

money with these merchants, as it is with all other merchants. In the old days the mails closed on the West Coast at midnight, the mail-coach starting next morning. Now the mails close at 9 o'clock in the morning, or one hour before the train starts, so that there is a saving of nine hours in that respect. Again, the making of the railway has relieved the local bodies of a large amount of expenditure in the repair of roads. The Midland Railway from Greymouth to Reefton is somewhat similar to the Manawatu Railway, inasmuch as it runs parallel with the main road; the construction of the line has relieved the road of all traffic, and, consequently, has saved the local bodies the expense of keeping the road in repair.

24. We have been told that the local bodies have lost considerably through the non-construction of this line. I would ask you, have not the company paid largely in local rates?—Yes; some thousands of pounds; at the same time it has relieved the local bodies of the up-keep of these roads. A further benefit to the Coast was the paying, during the seven years of construction, by the company of about £7,000 a month to the contractors, who employed a large number of men on the works.

25. *Mr. Palmer.*] Were those rates paid on the line or on the land?—On the line. When the company was running its own line it employed some seventy men, and expended about £8,000 a year on the Coast in wages, fuel, and stores generally. Then we come to the Blackball Coal-mine. That mine is sixteen or eighteen miles from Greymouth. Its annual output is about 60,000 tons. The company employs about one hundred men, and the carriage of its coal has largely added to the revenue of the Government line from Brunnerton to Greymouth. This mine could not have been worked but for the making of the Midland line.

26. *Dr. Findlay.*] It would be impossible to work it without its being tapped by the Midland Railway?—Absolutely impossible. It had no means of getting its coal to the port before the railway was constructed. Then we come to the question of timber. The export of timber from the West Coast is largely attributable to the opening of the Midland Railway. When the line was started in 1888 not a single foot of timber was exported from Greymouth. Last year 14,000,000 ft. of timber were exported from that port, and the company, moreover, at a very large expense, opened up a timber-trade with Australia. I would like to put in a return showing the export of timber from Greymouth from the opening of the company's line in 1888 to the year 1895, when the line was seized by the Crown. The export of timber in that year was 8,000,000 ft., and if you look at the return of timber carried by the Midland Railway in that year you will find that it was 6,000,000 ft. Another result of the construction of the Midland Railway has been the opening of a number of sawmills. These sawmills were opened at places to which access was previously impossible, and the making of the railway enabled them to be opened. These mills generally employ some six hundred men, and these men with their wives and families use the railway to Greymouth extensively. About £9,000 per annum is paid to the Railway Department for the haulage of this timber.

27. The Government railway?—Not all to the Government railway, seeing that the timber is carried over the Midland line and then on the Government railway to Greymouth; but of the total haulage of £9,000 a great proportion per annum would be earned by the Government railway from Brunnerton to Greymouth.

28. Would it be more for the Government or for the company?—That would depend upon the distance of the mills from Greymouth. Some of them are nearer to the port. All this will be earned by the Government in future, because the line no longer belongs to the company.

29. Then the question has been raised as to whether there was not too much expended on the line by the company, and as to whether it was prudently expended. Can you tell us what was actually spent in the colony on the construction of the line?—Of the sum of £751,000 about £619,000 was spent in the colony. The balance of £132,000 represents the cost of material for the railway—such as rails, fastenings, rolling-stock, and bridge-work—which in the early stages of this company could not be made in the colony. Latterly we had our bridge-work made in the colony.

30. Well, in round numbers, that means that about £600,000 was spent in the colony, and £150,000 spent in bringing into the colony material which the Government afterwards seized?—Yes. Of course, that material is in the railway now.

31. Do you know what the traffic has been on the line since the Government seized it? Has it increased or decreased?—I will come to that. Notwithstanding the extravagant way in which it is alleged we have run this railway, we have always managed to make a decent profit on this small section. I shall quote figures on this point, and I may here say that the accounts of the company were annually audited by Mr. Arthur Olivier, of Christchurch, a member of the New Zealand Institute of Accountants. The net receipts were as follows:—For the eleven months to June, 1890, £1,609; for the year to June, 1891, £4,000; to June, 1892, £4,289; to June, 1893, £4,409; to June, 1894, £6,572; and for the eleven months to May, 1895, £3,257.

32. *Captain Russell.*] What is meant by net receipts?—I mean the balance of receipts after paying all the railway working-expenses.

33. *Mr. Palmer.*] It does not include interest?—No. It is the total receipts from the railway, deducting the expenses of working the railway.

34. *Mr. Bell.*] Might I ask how you account for the falling-off in the last year?

35. *Dr. Findlay.*] If you added one-twelfth, as there were only eleven months in that year, it would make a difference?—No, that would not make up the difference. I cannot account for it on the spur of the moment. However, that is the way in which the receipts stood when the Government seized the railway. We now come to the results since the Government have had the management of the railway. There is a slight difficulty here, because their periods do not coincide with the financial year of the company's returns. However, I will take the twelve months. The net receipts from May, 1895, to February, 1896, are £3,681; for the twelve months ending