

worth £200,000, in order to enable them to borrow on the security of this property a sufficient amount to complete the harbour-works—namely, from £150,000 to £200,000—so that the colony continues to pay the interest on the £200,000, the cost of the Brunner Railway, while the net revenues of that railway go entirely to the Board, to be utilised—first, in paying interest on the further loan raised to construct the harbour-works; and, secondly, on construction-works when in excess of amount required for interest. Whatever profit is made on the Brunner Railway, therefore, goes to the locality in the shape of further works or for payment of interest on loans for harbour-works.

3616. *The Chairman.*] Are you aware that there is special provision made in the Greymouth Harbour Board Act for the collection of 3d. a ton from the shippers of coal, in order to create a sinking fund to meet the expenditure on the railway?—I know there is such a provision.

3617. Are you aware that it has never been collected?—Yes.

3618. Can you explain to the Commissioners why it has not been collected?—It was not wanted to pay interest, for one thing.

3619. I understand that the interest is never paid on the cost of the railway to the colony?—The threepenny rate would never go to the Government anyhow. If it had been levied it would have gone to the Harbour Board. The Act provides that after the raising of a certain sum of money there may be a further rate levied on the coal, the intention having been, as I understand it, to make up the interest if there was any deficit. But there has always been a surplus of interest. There has always been a net revenue from both Greymouth and Westport Railways more than was sufficient to pay interest on the loan raised by the Harbour Board.

3620. But not to pay interest on the expenditure by the colony?—As I understand it the Act of 1884 bodily vests the railway and all its proceeds in the Harbour Board, and the colony could never get anything out of it anyhow.

3621. I refer you to clause 12 of the Greymouth Harbour Act [handing Act to witness]. Can you explain how, if there was always sufficient revenue to pay interest on the special loan and to have a balance over, it was still unnecessary to collect the 3d. per ton from the shippers of coal, as required by that clause, for the repayment of the sums mentioned therein?—It has never been considered from that point of view, the railway having been vested in the Harbour Board as an endowment, to enable it to construct harbour-works, without, so far as I understood, any reservation in the endowment, the whole of the revenues coming from the railway were presumed to be at the disposal of the Board (and they have been so treated) for the construction of harbour-works only. Therefore, where the revenue from the railway has been in excess of the amount required to pay interest on the money borrowed for harbour-works, this surplus revenue has been used towards construction of harbour-works or the additions to the railway as the case required; and in the case of the Greymouth Harbour Board, the sum of about £50,000 surplus revenue has, I believe, been so utilised.

3622. But do you think the explanation you give touches the point in clause 12, because, besides the revenue under the Act, it is obvious that clause 12 indicates a special rate for a particular purpose? Do you consider that purpose has been carried out?—Well, as regards this 3d., it has never been collected.

3623. Is it not part of the 2s.?—No.

3624. If the 2s. produced more than is necessary, would it not be considered as being part of the 2s.?—The view the Government took of it, as I understood it, was this: that, although the Act provides for an extra 3d. being charged in the first place, it was not required for payment of interest; and, in the second place, the two-shilling rate was stated to be too high, and it was, I think, at any rate, agreed on all hands that the rate was probably high enough. Whatever was done at Greymouth would probably have had to be done at Westport. In the case of Greymouth, the rate already charged was far more than sufficient to pay interest on the Harbour Board loan, and the Government, as I understood it, therefore held that if they had put on this 3d., on the one hand, in order to conform to the Act, they would have had by *Gazette* notice to have lowered the railway charge correspondingly, which would have brought it to the same thing, and nothing would have been gained beyond a merely technical compliance with the Act.

3625. *Mr. Brown.*] When you say "interest on loan," do you mean on the £150,000 borrowed?—Yes.

3626. But the £150,000 borrowed does not represent the capital cost of the railway?—No. There is no relationship at all between the £150,000 borrowed for further harbour-works and the capital cost of the railway and original wharfs and harbour-works.

3627. You mean, then, that the net railway revenue was more than sufficient to pay interest on the £150,000 borrowed direct by the Harbour Board?—Yes, that is so.

3628. But not the interest on other loans—public loans—out of which the railway has been constructed?—Not in addition; it would pay interest on either, but not on both.

3629. Do you know how the railway rate of 2s. was arrived at?—I think it was originally fixed a very long time ago, before ever there was a railway, in connection with some of the earlier leases let by the Nelson Provincial Government.

3630. It appeared in some of the leases?—My impression was that it did appear in the leases, but that has been denied. However, there was, I think, a tacit understanding, if there was not a written one, when the leases were granted by the Nelson Provincial Government, that if a railway were made the rate to be charged should be 2s.; and in one at least of the leases it is provided that, if they did not use the railway, they would have to pay the rate of 2s. or 2s. 6d. It was rather implied than expressed that they should pay 2s., or 2s. 6d. if they did use the railway. The general rate for native coal is 2s. 6d. up to 12 miles, and then it goes on increasing 2d. a mile at first, and afterwards 1d., getting lower in comparison as it goes on. I understand the railways do fairly well off the shorter distances, but make very little on the longer distances.