

rolling-stock imported for the first piece will be sufficient for the whole line, at any rate for the present. I do not think any work is actually done on the ground as yet beyond the end of the Lichfield section.

162. Under the Railways Construction and Land Act you are aware that the Government has got the right of purchase, same as under the District Railways Act, only that the right is exercisable after ten years instead of after seven years?—Yes.

163. And on the same basis for valuation and so on?—Yes, practically the same, I think, omitting the question of land endowments.

164. As a mere matter of expert knowledge, do you think it would be advisable for the Government to take over this line now or to wait for ten years, as a mere matter of profit and loss, and bearing in mind that the Government after ten years might insist on acquiring the line?—That seems to me to be the same character of question as the one which Sir Julius Vogel put to me yesterday, and on which the Committee seemed to think I should not express an opinion. As regards the question of the value of these district railways, however, I might point out to the Committee that there are, I think, three distinct methods of valuing these lines. First of all, there is their intrinsic value as constructed works, that is to say, the value of so much earthwork, bridges, rails, and sleepers, &c. Then, there is their commercial value from two points of view—namely, their commercial value to the company, and their commercial value to the Government. These values seem to me to be all quite distinct the one from the other. In the commercial value to the company there is comprised the value of the guarantee of interest at 7 per cent. for fifteen years, which is in itself a considerable item; but its amount is dependent to some extent on other provisions contained in the Acts. The commercial value to the Government would depend upon the net revenue, present and prospective, together with such interest for a term of years as it is still proposed to collect from the ratepayers. The matter may be looked at from any one, or from all, of these points of view; but I do not think it is possible to mix the commercial value with the intrinsic value. A work may have cost £100,000 to construct, but, from a commercial point of view, I take it that its value is the amount that it will yield interest upon, and that may be either less or more than £100,000. From the company's point of view the commercial value depends largely on the guarantee of interest for fifteen years at 7 per cent.; while from the Government point of view the commercial value arising out of the net revenue would be considerably enhanced by the collateral advantages to be attained by working the whole of the railways under one system, and the consequent economy in working expenses, which may admit of relief being given to the ratepayers without cost to the colony. The Committee will no doubt have before it the returns of present traffic and working expenses, and also the probable traffic and working expenses, which Mr. Maxwell will be able to give you. All I have been dealing with so far is as to whether the sums offered for these lines represent pretty fairly the value of so much sleepers, rails, and earthwork, &c., from an engineering point of view.

165. I thought it might be advisable to place your opinion, as an expert, on record. Even should this line turn out to be an exceedingly profitable line to those who have constructed it, under the Act there would be no loss to the Government arising from waiting for seven or more years, because the Government would actually have to pay a premium over cost price of only 5 per cent. altogether after the end of seven years, or 10 per cent. after the end of fourteen years?—You could no doubt buy the lines, as you say, at the end of a period of years for a certain percentage added to their actual cost; but it is not quite clear in the Act as to whether or not the actual cost to be so determined by arbitration shall include the interest on cost during construction, and the result of such an arbitration might not be satisfactory to the Government. The time at which district railways can be purchased is altered from seven years to ten years by clause 6 of the Act of 1878.

Mr. J. P. MAXWELL examined.

*Rakaia to Ashburton Forks Railway.*

166. *The Chairman.*] The Committee has met to inquire into the District Railways Purchasing Bill; to consider whether the lines which it is proposed to buy under that Bill are worth the prices it is proposed to pay for them. Will you tell the Committee what is your official designation?—General Manager of Railways.

167. The Committee will be glad to get any information you can give them. The railway now under consideration is the Rakaia and Ashburton Forks line. Are you conversant with the character and condition of that line?—Yes; I have been over the line once or twice at different times, and from year to year I have made agreements with the company for working it. (The Government, as you are probably aware, is working the line for the benefit of the company, and has been since the opening.)

168. What is the present condition of the line?—It is in fair order.

169. Well constructed?—Yes; up to the average.

170. Can you give any information as to the nature of the country opened up by it?—I do not know much about the country as far as the land value is concerned; but it is an agricultural country—mostly wheat-bearing—and I have seen many thousands of acres of good crops upon it, as it appeared to me. There is pastoral country at the back.

171. Is the line capable of extension? Do you know anything of the character of the country which such an extension would open up?—No; I could not offer any opinion on that.

172. Is the country through which it might be extended easily engineered?—There is no doubt it could easily be extended a few miles farther.

173. That is, as far as the character of the country is concerned?—Yes.

174. Is this the most suitable line, in your opinion: does it take the most suitable direction for opening up the country through which it runs?—Yes; I should say it does, in my opinion.

175. ~~Such~~ In a direction as the Government would have been likely to take if it were creating a public line there?—I should fancy so. It is a point on which many opinions may be held.