

39. *Mr. Peacock.*] With regard to the Whauwhau line, are you aware that the Public Works Department promised to take over the line after it was constructed?—No, I never heard of such a promise being made, or thought of.

40. *Mr. Montgomery.*] You say that the Government might buy the Nightcaps line on equitable grounds?—I think it is open for the Government to consider the purchase on equitable grounds; there is no obligation to buy it.

41. Would there be a profit from the line if the Government took it?—No.

42. *Mr. Peacock.*] Are you not prepared to make some statement regarding the equitable grounds for purchasing the other lines?—No, I am not. I have drawn a distinction between the Nightcaps line and the other three coal-lines, because there is a general traffic on that line from which the Government gets revenue, and the others are purely coal-sidings—nothing else. The Ocean Beach Railway might be used as a public line; but, as I said, I consider we should work it at a loss. That has been our experience heretofore.

Mr. MITCHELSON, M.H.R., examined.

1. *The Chairman.*] Will you be kind enough to give the Committee any information you can about the Whauwhau Coal Company's line, which has been offered to the Government?—I do not know that I can give very much information about the line. It is a new line, and has been open only eight or nine months. It was built by the Government, and is in good condition. It is part and parcel of the Whangarei-Kamo line.

2. *Mr. Dargaville.*] The length of the line is a few chains over a mile, and they have offered it, including the land, to the Government for £5,367: do you consider that a fair price?—Yes, I should. It has cost them that, I know. They had to purchase more land than was necessary for the line, owing to their having to take it through an orchard. The owner obtained a livelihood from this orchard, and, as it was destroyed, he refused to accept any compensation unless they bought the whole property.

3. Are you aware that it was the original intention of the Government to construct this line themselves?—No, I am not aware that it was the intention of the Government to do so. During my time of office frequent application was made to me to construct the line; but, seeing that former Ministers had been opposed to all such lines, and considered that sidings should be constructed at private cost, I did not see my way clear to depart from that practice. Arrangements were made which eased the finances somewhat, and the Government issued a Proclamation authorizing the line to be constructed. They agreed to provide the railway at cost price, allowing the company to pay for it by instalments, with 5 per cent. added.

4. Was there no pledge on the part of the Government to take over the line when completed?—Not that I am aware of. I refrained, myself, from pledging the Government in any way; but if any promise was made it would be on record.

5. Does the line serve any other purpose than that of a coal-line—is it used by the settlers?—I think to a small extent. I think there are a few settlers along the line, but only a few.

6. If facilities were afforded do you think the settlers would use the line?—Yes. I presented a petition a week or two ago from settlers in the neighbourhood asking for a station, or shelter-sheds, half-way along the line.

7. If they were afforded you think the line would be used by the settlers to a larger extent?—Yes.

8. You said that this was part and parcel of the existing line. Do you mean by that the Whangarei to Kamo line, which serves the Kamo coal-mine?—Yes.

9. And the main traffic and profit of working that line depend upon these two coal-mines?—There is no doubt about that; still, it is a question whether it is profitably worked at present.

10. That is to say, the Government line may not be paying at present?—Yes. Then the question of the quality of the coal would come in. I am largely interested in one of the mines myself, and I think I can say without fear of contradiction that our failure hitherto has been owing to the coal not being such as it ought to have been.

11. Does that refer to the Whauwhau mine also?—I think the two coals are much the same. The objection seems to be that it is not suitable for steaming purposes. The Union Company have had it on several occasions, and on one occasion it cost nearly £2,000 to repair the damage to the boilers of the "Rotomahana" caused by the coal taken from the Kamo mine; but the quality has much improved since then. They took the coal, not because they liked it, but out of personal consideration to myself. It is a very good household coal. It will not bear exposure, and breaks up small in removing. I understand that if the line was extended further on there is a large bed of coal, which is a hard black coal of superior quality.

12. Is that the property of the Kamo Company?—No; I think it is mostly held by the Crown and the Bay of Islands Coal Company, and some by private individuals.

13. To what extent would the Kamo line require to be extended to tap that coal?—I think about seven miles. As far as the Whauwhau and Kamo mines are concerned, there is no end to the quantity of coal; it is the quality which is in question. Of course, there has been one drawback to both mines—the want of deep-water communication.

15. There is a proposal to remedy that now by dredging or extending the terminus of the line?—I understand the Government have abandoned the idea of extending the terminus, but that they intend commencing dredging operations, which they think will give the necessary depth of water.

16. What is the length of line from the junction of the Whauwhau Branch to the Whangarei wharf?—I think two and a half or three miles.

17. Then the Whauwhau Branch constitutes about one-third of the whole distance the coal has to be hauled?—Yes, about that.

18. Do the Government charge the ordinary rates, or is there any concession made to the company for having paid for constructing the line?—They charge exactly the same rates; and in