

company expostulated, thinking it very high; but we think it extremely reasonable, on the ground I have already stated, of the enormous expenditure on this terminus, without which the company could not ship its coals at all. If we lowered the rate to that company we would have had to reduce the rate of 2s. from the Brunner Mine, and landed ourselves in something like this position: that there would be no money to meet the interest on this very heavy outlay, which would fall on the general taxpayer of the colony instead of upon the goods brought along the line.

3674. *Mr. Brown.*] Is it not now falling on the general taxpayer?—Partly it is. There is half a million, in round numbers, I think, at 5 per cent., and the whole gross revenue from the railway, wharfage, and tonnage is only £25,000.

3675. Gross?—Gross, yes; and out of that last year we expended, I think, speaking in round numbers, about £17,000 in working-expenses, leaving a margin of about £8,000 for interest.

3676. *The Chairman.*] The interest at the present time is £8,000, without counting the overdraft they have got?—Yes.

3677. *Mr. Brown.*] From the Harbour Board balance-sheets the net revenue has brought in apparently £10,000, £9,000, and £13,000?—I may remark that that includes, of course, the royalties. The Harbour Board also gets the royalties on the mines. It is collected by the Land Department.

3678. I am reading the figures now for the last five years back. In 1889 there was £11,500 net railway revenue; 1888, £9,100; 1887, £13,400; 1886, £9,000; 1885, £10,000?—Last year it was only a little over £8,000, and you can see how it fluctuates. Suppose you renew your rolling-stock.

3679. But that is not charged against capital?—No; but if we put a number of new wagons on the line that would be charged against capital. Such work, however, as the renewal of wagons, rails, and the permanent-way, &c., is charged in the working-expenses.

3680. *The Chairman.*] We understand that £10,000 has been spent from the revenue of the Harbour Board in new wagons?—I could not say exactly. We had a requisition for some rolling-stock some time ago.

3681. *Mr. Brown.*] As a matter of fact, the colonial revenue gets no benefit from the railway return at all?—It does not.

3682. It all goes into the Harbour Board?—Yes.

3683. You say that the terminal charge of 1s. 3d. is included in the 2s. charged on the Brunner coal, leaving 9d. for haulage?—Yes.

3684. You regard the haulage as about equivalent to 1½d. a ton per mile?—Just about that, getting it in large quantities. I may mention another thing, too. There is considerable revenue derived from all coal-lines in taking back merchandise and passengers. There are a good many thousands yielded in this way on the Greymouth line alone. I might also say that while we were negotiating with the Point Elizabeth Company about the railway and the connection of our line we thought we had power—but subsequently, however, found we had not—to enter into a contract to do all the running for them. And, supposing we had the power to take up the running for them and run on their line, we were prepared to do the whole thing for 2s. a ton, the same as from Brunner, and hand back to the company 8d. for the use of their line, or, in other words, we should have done it for 1s. 4d. a ton.

3685. *The Chairman.*] That is the attitude the Commissioners took in the controversy, but you found you had not the power?—No; we were advised by the Law Officers that we had no power without a special Bill, so that the terminal charges would be 1s. 3d.

3686. *Mr. Brown.*] The terminal charges, 1s. 3d., plus haulage, 9d., would be 2s.?—Yes. We were to have all the rates from passengers and merchandise going up the line, which would have been considerable.

3687. All the incidental traffic would have been yours?—Yes; but we were to work the line. They were to put their capital in the loan-market. The estimate was £70,000, and we would have given them back 8d. per ton. They said in three years their output would have been 120,000 tons, and 8d. per ton all round for the use of the railway would have given them £4,000 a year, which is very nearly 6 per cent. on the £70,000, the estimated cost of the railway. But the company said that they wished to float the railway not as an adjunct to their mine, but as an independent enterprise, and unless they could offer a prospective profit of at least 8 per cent. they would not be able to raise the necessary capital independently.

3688. *The Chairman.*] Was there any other reason that weighed with the Commissioners in deciding to impose the terminal charge that they asked from the Cobden Coal Company?—Yes; we considered that there was only a certain output of coal required for New Zealand purposes, and that if the Point Elizabeth Company turned out 120,000 tons, as they assumed they would, there would be so much less from other mines; and, if they got an undue advantage in respect of terminal charge, it would not be made up from other mines, and therefore the loss would fall upon the colony.

3689. *Mr. Moody.*] Do you not think that there will be a progressive increase on the output of coal in New Zealand?—Yes, but not at a very rapid rate. The rate of increase principally depends, so far as Greymouth and Westport coal are concerned, on the direct steam service to England, and the consumption of gasworks, forges, and foundries.

3690. *The Chairman.*] Is there not a growing tendency to develop trade with San Francisco for gas purposes?—I think that would be comparatively small. I may inform you that it has been stated to the Commissioners several times that a large trade may be opened up with China, Valparaiso, and other foreign parts; but on looking into the matter we find these things are largely controlled by what is called the “course of trade.” Unless you can have cargo coming to the colony from those places, you cannot expect large steamers to come down in ballast to take away coal; hence the most you could expect to send to China in the course of trade would be three or