

63. Do you not consider there is a value for this goodwill or monopoly?—I think the railway is one which has every prospect of paying.

64. Supposing one person proposed to sell a business to another person, would a value for goodwill be a fair element to include in the price?—Yes; the value of the goodwill should undoubtedly be added to the cost price, presuming that the commercial value of the business was in excess of the cost price to begin with. But in this case I have not considered the subject from a commercial standpoint at all. I have merely gone into the question of the value of the works from an engineering point of view. The two systems of valuation seem to me to be entirely distinct. This particular line might be worth either less or more than £74,000 from a commercial point of view; but from an engineering point of view I take it that it is worth exactly what it cost to carry it out, and that was probably about £74,000.

65. You would not consider the commercial element an additional element in the value of a railway?—As I understand it, it might be so, or it might not, as it might possibly detract from its cost value.

66. Take the present railway. Do you consider it advances or diminishes the value?—I have really not gone into the matter. I will consider it, and give further evidence if you desire it. As I understand the question, it is whether the railway is worth more from a commercial point of view, or less, than if looked at from an engineering point of view.

67. That is a very professional point of view to look at it from. I am sorry that you do not appreciate the commercial element. What I want to get at is whether, if the Government were a private person, the line might not have a value beyond its cost on account of the commercial elements surrounding it?—I have not considered it from that point of view.

68. *Mr. Montgomery.*] You say traffic will increase on that line. Is it not very light gravelly land, the whole of the land over which that railway runs—it is light land?—Yes; but there is soil on it. The gravel is sometimes on the surface, as it is in many parts of Canterbury; but there are many similar places where I have seen very good crops growing.

69. *Dr. Newman.*] With reference to the question asked by Sir Julius Vogel about goodwill, are you aware that the railways can be bought again in two years, and that therefore the question of goodwill is perfectly useless?—I do not remember exactly what the conditions are as to purchase.

70. *The Chairman.*] Has the line been recently inspected on behalf of the Government; and if so, by whom?—The Working Railways Engineer (Mr. Lowe) has charge of it. He is in charge of the whole Hurunui-Bluff line and branches. One of his assistants (Mr. Burnett) has charge of this Ashburton line.

71. Then he has recently reported on the condition of the line?—He has no doubt recently reported to Mr. Maxwell.

72. Do you know whether the direction the line takes is the most suitable to open up the district?—I could not say as to that; but it traverses the district, I should say, in a fairly suitable direction.

73. In other words, the direction which the railway—as a branch railway—takes, is what you consider the Government would adopt if its object were to construct a branch railway in that district?—I think it is fairly well located to meet the wants of the district, and to make the railway yield the best return.

74. And to tap the district in the most complete way as a feeder to the main line?—I have never gone very thoroughly into the question from that point of view, but I should say the line is well located.

75. *Mr. Barron.*] Sir Julius Vogel has asked you, Mr. O'Connor, whether in estimating the value of the railway, you have taken the question of goodwill into consideration; by section 59 of the Act of 1877 you are aware that in taking into consideration the value of the line, it is especially provided that no compensation whatever shall be allowed for the goodwill of any railway. So that, in making your estimate, you have avoided making any provision in your own judgment for goodwill? Of course you know that this is the law?—I have not taken the goodwill into consideration at all. My answer was that my estimate was not made on any commercial basis at all.

#### *Waimate Line.*

76. *The Chairman.*] Is this line one which in your opinion is suitable to open up the district, and as a feeder to the main Government line?—It goes through very good land.

77. Does it take a direction suitable for a Government line, and suitable to connect the district with the Government lines?—I do not think it could have gone any other way than it has done, because there is a gorge through which it had necessarily to pass before getting to the open country beyond.

78. What is the length of the line?—About eight miles.

79. Will it be necessary to extend the line in order to make it useful?—It goes through a very good district, and ends in a good district. The land some distance beyond the end of the line is also very good.

80. If the Government take the line over, you would not consider it necessary to extend it further to make it efficient as a branch line?—From what I know of the nature of the line, I should think it would pay to extend it. But I should imagine that in time the line would pay very well as it is.

81. *Mr. Dargaville.*] Has Mr. Blair reported on the value of this line?—We have a report from Mr. Ussher as to the cost of the line so far as it has been constructed at a time shortly before the negotiations for the purchase.

82. Could you give us that?—Yes; the amount was £40,500.

83. What is Mr. Ussher?—He is District Engineer in that locality. The amount offered to the company was only £33,913, and they have agreed to accept it. I have here a memorandum I made at the time the question of purchase was under consideration. From it it appears that the cost of