

apportionment, they each took an estimate, representing the Government and company's estimates respectively. They allocated each section's statutory value in proportion to the estimate adopted by them for the special purpose, and not in proportion to the mileage. This return was signed by Mr. W. N. Blair and Mr. Napier Bell, the former on behalf of the Government, and the latter on behalf of the company. It does not mean that, by signing this, Mr. Napier Bell agreed to an "estimated cost"; he simply agreed to an apportionment of relative value for land-grant purposes, for his own estimate was higher than the Government one shown in the document in question. I have our estimate here, which he took with him when he was dealing with this matter. It is higher than the Government's estimate of £1,330,000. Therefore, I think Mr. Bell cannot be said to have agreed to any estimate of actual cost which would be binding on the company. He only agreed to an apportionment of the relative statutory value of the sections for land-grant purposes in terms of the Midland contract.

42. In making that apportionment, it did not matter one straw which estimate was taken for the apportionment, did it?—No; the estimate might be made on one or the other, so long as the relative value was apportioned.

43. That is, if the estimated cost was to be increased, say, by one-third, they had only to agree to increase the figures by one-third, that would set the ratio?—Looking at the statement alone, one might suppose that the column of estimate of cost might be a matter included in the agreement; but if you look at the company's estimate made at the time it is evident that this is not so.

44. Then, it is not correct to take it that this apportionment is an acceptance of the total figures; it is only a fixing of the ratios for the sections?—Yes, that is the purport of the document.

45. You have told us the work was done by contract, but that does not carry the thing so far as they wish to carry it; do you think these contracts show a fair price for railway works?—Yes; they were done as cheaply as they could be done; they were done on plans approved by the Government and let by tender.

46. Do you think the prices of work would bear comparison with those of Government work?—They were compared at the time with the schedules of Government works, and of other works, so as to check the cost.

47. Then, you think they would not suffer by comparison with Government work?—Not in detail. I may mention that at the time our works were executed wages were heightened on the West Coast by the Trade Unions. The Unions at that time enforced a uniform rate of 10s. a day for labourers. This increase in wage-rate made a great difference in the cost of such works.

48. I believe you made estimates yourself?—Yes; I did so.

49. Did you find these agree with the actual cost? The lowest tenders were a little under the estimates, which were, of course, safe ones. The estimates that were made for the Government were prior to your taking the matter over; it might be suggested that those for the Government, being made by experienced men, would be likely to be as correct as your own?—The Government Engineers had not the same information. Of the Nelson line there was no engineering survey. There was a preliminary survey made in 1872 by Mr. Rochfort, but the line he traversed did not actually follow the proposed railway-line. It was a mere topographical flying-survey—good only for its purpose, in demonstrating that the railway could be carried through on certain ruling gradients, and without insuperable difficulties.

50. The object of such a survey would be to ascertain that a line could be constructed there at all?—Yes.

51. There might be a mountain or an impracticable river in the way?—Yes.

52. Then the survey was to find whether there was a practicable route that way?—Yes.

53. A very slight deviation would make a difference of many thousands of pounds?—It would not, perhaps, in this case; but, in some of the east and west sections, it would do so.

54. Your estimate was taken from the detail-survey?—Yes.

55. Was the standard of work equal to that of the Government?—The standard of work was equal to what the Government is now using, which is better than the standard of work on which the Government estimates were made. For instance, the Government estimates included perishable timber structures, for which we substituted permanent ones of concrete and iron.

56. Now, the fact of alterations going in the direction of increasing the prime cost of the work would go to diminish the cost of maintenance?—Yes; also, I may mention that, near Reefton, there was a large slip, which cost about £13,000 to remove and secure.

57. That would have happened to the Government or to any one else?—Yes, that would have happened to any one. It was unforeseen and unavoidable.

58. There were other items for the purpose of making the line practicable—temporary works, I mean—to enable the line to earn money at once?—Yes; we had to build a temporary station, so as to be able to secure traffic previously carried by waggons.

59. That would give the line earning-power at once?—Yes.

60. That adds to what the railway cost?—It adds to the total cost. It all went into construction account, but was recouped by traffic.

61. I do not wish to go into specific cases, but there were cases of under estimates on the original Government estimates?—Yes, on the Christchurch line; but on the Nelson line I never knew what the Government detailed estimates were, and therefore could not compare in detail.

62. There is one point I wish to put to you. It is said not to be customary in New Zealand for the Government, when estimating the cost of their railways, to add interest on to the cost of construction?—I have never seen it done in any published statement. I do not know whether they do so or not in unpublished accounts, but they may do so for their own information.

63. But it is done?—It necessarily forms part of the cost of construction.