1189. To what account was the whole of these protective works charged?—So far as I know, every one of these protective works was charged to what we call "Separate Order Account," and that information is rendered to the accountant, and he charges it under whatever heading he considers fit and proper.

1190. You do not know whether it is charged to maintenance, or what I would call an "Improvement Account"?—If that expenditure had been incurred on a Government line I could tell you exactly under what heading it would be charged, because I know what class of expenditure is charged to what we call "Working-expenses and ordinary maintenance." There are other classes of expenditure which we call "Additions to open lines," and we classify under these two headings. But under what heading that expenditure was charged I cannot say.

1191. Then, looking at the nature of the work, do you think it has effected a permanent improvement to the railway as constructed by the Midland Railway Company?—I think it has done absolutely what it was designed for.

1192. Then, the line has been increased in value by the £4,000 spent on these works?—Most certainly, because had it not been spent the railway would hardly have existed in its place.

1193. It has had the same effect in protecting the railway as possibly a large embankment may have had along the railway-line in protecting it from the river; it is really a permanent improvement, inasmuch as it guarantees the permanent safety of the line?—Certainly.

1194. That being so, and these payments having been made by you, to what account, if this had been a Government line, would this expenditure have been debited?—That would somewhat depend upon the circumstances. If, for instance, the damage had been done, and you had to replace that line in the condition in which it was prior to the damage, that, I presume, would have to be made good out of ordinary maintenance; but if it is irrespective of any damage done, then I presume it would be charged to what we call "Additions to open lines."

1195. You told Mr. Bell that a large portion of the railway-line was cut away: do you know what the expenditure was?—Yes.

1196. What was it?—To make good the line to resume traffic cost over £2,000.

1197. Out of the £5,000, or in addition to the £5,000?—Out of the £5,000. That was the total expenditure.

1198. The protective works cost about £3,000, and the repairs cost about £2,000?—Yes, roughly.

1199. I wish to deal with the matter theoretically: Supposing you have a phenomenal mishap —some earthquake or some unforeseen and unprecedented event—and large damage is done to the line, would you debit the restoration of the line to maintenance, so as to treat it as a proper deduction from income?—I consider that ordinary maintenance means that you must reproduce your line in the same equal condition of service in which it was before out of what we call "maintenance expenditure."

1200. Supposing you have a period of five years given to you, and you are asked during that time to determine the net earnings of the railway, and in one of the five years you come across an expenditure which is unprecedented owing to some phenomenal accident, would you consider that as maintenance for the purpose of getting at your net earnings for that period of five years?—You must maintain your line in the position in which it was before you can consider it any outside expenditure, no matter what the cost was.

1201. Supposing the restoration of the line had cost £20,000, and you are taking a period of five years, and in that five years your earnings are about £20,000, would you deduct the whole of the £20,000, and assume that the average net earnings of that railway was nothing?—That is rather a different question, and it is a question I have really not to deal with. I can only tell you, as an engineer in charge of works, that if you ask me what is legitimate maintenance expenditure I consider that you must put your line back into a condition to earn money, and place it as a going concern; and I consider that is real maintenance.

1202. That is the point of view from a railway expert like yourself?—I am only an engineer, not an accountant in these matters. I do not know how you would deal with figures and accounts.

1203. You cannot say from your own experience whether, in a case like the one I have instanced, a large expenditure should not be spread over the years with a view to a possible recurrence of the accident which caused the damage?—You are asking me now a financial question which I do not think it is within my province to reply to. It is a matter to be dealt with by the people who have it in hand.

1204. You prefer to say you cannot answer my question?—Well, you put it to me in a way which I think it is rather out of my province to answer.

1205. Where you have an outlay which is not likely to recur for a period of, say, fifty years, should that properly be charged to maintenance in determining the net income of the railway for a period of, say, five years?—No.

1206. Would you not spread it over the period in which it is likely to recur?—Yes, if you can arrive at that period.

1207. *The Chairman.*] Referring to the Belgrove–Norris's Gully Section, you know where the first railway-bridge is?—Yes; where the coach-road goes under the railway.

1208. Were you in Nelson when the line was seized?—Yes.

1209. Can you tell us what rolling-stock was on that line when it was opened—before July, 1900?—There was no rolling-stock on the extension whatever.

1210. No rolling-stock that was charged to the Midland Railway Company?—There was some rolling-stock which was in charge of the Public Works Department, who were building the line. There was no rolling-stock belonging to the Midland Railway Company.

1211. When did you take charge here?—In February, 1897.