

77. What would be the average value of the land comprised in that sixty thousand acres?—I could not tell you.

78. Is it £2, £5, or £10 per acre?—The present value would range from £3 to £10.

79. The average would be £5?—I dare say it would.

80. So the sixty thousand acres have been increased in value to the extent of £2 10s. per acre by the construction of the line?—Fully that. I should say the country comprised within this railway district increased fully 100 per cent.

81. And at the time of the construction of the line that was mainly owned by the promoters of the agricultural company?—No.

82. The land was held by the same shareholders then?—Only four or five were in both. One director who has a thousand pounds in the railway never had a shilling in the agricultural company, nor have I had myself.

83. From first to last the landowners in the district and the shareholders in the company have been for the most part two distinct sets of people?—Yes.

84. Has Mr. Clark, a shareholder in the railway company, any interest in the agricultural company?—Yes; he is a shareholder, so it is publicly said.

85. Mr. Bell?—I believe he is not a shareholder.

86. Mr. Driver?—He was, but he has sold his shares a long time ago.

87. Mr. Larnach?—He was; he has sold out. The railway company was formed before the agricultural company was floated. The agricultural company was not floated till after the railway company. The railway company was incorporated in June, 1878, and one of the inducements to take shares in the agricultural company was, "there is a railway running through the estate." Indeed, that was set forth in the prospectus.

FRIDAY, 4TH SEPTEMBER, 1884.

Mr. O'CONNOR, Under-Secretary for Public Works, examined.

88. *The Chairman.*] The question now before the Committee is the rate levied by the Waimea Plains Railway Company, in accordance with the certificate issued from the Public Works Office, or rather by the Minister for Public Works. It is alleged that the amount of this certificate was excessive, and that, on the strength of its being excessive, the company is deprived of the power of levying a rate at all, and the object of the Committee is to inquire into that. Will you state the circumstances connected with the certificate, and the grounds on which the amount was fixed?—The evidence I have to give on that subject is as follows: In pursuance of clause 11 of "The District Railways Act, 1877," the company lodged in the Public Works Office in Wellington a copy of their plan and book of reference, accompanied by an estimate of the cost of the proposed railway. This is the plan and book of reference, and the estimate of the cost so lodged. [Documents handed in.] The estimate as here shown leads up to £101,000; but there is also a note at the foot of it containing the words, "Cost of land not included." The date of that estimate is the 11th September, 1878. Following on that we got a subsequent estimate from Mr. Higginson, dated the 27th March, 1879, which gives as one of its items, "Land, £7,000." It leads up to a total of £108,713. That estimate was then referred to the Engineer in Charge of the Middle Island for revision, and he sent up a verification of it to the Minister on the 14th April, 1879. He states the amount in round figures as £109,000. Thus we have an estimate from Mr. Blair confirming the revised estimate as supplied by the company. Following on that, in due course, came the certificate of the Minister. It is dated the 2nd May, 1879, and is signed by the Hon. Mr. Macandrew, then Minister for Public Works, and fixes the cost of the railway at £108,713, which is exactly the amount of the company's own estimate. This certificate is in the form of the Fifth Schedule of "The District Railways Act, 1878." I have now to refer to clause 22 of "The District Railways Act, 1878," which provides that a certificate in the form set forth in the Fifth Schedule of that Act shall conclusively fix the cost or value of a railway for the purposes of the guarantee of interest. Mr. Macandrew's certificate is in the form of the Fifth Schedule of the Act. I should also point out that this certificate was, in this case, as well as in several other cases, given before the railway was completed. It is based on an estimate of the probable cost; it is not based on the ascertained cost; and it seems to be contemplated in the Act it should be based on the estimated cost.

89. What clause?—Well, I am merely giving that as my own opinion of the Act, for what it is worth. It seems to me to be contemplated, judging by reading the Act, that the certificate might be based on the probable cost. In the Fourth Schedule of the Act it provides for the giving of debentures by the company, and there is nothing apparently to prevent these debentures being issued at the inauguration of the company. If that is so—and if the company has to show any Ministerial authority for the amount it is borrowing—then it is evident that they must have the Minister's certificate of probable cost before the work is completed. It is evident, at any rate, that the Government went on that assumption, because they gave the certificate, and gave it in the terms of the Fifth Schedule of the Act of 1878, before the railway was completed, and so, necessarily, based it on an estimate of the cost. The orders have been given to the company from time to time to levy rates on the basis of that certificate, given by Mr. Macandrew, that amount being taken as the basis on which the rates were calculated; and I have got here a table showing the amount authorized to be levied from time to time. On the 8th February, 1884, for the period ending the 31st March, 1883, £4,746-11s. 3d.; on the 12th June, 1884, for the period ending the 31st March, 1884, £4,858 7s. 8d.; and on the 5th June, 1885, for the period ending the 31st March, 1885, £5,407. In all cases these are the amounts to be collected from the ratepayers, irrespective of the two-sevenths to be paid by the Government. I should also say that interest on £108,713 at 5 per cent. comes to £5,435 13s., and