

the line as per the agreement. Is that exclusive of any rates or subsidies from any other quarter that the company may hope to obtain?—Yes.

321. It is really a net profit on the working last year as it stands?—Yes.

322. *Mr. Wilson.*] What was the return for the first four months of the year?—For sixteen weeks—a credit balance of £31.

323. And how will that run out with the £900 profit during the year?—The wool season will bring a larger profit during the year, and the summer will be a better time for the line.

324. On that basis it will be about equal to last year's profits?—Yes, I think so.

325. *Mr. Barron.*] Is this line equal to a larger traffic than it has at present?—Yes; very much.

326. And will it require renewals?—Certainly.

327. Are they extensive?—The same classes of renewals as on all the lines. They will require rails, sleepers, bridges, and earthworks. All these are part of the working expenses.

328. But from the present condition of the line you do not expect any additional requirements on that account?—The line has reached an age when the renewals of sleepers will become heavy.

329. And do you think the purchase of the line by the Government would be likely to increase the traffic?—It depends if the rates are lowered or not. If they are much lowered I do not think so much profit will be made.

330. Of course you are able to form an opinion as to what would be the result of the Government taking over this line from your past experience of the working of Government lines, and able to form a judgment as to whether, in the hands of the Government, this line would be likely to pay, over working expenses, a sum towards interest on cost of purchase?—If the rates and fares are not lowered it would undoubtedly.

331. I understand you to say that on the basis of the present rates and fares it would pay, and that if the railway rates and fares charged on the Government lines were made applicable to this line it would not be so likely to pay?—You would not get so much profit I think.

332. *Mr. Cowan.*] You say that to put the bridge into a safe condition would require from £10,000 to £20,000?—I have seen it estimated at that, but I have never gone into the matter myself.

333. Is it not your opinion that in the purchase of this line by the Government the purchase price should be reduced so as to provide for a contingency of this nature?—I do not think that would be fair at all. The bridge has been constructed to a certain extent, and no further. But it would not be fair to take off the value of this line anything for making the bridge further.

334. The trains at present run across this bridge?—Yes; and have been regularly crossing it for a long time. The line is liable to be washed away at any time where there is only a temporary embankment across the river.

335. You do not think it is right to make an allowance for this probable expenditure?—I think not. It is not a fair reduction at all. No more than to deduct the cost of extending the line.

336. *Dr. Newman.*] You say that last year the company made a profit of £980 over and above working expenses. By working expenses do you merely mean the cost of the Government rolling-stock?—Everything.

337. The £980 does not include the cost of renewal of sleepers, fences, &c.?—The £980 is the profit after taking into consideration everything that is included in the expenses of maintenance, traffic, rental of rolling-stock, and other charges.

338. There was a time when the tariffs were the same as the Government tariffs?—Yes. When they began they divided rates with the Government—that is to say, we booked from our stations on to their line at Government rates and fares, and divided the proceeds *pro rata*, according to the mileage, after making certain reductions. That was, practically, working the line as a part of the Government system. It was not found that the company realized such profits as they had expected to realize, and I suggested that they should make their own rates, which would relieve the department of a great deal of trouble, and they adopted that course.

339. How long ago?—In January, 1883.

340. Does the line pay better? Has the profit to the company been larger?—It has.

341. This company, like the Waimate Company, has suffered somewhat because of floods washing away the bank at Waitaki.

342. *Mr. Montgomery.*] Are the expenses for maintenance for the next three or four years likely be at the same proportion as last year?—No; I think we must look on this line for an increase in the cost of maintenance. It may not be a large increase.

343. But you, as Traffic Manager, look for an increase?—There must be an increase, especially in regard to the sleepers on this and the Rakaia line.

344. Was there any cost last year for maintenance?—Yes.

345. What time does the heavy expense renewals begin?—It depends very much on what timbers and materials have been used. Some of our sleepers have been renewed in three or four years; others from ten to fifteen years.

346. But in three or four years from the opening you expect an increase?—Yes.

347. *The Chairman.*] Do you consider that it would be possible to work these lines at different rates to those of other lines, supposing the Government owned the whole?—That is entirely a matter in the discretion of the Government of the day. As a matter of fact, we are working lines in different parts of the colony at different rates, and always have been. I do not see why we should not work these at different rates if the Government choose to do so.

348. ~~Are the~~ Government branch lines worked at different rates to the main lines?—They are subject to different charges.