

339. Do you consider it profitable property between Brunnerton and Reefton?—Not at present, until we have settled the country and developed the timber and coal trade.

340. I think you have told the Committee that you accepted this valuation as far as concerns the Brunnerton and Reefton line?—I did not accept it; I fought it before the Courts of Review.

341. Are the Manawatu Company paying at the same rate?—About the same rate per mile as we are paying; but I must point out that they are earning debenture-interest and interest on their share-capital, while we are doing neither.

342. What is the selling-value, supposing the Government wanted to take the line to-morrow?—Under the terms of the contract it is cost-price, plus 10 per cent—i.e., about £440,000 to Reefton.

343. You are paying local taxation on £120,000, and the capital-value is £440,000, yet you say that is unfair taxation?—I say it is unfair because we have taken all the heavy traffic off the road and save large sums on maintenance, and notwithstanding we do this, to the great advantage of the district, we are taxed more than any one else in the district.

344. A large landowner would be in the same position?—But he would not take the traffic off the road.

345. Would that argument not apply to the Government railways?—They do not pay local taxation.

346. Take the Government line to Springfield. Has not the construction of that line taken the traffic off the roads of local bodies?—The district pays a reduced rate in consequence.

347. Has there been any alteration in the Rating Act since you took up the contract?—I do not know. You are a politician, and should know.

348. You knew there was a Rating Act when you came into the colony?—I knew there was such an Act in existence.

349. If there has been no alteration in it, how can you claim to have been unfairly treated?—I say the company were induced to take up this work for the purpose of carrying traffic which reduced the cost to the local bodies, and because we did that, which is a distinct benefit to the district, we are taxed heavily notwithstanding.

350. That is your grievance—you have eased the traffic on the roads?—I have stated that is my grievance. I must point out one more point. In the contract the Government have a purchasing-clause, but the rating-power disappears if the Government take over the railway; therefore I say it is an immoral thing to raise money on the security of our rated property, which the local bodies could not tax if the Government took it over.

351. Seeing that that cannot be raised as a valid grievance, have the Inangahua County Council raised any special rates?—We are paying special rates now.

352. Special rates since the contract was signed?—I am not prepared to say if they have been only recently charged.

353. The share-value of the company is £250,000, and the debentures £745,000?—Yes.

354. For the purposes of my question, the total amount to be received in land-grants by the company is £1,207,500?—Something like that—£1,250,000 in all.

355. Will you tell the Committee what has been expended on works?—£673,838; but I must get the company's books, for this does not include expenses.

356. Do you include the staff in the cost of the works?—Yes; the staff on the works only, not the general staff, directors, or the general expenses.

357. The officers in Greymouth and a proportion of the staff in Christchurch would be included in the works account?—The works are under a totally distinct heading. I am responsible for the payment of my own staff on certain terms I have with the company. Moreover, I have a dual appointment with the company—that of the general manager and engineer.

358. Can you tell the Committee what the working-staff consists of which is charged against the works account?—All my assistant engineers, all my inspectors, and all my engineering office-expenses.

359. *Dr. Newman.*] Can you not tell roughly how the half million has gone, and correct the figures to-morrow morning?—I must consult the balance-sheet, and then I can tell how every penny has been expended. I will put in the last balance-sheet. We have interest on debentures to meet, and interest on shares, and a balance of money in hand.

360. You have interest on shares?—Yes; 5 per cent until the railway is completed—or, rather, until the line to Reefton is completed. Our powers under the memorandum of association enable us to pay interest out of capital, and the contract also empowered us to charge £400,000 interest during construction as part of cost. If you look into the matter you will find nothing extraordinary in it.

361. But if the Government purchased it?—We can charge them with £400,000 interest during construction.

362. *Hon. Mr. Seddon.*] Irrespective of that, the company is paying interest on the shares?—It is bound to do it. That is how it got its money. We pay interest of 5 per cent. on the ordinary shares. The land-grant was given because it was shown that the line itself would not pay sufficient interest to induce financiers to advance the money. The land-grant was given, therefore, evidently with the intention of paying interest during construction, and that has been done.

363. What is the actual mileage constructed from Brunnerton to Reefton?—Thirty-eight miles and a half.

364. Could you give the Committee the exact amount that it has cost you?—It averages, as I told you, about £10,000 a mile—£400,000, more or less, to Reefton.

365. What amount have you paid the contractors who did the work?—About £8,000 per mile.

366. But you have had several contracts on the works?—I did not know you were going into details. I will get the information for you.