

whether you would get the same grain traffic if they had to carry it twenty or thirty miles, and by dray.

395. For more than half the distance of that plain the railway does not reach farther than the main line of railway—that is, to the eastern part of the seaboard?—Undoubtedly a great portion of the traffic would come without the railway, but a large porportion would not come.

396. You mean from a large population?—Yes; the people now living there.

397. Did they not buy their land before the railway was made?—Very likely; but they did not cultivate so much.

398. *Sir J. Vogel.*] Would the lines be worked cheaper for the district if taken over by the Government?—I think the lines would be worked to greater advantage to the public in some respects, but not cheaper than now. I think we are doing the best we can do at present.

399. Are the rates charged what you would recommend?—Yes; if the object was to get as much revenue as possible.

400. And are the rates in accordance with the rates on Government lines?—Very much higher.

401. Would a reduction mean a larger revenue?—I think it would lead to a diminished revenue.

402. Would that apply to the Waimate, Rotorua, and Duntroon lines also?—Yes, to all these lines.

403. In all cases the rates are higher?—Yes, except Rotorua, which is unopened.

404. Do you adopt the plan of terminal charges, as in England?—At first we counted the companies' lines as Government lines, charging the same rates. That was by arrangement with the company, deducting certain proportions for terminal charges, and dividing the rest *pro rata*, according to mileage. But the companies were not satisfied with that, and I suggested they should make their rates and we would collect them; and they have done that since 1883.

405. But in England, as you know, railways, if only half a mile long, have a terminal rate?—Our terminal charges are included in the *Gazette* tables as a rule.

406. *Mr. Barron.*] The Thames-Rotorua line was never brought under your notice officially?—No.

407. *Sir Julius Vogel.*] Looking at the question as a broad point of economy—having regard to the fact, on the one hand, that the companies have only a maximum amount of guarantee, which cannot be increased, it is therefore almost a contingency that, even if the traffic should increase, it is not the interest of the company to increase the line, because the guarantee would not be increased. The company is not forced to improve the line on the one hand, and on the other the Government are guarantors to a large amount, while they have an interest in the railways, of which these are branches,—looking at all these circumstances, do you not think, in the interests of the country, that the Government should buy these lines if they could buy them at reasonable rates?—I think it would simplify matters if the Government were to acquire these lines. It might be to the interest of the Government, and certainly to the interest of the public at large.

408. Is the effect likely to be to reduce the amount which the Government have to pay in guarantee?—I do not know. But I think that if the Government desires to prevent the increase of payments under guarantee it can do it by keeping the goods, rates, and passenger fares at a sufficiently high figure, but it should not be absolutely bound to keep the rates and fares precisely as they are at present for many years; and you may reasonably suppose you will not incur any more liability in taking them over than you have now—at least, I think not.

409. Do you think it is a fair thing that the Government and the ratepayers would be liable as they are now for a guarantee where the companies do not have their own rolling-stock? Do not the ratepayers, as it were, pay twice over?—The guarantee, of course, was considered to cover the cost of the rolling-stock. It does not cover it, but a charge is made for it. That should have been included in the prices. It is as broad as it is long. If the company found the capital, they would have to pay interest upon it.

410. That is proper if the cost of the rolling-stock could be added to the cost of the railway?—In framing the agreements for working the railways, the work was to be done at the risk and expense of the company; and in computing what charges should be made for rolling-stock I included sufficient for interest and repairs. So that the Government gets interest on capital invested.

411. It does not unfairly affect the ratepayers—the guarantors having to pay twice over?—If the estimated sums for construction are supposed to cover the entire cost of rolling-stock. No doubt the ratepayers, in effect, pay more in that way than it was anticipated they would do.

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#### *Thames Valley Line.*

JAMES STEWART, Civil Engineer, and Engineer of the Thames Valley and Rotorua Railway, examined.

413. *The Chairman.*] Can you tell us the nature of the country through which the railway passes?—The nature of the country I know very well. Would you like me just to make a general statement?

414. Can you say, in the first instance, what is the condition of the works so far as they have gone?—The first section, under the District Railways Act, forty-one and three-quarter miles in length, has been completed in formation, and the finishing contract has been let, and is well on towards completion for the platelaying and buildings. The whole of the railway stock necessary has been imported, and a few of the last wagons are now being erected. All the carriages, engines, and ballast-wagons are on the line, or, at all events, they are erected. The contract is let for the opening of the line as far as Oxford for passengers in December next. That would enable the