

account of the purchase of the line itself. Consequently, it amounts to this: the company say, "You give us the guarantee, and we will practically give you back the whole of the land-grant, with all the increased values and profits accruing from the construction of the railway through this country, &c., and take this in part payment for the line."

420. You thus reduce the guaranteed capital from the £2,600,000 to the £2,000,000?—Yes, approximately.

421. Now, with regard to the extension of time. You say you think if you had the whole of the money you could construct the whole of the line from Springfield to Lake Brunner?—In about three years, if we had good luck.

422. What would it take to construct it to the terminal point—from Springfield to the Cass?—About three years.

423. And the estimated cost?—In round numbers, close upon £400,000. It is practically the most costly part of the line.

424. What would it cost from Jackson's to the Otira, to the foot of the incline?—Close upon £100,000.

425. How many miles would that leave unfinished between those two points—between the foot of the Otira and the Cass?—Twenty-five miles.

426. With the railway completed to these two points it would make a nice easy journey to the West Coast in a day?—No doubt it would. But it would take as long to finish the line from Springfield to the Cass, as to finish the line over the incline. If we had the money we could let the whole construction-contracts at once, and the work would be completed at the same time and opened for traffic.

427. At an expenditure of half a million—£100,000 from Jackson's to the Otira, and £400,000 to the Cass?—It would be a wasted expenditure, inasmuch as you would only get passenger-traffic. The whole crux of the question is that you must get your mineral and other through traffic.

428. There is a coal-mine at Castle Hill. What is the mileage from where you finish?—Thirteen miles from Springfield.

429. Five miles extension would bring it to the coalfield?—The coal-seam is a long way off the railway, and it would be a very costly thing to connect with the mine.

430. The coal is there?—There may be coal there, but whether it is good enough to supply Canterbury is an open question. I should not like to take shares in the company.

431. There is a company?—I assume so.

432. Now, as to the Belgrove end. What would it cost to finish the line to Motueka?—About £30,000 to make it available for traffic.

433. The company ask to be relieved of the Nelson end?—We are willing to be relieved, or, under certain conditions, to finish it.

434. And the conditions?—I have stated the conditions in the proposals.

435. You see no chance of modifying your proposals?—Not in regard to the Nelson end.

436. *The Chairman.*] When was the survey of the line from the East to the West Coast completed by the company so as to enable it to give an accurate estimate of its cost?—The completed estimate has only just been completed. The figures were taken out and checked within the last fortnight.

437. Was it possible in November, 1888, to give anything like an accurate estimate of the cost?—Not at that time, because there was only a flying-survey completed. It was from this survey the estimates were made which were handed over by the Government to the company, and from which we afterwards worked to complete the survey.

438. *Mr. J. Mills.*] With regard to the guarantee, in the event of the line not paying working-expenses, is the limit of the colony's liability 3 per cent.?—Yes, 3 per cent.

439. It has not to make up the sum to 3 per cent.?—The limit is 3 per cent. up to £1,600,000 new capital. This share-capital would be issued with the Government guarantee of 3 per cent. interest.

440. Does it include debentures?—We should not convert present shares into debentures, but let them stand as ordinary shares.

441. With a guarantee of 3 per cent.?—Yes.

442. And suppose there was a loss on the working-expenses for a few years, how would it be met?—Out of the trust fund of £300,000, so long as it lasted.

443. But that is merely a method of capitalising interest while the line is under construction?—Yes; and providing for time to develop traffic.

444. Would that bear any reasonable or probable loss on the working?—No; probably we should have a gain on the trust fund. We should borrow at 3 per cent., and invest in the colony, probably, at 5 per cent.

445. Then, you do not propose to incur any loss on the working during the first few years?—That is what the trust fund is for. It is to cover interest and working-expenses until the line pays its own expenses. I calculate the trust fund will give the Government ample security against guarantee requirements.

446. In your evidence you only speculated upon the line paying $2\frac{1}{2}$ per cent.?—From the estimates we have made, and on a reduced estimate to show possible traffic-profits in its worst light, we believe the trust fund will meet the conditions under ordinary circumstances; and therefore the colony will be relieved of risk until the railway is earning money. Moreover, we have a fund for meeting interest on debentures for two years and a half without calling upon the fund at all. We have moneys at present in hand, apart from the proposed £300,000 trust fund.

447. Do I gather that you have funds which will pay interest on capital during the course of construction without this trust fund?—That will pay interest on the present debenture-capital—£745,000.