

5s.; Sheffield, thirty-eight miles for 4s. 5d.; Glentunnel, thirty-nine miles, 4s. 6d. per ton; Whitecliffs, forty-two miles for 4s. 9d. I may state that these rates are in Class Q, the lowest rate in the tariff of the New Zealand railways. In Otago, where there are brown-coal mines situated within five and ten miles of Dunedin, the freight charged is based on the classified rates, Class Q, 1s. 9d. per ton. Coal from these mines is sold at prices varying from 16s. to 18s. per ton, notwithstanding which the bulk of the coal sold in Dunedin is railed from Shag Point, Bushy or Allandale, and Kaitangata, and pays freight of from 4s. 11d. to 5s. 5d. per ton, and is retailed in Dunedin at from £1 to £1 6s. per ton, while Newcastle and Westport coal can be obtained at from £1 10s. to £1 18s. per ton. These are the maximum rates. Westport coal landed at Lyttelton is charged a freight of 2s. 6d. a ton from Lyttelton to Christchurch, in addition to 6d. a ton wharfage. Westport coal landed at Port Chalmers and freighted to Dunedin has to bear a similar charge of 2s. 6d. The wharfage at Port Chalmers I have not been able to ascertain, because the Harbour Board collects it. There are three rates for the various kinds of coal. The brown coals are charged Class Q, which is a bed-rock rate, a road-metal rate; the West Coast gas-coals are charged Class P; and the Newcastle, or other imported coal, Class N, a rate higher. I think the foregoing answers the majority of the questions referred to in the letter in question.

70. *Rt. Hon. R. J. Seddon.*] What are the hewing rates at Shag Point?—I am not aware of them.

71. *Mr. Duthie.*] Springfield costs 5s. for forty-five miles. How does that pay the railway?—It is the standard rate throughout the colony, but it gives a very little margin. It is a bed-rock rate. The grade from Springfield to Christchurch is particularly favourable: it is a down-grade right away through, and the cost of working it would be relatively small compared with hauling coal from Kaitangata to Dunedin, where it is a rough country.

72. I presume you consider this question to be the actual cost of working?—Certainly.

73. Could you give us any idea of what it would cost, if the railway was finished from Brunner to Christchurch, to repay the department?—I cannot say from memory. I think it would be 8s. from Stillwater to Springfield (Midland line), but I cannot say definitely. It was worked out.

74. How could it pay for 8s.?—I am not saying the 8s. is correct; it is from memory. I should have to refer to the calculations which have been made by the department.

75. If 5s. for forty-five miles downhill is the actual cost, surely to raise it up 2,000 ft. more or less for a much greater distance would be much more expensive?—There is a good distance of flat, but I do not remember what the highest altitude is.

76. It does not seem consistent that you could haul for 8s.?—I quite understand what your line of thought is.

77. Could you throw any light upon it?—Only by referring to my papers.

The question of the rate on coal from the West to the East Coast *via* the Midland Railway, in the event of its being constructed over the Southern Alps, from Brunner to Springfield, is involved in a number of considerations. It may be looked at in two ways: (1.) What rate would pay as a commercial undertaking? (2.) What is the possible rate in view of outside competition?

In regard to the first, the rate which would pay is inseparably connected with the volume of the traffic, the cost of working, and the capital value of the line upon which interest has to be paid. Any statement, therefore, as to what would be a payable rate must necessarily be of a purely speculative character. In my report dated 17th December, 1895, which was laid before the Arbitration Court sitting at that time, I estimated a traffic of 50,000 tons of coal per annum, and a rate of 8s. per ton. This rate was for the Midland Railway portion of the journey, *viz.*, Brunner to Springfield. To arrive at the through rate to Christchurch, the rate for the journey from Springfield to Christchurch—a distance of forty-four miles—must be added, and the classified rate for that distance and for the class of coal to be carried is 6s. 10d. per ton. This would require to be reduced to 4s. 6d. per ton, making a total through rate—Brunner to Christchurch—of 12s. 6d. per ton. I believe that some such rate would secure a considerable business, as the means of communication would be more regular and certain, and the damage to the coal in transit would be much less. In all probability the railway would be largely used for the distribution of coal to Christchurch and the country districts beyond. It is not at all likely that the coal supplied to shipping and the town of Lyttelton would be diverted from the sea, nor is it likely that a higher rate than the one I have quoted could be obtained in view of the competition from Greymouth and Westport by sea. Taking the most sanguine view that I can, I am of opinion that 12s. 6d. per ton is the highest rate that we can hope to obtain for coal, and 50,000 tons per annum the greatest quantity that we can hope to carry. Should these anticipations be realised the revenue derived from the coal and traffic of all kinds on the railway between Brunner and Springfield would probably pay working expenses, and leave a margin of some £7,000 a year towards payment of interest on cost of construction.

With regard to the second consideration—"What is the possible rate in view of outside competition?"—I would point out that coal from Brunner going to Christchurch *via* the sea has to pay 1s. 10d. per ton from mine to ship, then sea freight to Lyttelton—which, in view of competition, is an unknown quantity; thirdly, wharfage at Lyttelton; and fourthly, railage from Lyttelton to Christchurch. All these items may be taken to amount to 10s. 6d. per ton. I have allowed a rate of 12s. 6d. per ton from Brunner to Christchurch *via* Springfield, which is 2s. per ton more than it would cost by sea. This is the utmost which can be claimed for regularity and celerity of despatch and for less damage done in transit.

78. *Rt. Hon. R. J. Seddon.*] Would you have any difficulty in obtaining the first cost of the coal? There is a missing link. You have given us the railage of the coal: you have given us the price at which it is sold: but, to make your evidence complete, it would require the cost of the coal put into the truck?—I am unable to supply reliable information.

79. What do you say the railage was on the coal from Kaitangata to Dunedin?—5s. 5d. per ton.

80. At what price is that coal sold at in Dunedin?—Varying from £1 to £1 6s. per ton. Allandale and Shag Point are superior coals to the brown coal in Canterbury.

81. Is the royalty the same for the Allandale as for the Shag Point?—I cannot say.

82. What is the rate?—4s. 11d. It varies from 4s. 11d. at Bushy. Shag Point would be a little more. The maximum would be 5s. 5d.

83. Do the coal-trucks go right to the mine?—Yes. There is a branch railway to the Shag Point, which is worked by the department, and the Allandale have their own private branch, and the Kaitangata also.