

135. The question would come up at the time of making a calculation; but I may as well raise it at once. In some cases the Government has had to pay considerable sums of money for removing the stuff sent down by these slips; that would make the work cost so much more to the Government?—The only answer I can give you is that it is the desire of the company to have a fair valuation, and that they may be treated fairly, the same as any other company. Therefore they asked a valuation upon the basis of the cost of construction of the works at the time they are taken over.

136. *Mr. R. Thompson.*] Would the company have any objection to take over the constructed portion of the railway at the cost of construction, less a certain percentage?—You could not adopt that basis at all. I have already told you that nothing was done for five years there, except to send the unemployed out there to dig holes in the ground. It was impossible to estimate the cost. When it was determined to finish that portion by contract the Engineers were not able to give specifications at all. The fact is you could not get at it.

137. *Mr. Rhodes.*] In your evidence you put the cost of construction at £5,250 per mile?—That was the Engineer's estimate for the portion beyond Middlemarch. Up to Middlemarch the estimate is higher. From Middlemarch to Hawea it is, in round numbers, £5,000 per mile. That is the Engineer's estimate. I may state that the whole of this line has been surveyed. The working plans are in the Government offices. The estimate of cost of each section has been made. It was on that basis that I said the cost of it was, all round, £5,000 per mile.

138. *Hon. Mr. G. F. Richardson.*] There is a distance of 140 miles shown on this map from Taieri to Lake Hawea. The terminus is shown to be 180 miles?—I must have made some mistake in details: £750,000 was the estimate from Taieri; £100,000 was added to Middlemarch. My opinion is that it will not cost so much.

139. Your estimate is £750,000 from Taieri Lake?—Yes; but, if you desire to obtain a perfectly correct estimate, I think the better way would be to get the Engineer to give evidence.

140. *Mr. J. McKenzie.*] According to your own figures there is a discrepancy?—No; there is no serious discrepancy.

141. *Hon. Mr. Ballance.*] Do you know what the line has cost from the beginning up to Middlemarch?—You could obtain that information within about ten minutes. The Middlemarch contract is not let. In boring through the coast-ranges below here the cost has been up to the present time over £10,000 per mile.

142. What was the original estimate?—It was £10,000 a mile at the start.

143. Would you be satisfied to accept the original estimate as to the value?—I could not accept anything on behalf of the contractors; I do not think that any company would accept it. I think it can be done more cheaply than that.

144. Then you think that estimate—£10,000 a mile—was too high?—Yes.

145. You mean at the beginning?—Yes; there was upwards of £70,000 absolutely thrown away.

146. But that original estimate would not contemplate that charge. Would you be content to accept the original estimate?—I think a valuation should be made.

147. But I want to see whether some principle cannot be laid down by which the arbitrators could come to a decision when they go back to the original estimate. I would ask you, then, whether, supposing you to insist upon the original estimate, you would be satisfied to give, say, two-thirds?—Yes.

148. I understand you that you would deduct from the estimate one-third, so that you think two-thirds of the original estimate would be a fair value?—It would amount to a price at which the line could be constructed. The original estimate was far too high. Engineers' estimates are generally above the mark.

149. *Mr. Whyte.*] But, even if these estimates were not too high, then they might be far too high now?—Yes; there is a great deal in that: rails are cheaper; locomotives are cheaper; labour, itself, is cheaper.

150. *Mr. O'Callaghan.*] Is it proposed that the company should pay cash for the constructed part immediately on the contract being concluded, and before any land-grant is given?—There is no land-grant for the constructed portion of the line.

151. The whole thing, including contracts in hand, is to be handed down to them; they being prepared to pay cash?—Yes.

152. *Mr. Cowan.*] You give it as your opinion that they should take it over by paying cash up to two-thirds of its cost?—I did not say two-thirds of its cost. If the work were valued at the present time, I would say that it would be equivalent to about one-third less than the originally estimated cost.

153. Suppose the Committee desirous to get quit of this arbitrary clause, then would you say that they would take it over at two-thirds its estimated value?—Yes.

154. *Mr. O'Callaghan.*] Would the company be prepared to accept a settlement clause?—I think not. I was talking to the chairman of the Manawatu line some time since, and he said that a similar clause in their case was one of the most hampering things that could be conceived.

155. You would therefore leave this company unhampered?—There is one thing I offered to insert in the Bill, namely, a clause that within a specified time, say, twelve months from any grant being made, the company should be compelled to offer the land for sale.

156. Without restriction, and in what size block?—The extreme size of any block is a thousand acres. You could not have them much smaller than that. That would make four or five sections in each block.

157. *Mr. Kerr.*] Is it proposed to hand over the land before the work is done?—No; there is no such proposal. I said that I would agree to a clause compelling them to offer the land for sale within twelve months after it came into the hands of the contractors.