

120. *Sir J. Vogel.*] There was a bridge put up by the County Councils: did Mr. Scott's valuation include that?—It included the amount the company had spent on the bridge.

121. Not the amount spent by the County Councils?—No.

122. How much had the County Councils spent on it?—I think £5,000 each. I think two County Councils provided £5,000 each, and the General Government £5,000, and the company £5,000; that is, as well as I can recollect.

123. Then, the amount provided by the County Councils was excluded from the valuation?—Yes; and the £5,000 paid by the General Government also. The bridge, I think, cost originally £20,000; the General Government, the two County Councils, and the company each finding £5,000. Afterwards it cost, I believe, £2,000 or £3,000 more, which, I think, came out of the funds of the company.

*Sir J. Vogel:* Supposing we have to refer the buying of this railway to arbitration, the company, I believe, maintain that we should have to pay the value of this bridge: that, in fact, the Government and the counties handed the bridge over to the railway company, and that, therefore, we should have to pay for the full value of the work. I should like you to take advice on that matter, if you will make a note of it, and tell us about it at a future meeting.

125. *Mr. Dargaville.*] Generally, do you think the £61,100 is a fair price to pay for the railway, or should it be £55,000?—The £55,000 was merely arrived at on the basis of the estimate for the whole line. Our contention was that the estimate should be made *pro rata* as compared with the cost of the work originally contemplated. When the matter was referred to the arbitrator, he reported that the value of the work done up to that time was £62,100, and on that we acted. I do not know personally what it was worth.

126. The gentleman conducting that inquiry was a competent engineer?—Yes; an engineer of considerable eminence. He is at present engineer for the Greymouth Harbour Board.

127. And that finding of his would, if the line were to be purchased by arbitration, in accordance with the Act, be held to be absolute and final?—I do not think that it would be absolutely final as regards a purchase of the railway by Government in terms of the Act, but it would at any rate be very difficult to upset.

128. *Mr. Montgomery.*] This £61,100 being the price for that line, is that what it would cost to construct it at the present time?—I have not formed any trustworthy opinion on that subject. It would depend on the relative prices for work when the line was constructed as compared with prices now. I do not think prices have varied much in the interval.

129. Have you formed any opinion as to the commercial value of the line?—No; I have not.

130. *Dr. Newman.*] When was this railway finished?—In July, 1881—the portion now opened.

131. And as the price is £61,100, while Mr. Scott's valuation was £62,100, is the £1,000 difference allowed for depreciation?—At first there was a reduction attempted to be made for depreciation and cost of engineering supervision; but the company contended these were reasonable items; and the Government finally allowed that they were.

132. Then, £58,000 was what the Government thought at first it should be taken for?—Yes.

133. It has no rolling-stock of its own?—No.

134. *Mr. Barron.*] I presume that with this as with the other lines you have no strong opinion that, for the Government to acquire the lines, would lead to a large increase of traffic. That is, as far as you know, do you think that the requirements of the district are met by the present lines?—I do not really know very much about that. I have been told that an extension up the Hakateramea Valley would pay very well; but I do not know anything about the country beyond the end of the present line. I have not seen it.

135. There has been a change in the classification of the Hakateramea lands?—Yes.

136. Do you know why the Hakateramea lands, generally admitted to be of considerable value, and served by the lines, have been moved from one class into another?—It seems to me to be only right and just that altering the scope of the railway from original intention should effect everything. If the railway was constructed to the extent originally intended, some lands would be close to the line, which are now a long way off from it—say, for instance, at the fortieth mile on the line as originally proposed—that point is now about twenty-four miles from end of line as constructed. It is, I think, therefore necessary if you alter the scope of the railway, to reclassify the land.

137. But the line has not necessarily been stopped for ever at the point it has now reached?—That is true; but still it would be hardly fair to make ratepayers at the far end of the railway district pay as high a rate as if they had the railway to their doors. The first Act gave no power to rate at all until the line was finished; but the subsequent Act of 1882 provided that rates might be levied for a portion of a fine when opened, on condition, however, that the whole question of rating should be gone into afresh before a rate was struck. In this case it was desired to levy rates proportionate to the piece done, and the district was consequently reclassified.

138. *Mr. Cowan.*] You have told us that the department estimated the value of the railway at £55,000?—Yes; we estimated it at that amount on the basis of the original estimate of the cost of the whole line, *pro rata*.

139. Is it your opinion that the buying price should be £55,000?—Not necessarily so. The position we took up then was that if a company made an agreement with the ratepayers of a district to make, say, 100 miles of railway for £100,000, they ought not to charge more than £50,000 for fifty miles, and that consequently the ratepayers ought not to be called upon to pay a greater rate in proportion for the piece of railway constructed than they had agreed to pay for the whole railway. We were overruled, however, in this contention by the terms of the Act, which provides that in case of a dispute as to the value of the whole railway, or any part of a railway, it shall be referred to a commissioner. That was done—an arbitrator was appointed, and he decided that £62,100 was the value.