of the Brunner Mine?—They propose to charge 1s. 3d. to these people.

3608. And they do so, not because they do work equivalent to that amount per ton, but in order to keep up the profit?—Yes; to save a loss on the net revenue.

3609. Not for work done?—That is what I understand the position to be.

3610. You know where that revenue goes to?—Yes.

3611. Not to the colony?—No; to the Harbour Board.

3612. Is it anywhere called railway revenue?—Yes; in the railway returns.

3613. Why is it included in the railway returns, when the colony does not get it?—The Railway Commissioners, as they are working the railway, naturally want to show the whole of their transactions; and, as a matter of fact, the Colonial Treasurer receives the whole of the returns, but subsequently pays over so much of it as they are entitled to to the Harbour Board at Greymouth; but in the Railway Commissioners' statement of accounts of receipts and working-expenses it, of course, comes in, as they hold and work the railway.

3614. In that statement of working-expenses, showing the percentage of profit yielded by the railway on the Greymouth Section, are you aware whether the takings from the wharfage charges are included?—I think so.

3614A. They are included?—Yes. For the year ending March, 1889, the wharf rates were £2,553, and the tonnage dues £1,269; total, £3,822; out of total railway receipts, £25,085. These wharf and tonnage rates must form a large percentage of the net receipts (£8,338), as they do not, probably, involve proportional working-expenses. *Vide* statement of the Harbour Board's revenue, which I have already furnished to the Commission.

3615. Are you aware of the method of accounts under which the Railway Commissioners claim to make a profit of £6 12s. 6d. on the Greymouth Railway in 1888–89?—The cost of railway on which this is based is simply the expenditure (about £200,000) out of the Public Works Fund on the railway itself, including, of course, all its equipment. It does not include further expenditure since 1884 out of the Greymouth Harbour Board's funds to the extent of £50,000 or so, which was, I believe, mostly derived from surplus revenue of the railway, over and above what was required to pay interest on the harbour loan. The endowment of the Greymouth Harbour Board practically amounted to giving them a railway property which was intrinsically and commercially