

176. Do you consider it an expensive line to work—No; on the contrary, it is one of the cheapest lines to work.

177. Can you give any information as to the prospects of the line, commercially: as to its being a paying or a non-paying line?—I can tell you what we have realized in working it for the company for the last year, and the conditions under which that profit was realized. The net profit paid to the company, after deducting all working expenses as far as the Railway Department is concerned, excluding any costs of the company's directors and their staff, was £2,204 for the year ending the 31st March, 1885.

178. That is, the sum over and above the working expenses?—Yes; you must understand that the question of what profits are realized depends largely on what rates are charged, and in what way working expenses are computed. The rates charged to the public, and the method in which we have computed the cost of working the line, are set forth in the agreements with the company dated the 20th March last.

179. Are the rates charged by the company higher than those charged on Government lines?—Yes, much higher than the Government rates. The goods rates are much higher; the passenger fares are practically the same.

180. What effect do you think a reduction of rates to the Government tariff would have upon the traffic of the line?—That the line would not make so much profit.

181. You do not think it would be likely to enlarge the traffic?—It might increase it a little, but I do not think the revenue derived from it would increase.

182. You say that £2,204 is the excess of receipts over working expenses. Supposing it were a public line, do you think there would be any further expenses to be deducted from that amount?—No; I think the charges which were placed against the line were reasonable and fair, and there should be no further charges.

183. If the Government owned the line, £2,204 would practically represent the return in excess of working expenses: it would have represented it last year?—Yes.

184. The sum at which it is proposed to purchase the line: do you know it?—I have read the parliamentary papers.

185. £72,000?—Yes.

186. Do you know anything of the estimate on which these figures are based?—No.

187. It is not in your department?—No. I have nothing to do with the railway, except the working.

188. *Mr. Dargaville.*] Who would be the proper officer of the department to give information as to the estimate?—I should say the Engineer-in-Chief or the Under-Secretary.

190. Is the Engineer-in-Chief of the South Island, Mr. Blair?—Possibly he would give it.

191. You are not aware what officer made the valuation?—Not officially aware.

192. *Dr. Newman.*] I see it is said that last year the rate of profit was $3\frac{1}{2}$ per cent.; was that higher than in previous years?—I do not know anything about the rate of interest made, as I do not know what the capital expenditure has been, or what other expenditure there has been: that has not passed through my department.

193. The line was open for traffic in February, 1880. Has there been any marked increase since?—There has been an improvement in revenue, I think, since, for this reason: that the company began to work at the Government rates and fares, and, when they found the result of that, they put up the rates and fares. Before raising the rates they did not make so much profit as after.

194. When you say that £2,204 was paid over to them, have you any evidence as to whether the road was kept in proper condition—sleepers, buildings, fences, &c.?—The whole of the maintenance charges are included in the working expenses. The work is done by the Railway Department, and all items are included. In the agreement which is laid on the table of the House at the beginning of each session—see memorandum of arrangement for working the private lines—particulars of charges are given.

195. Could you tell us whether the sleepers and other things on this line are kept up to the standard of the Government railways at the present moment?—Yes; at the company's expense.

196. But are they in as good condition as on the Government line into which this runs?—It is intended that they should be so, but I cannot speak precisely now as to that particular piece of line. I should say it is kept up on the same system as the Government lines, but heavier renewals will be arising from the increased age of the line.

197. Then, you are satisfied that if the fares were brought down the rate of profit would go down?—If the rates and fares were lowered I should think so.

198. *Mr. Barron.*] Do I understand you to say that you have been over the line recently?—Not recently. I have been over two or three times in the course of the last five years.

200. It is, in general equipment, in every way suitable for the traffic of the district?—As far as the railway is concerned it is a very good line—very well constructed and as good as the average Government lines. It has no equipment in rolling-stock or engines.

201. And if the line had to be made again it is in a direction which would get the most traffic from the district, speaking from your knowledge?—My knowledge of the district is very small, but I should think so.

202. What percentage would be realized by the Government over and above the expenses of working, maintenance, renewals, &c., should the Government purchase the line at the price stated?—If you take the last year's working with the present manner of charging for working, and at the present rates and fares, the Government would have realized £2,204. I should say that would all have been profit.

203. And the average annual charge for maintenance is likely to be similar to the annual charge for a Government line?—Yes.