

140. And you do not consider that the same argument should now be considered in reference to the buying value as influenced the department in making the estimate of £55,000?—No; the position we took up then was for a *pro rata* valuation, and not considering the actual value at all; but Mr. Scott's valuation is supposed to be an actual value, to the best of his judgment.

141. *Sir J. Vogel.*] Can you give any idea as to the character and value of the land beyond the railway?—No; I do not know the country beyond the end of the existing line.

142. *The Chairman.*] In D.-5, page 10, certain contracts are referred to in connection with the construction of this line: do you know anything of the nature of these contracts?—No; I do not know anything about them personally.

143. They have not been submitted to you?—I have not examined them.

144. You have them in the office?—Yes, I expect so.

145. Can you say whether these contract prices would be considered fair and reasonable now?—No, I cannot say as to that, not having examined the contracts in detail; but, judging from the valuation made by Mr. Scott, which comes to £62,100, I should judge that the prices, exclusive of interest on capital, must be about reasonable—that is, assuming that the cost of railway, as given on page 10, includes all expenditure, including rails and sleepers, &c., which I presume it does.

FRIDAY, 28TH AUGUST, 1885.

Mr. C. Y. O'CONNOR'S examination continued.

*Thames Valley-Rotorua Railway.*

146. *The Chairman.*] The Thames Valley and Rotorua Railway is now before the Committee. Can you tell us anything about that railway?—This railway starts at Morrinsville and ends at Rotorua. It comprises two projects—first, a railway under the District Railways Act from Morrinsville to Lichfield, length about forty-two miles; and, secondly, a railway from Lichfield to Rotorua under the Railways Construction and Land Act; length about thirty-one miles. The one company, however, is concerned in both projects. Total length about seventy-three miles.

147. And what is the length of the line from Lichfield to Ohinemutu?—About thirty-one miles. It is seventy-three miles altogether—forty-two from Morrinsville to Lichfield, and thirty-one from Lichfield to Ohinemutu, at Lake Rotorua. It crosses the main road near Oxford, where there are two or three houses. There is some little settlement round about Oxford; but only, I think, two or three houses in the township itself. That was when I saw it nearly two years ago.

148. Do you think that the line takes a direction the most suitable for the district; in fact, the direction which the Government would be likely to have taken if they were constructing a railway in that locality?—I do not know. I cannot answer as to that. I am not sufficiently acquainted with the country thereabouts to give an opinion. Mr. Blackett would be the best person to tell you as to the location of the line.

149. Do you know anything of the character of the work—whether it is good or not?—No; I have not been over the work at all. I know that the rails are the ordinary character of rails used on New Zealand railways, and that the rolling-stock is all of good character; but as to the work done on the ground I know nothing.

150. There is an abstract of the total cost of the first section of the line in D.-5, page 22, Works already undertaken and other expenses, £111,615: can you say anything as to the correctness of that estimate?—Not of my own knowledge. I cannot say anything about it; but it was checked by Mr. Hales, the Government District Engineer at Auckland, and he reported that the prices were reasonable. Mr. Blackett can give you evidence as to this.

151. Then you really know nothing as to this line?—I know nothing except what is in the correspondence which has taken place as to the proposed purchase by the Government.

152. *Mr. Dargaville.*] Have you seen the line yourself?—No.

153. You have not inspected it?—No. I have only seen the places where it starts and ends.

154. Do you know anything of the country?—Very little.

155. *Dr. Newman.*] Do you know how this sum of £115,534, mentioned in the provisional agreement page 10, D.-5B, is made up?—I see it says here that the purchase-money shall be £115,534. I understood that the cost of the railway so far was about £111,000, but there is some £4,000 besides?—There is first £111,160 for works constructed and in progress, and £1,191 for land purchase, and £800 for directors' fees; that comes to £113,151: and subsequently to that the Government admitted a further claim for about £309 for extra plant imported, and £74 odd for property-tax, making in all £113,534. To this there was afterwards added the sum of £2,000, as stated in Sir Julius Vogel's letter of the 8th April last, making a grand total of £115,534 as stated.

155A. And in D.-5B, page 10, clause 6, "They shall finish the work for £40,853." Is that certified to by the engineer as the almost certain cost of the line?—Yes; that is the estimate of the company's engineer for finishing the line, and our District Engineer was instructed to examine it, and report as to whether the prices were reasonable, and he reported that they were so.

156. After a careful Government examination?—Yes; Mr. Hales was the Government Engineer who reported on it. As regards the £40,853, that was also checked as the probable cost of finishing the work.

157. It leaves the company no big margin of profit?—No, I believe not.

158. *Mr. Barron:* A portion of the line is under the District Railways Act, and a portion under the Railways Construction and Land Acts?—Yes, that is so.

159. And the length of the portion made under the District Railways Act is—?—Forty-two miles.

160. Which is well forward?—Yes, well on towards completion.

161. And the portion under the Railways Construction and Land Act: how does that stand?—I do not think there is any work done on that portion yet, but I believe they reckon that the