

133. Upon the prospects of what you will make, the company, if it had put in the capital, would have suffered; it meant ruin to them?—If they had spent another £20,000 their dividends would have come down to $4\frac{1}{2}$ or 5 per cent.

134. Well, the Committee will have to reconcile your two statements?—I said before 4 per cent.

135. I have quoted your various figures, and the logical outcome is that the extra capital required would have ruined the company? I do not know that it would. If the company were paying 8 per cent. on £30,000, and they put in another £20,000, the difference in interest is only a matter of calculation.

136. *Hon. Sir J. G. Ward.*] Is it not the case that the Railway Department avoid depreciation by regularly effecting repairs and replacements as far as they possibly can in carrying on their business, including these steamers?—Yes. We keep all our plant up to date, and we have done the same with our steamers.

137. I wish to ask you a question or two in reference to these steamers. I have a letter here, as follows: "Locomotive Engineer's Office, Addington, 29th September, 1904.—Chief Mechanical Engineer, Railways, Wellington.—Lake Wakatipu Steamers.—Your 162/211 of 10th instant: I have no means of comparing the expenditure on the boats now as against the time they were under Captain Wing's management. I visit Queenstown frequently, and am satisfied that, as far as Loco. Department is concerned (apart from the annual repairs ordered by Government Inspector), the expenditure is less than formerly, and that there is nothing that can be done to curtail it. Under Captain Wing's management there were large monthly accounts for local repairs, which have been practically completely stopped, the engineers being now compelled to do the work themselves. Except during annual overhaul, no men are sent to Queenstown to effect repairs, and this year none are being sent to assist at the annual overhauls. Running-shed Foreman goes to Queenstown usually about once a month. It is quite likely that maintenance charges may have had something to do with the increased expenditure, if it really has increased. The Inspector of Machinery told me a few weeks ago that the boats were never in such good order as they are at present, and he complimented us on the way they were kept. A good deal has been done to make the boats more comfortable for passengers, and this has, of course, cost money, but I think if the figures were taken out that it will be found that boats are being worked more economically, and certainly more efficiently, than before the Government took them over. The expenses of Captain Post, and the provision of compasses, patent logs, &c., would, no doubt, swell the expenses. I enclose report from R.-S. Foreman, Invercargill.—H. H. JACKSON, Locomotive Engineer." What I want to ask is, are the statements contained in that letter, as far as you know, correct?—Yes, they are absolutely correct.

138. That is, while economy is exercised, in the opinion of the Inspector of Machinery the boats were never in such good condition as they are at present?—Yes, that is so.

139. *The Chairman.*] You said in the course of your evidence that the goods accumulated at some particular place until there was a cargo for the steamers to carry?—Yes.

140. Had the steamers no time-table?—Yes; but the time-table would not be followed so far as cargo was concerned. The matter came under the notice of the Railway Department, because we found that the shipping people were constantly delaying our trucks, and we found out exactly what the trouble was. To put it clearly, they did not at that time, and for a long time would not, send a boat down unless they could get a full cargo, and, no doubt, like sensible people, in winter-time they laid up their boats for a few weeks and ran their traffic with two boats. If there happened to be an accumulation of goods at Kingston the people simply had to wait.

141. Is the traffic increasing or decreasing in volume?—The passenger traffic is increasing, but the goods traffic is not likely to increase very much. The opening of the Otago Central Railway is bound to cut into it. The nearer the Otago Central line gets to Cromwell the more traffic will be taken away from Queenstown, because people will then get their goods from Dunedin by rail direct. I suppose that more than half of the goods we take to Frankton go to such places as Cromwell, Clyde, and Bannockburn.

142. You told the Committee that there was a good deal of dissatisfaction in the district owing to the way in which the steamship company ran their steamers, and the rates they charged for passengers and freights: do you not think the Railway Department had something to do with that, seeing that they charged £3 per ton and the company only 10s.? Where would that £3 per ton be charged from?—From Dunedin, I should say. The £3, roughly, I should think, would be charged on the highest-class goods. The company had simply one general rate for merchandise of 10s., while our rates vary according to the nature of the goods.

143. And the company collected the whole of the freights?—When it was necessary, and we collected theirs. We have the same arrangement with other companies and boats.

144. It has been said that the complaints were on account of the railway charges, and not the company's?—The complaints I refer to came from Queenstown and distinctly refer to the company. Of course, there have been the usual complaints about the railway charges that you hear everywhere else. It is no new thing to hear people making comparisons about the railway charges and the steamer charges, and nearly all the goods going through Kingston in the early days came from Dunedin and Invercargill.

145. Of course, the business of the company practically is only a matter of hearsay, as you say you could not get any direct information as to the number of shareholders, the balance-sheet, the capital, or reserve fund: you got no information from them?—No, none at all. The only information I got was gathered afterwards. I have seen the share-list.

146. Do you know the number of shareholders?—About fifty, I should say. The list covered a sheet of foolscap with double lines, and there would be between fifty and sixty names on it.

147. *Hon. Sir J. G. Ward.*] I want you to look at this letter to the Agent-General, where Cabinet authorised the purchase of two steamers: "Inch Works, Port Glasgow, 6th June, 1901.—"