

7. That your petitioners are informed that the Government, through the Southland Land Board, has recently granted eight leases of 100 acres each for coal-mining purposes within the area herein referred to, but it will be impossible for the lessees to comply with the terms of their leases, or to place the coal upon the market in anything but small quantities, and then only at the cost and to the detriment of the farmers and settlers by cutting up their roads, without railway facilities.

8. That your petitioners would humbly point out that, granted the needful railway facilities, the coal referred to above, being of such a high grade, would be sought after and consumed by the inhabitants of the whole of that portion of the South Island coming within the scope of the Government railway system.

9. That the opening-up of the field and the distribution of the coal as indicated in clause 8 hereof would result in—(1) A very great increase in the revenue of the South Island railways; and (2) it would confer a boon upon the people, giving them as it would better results, greater comfort, and greater economy: which considerations we humbly suggest should commend themselves to the favourable consideration of the Government and all who have the welfare of the country at heart.

10. That a scheme has been laid before the Minister of Public Works by the Wairio-Ohai Railway Extension Syndicate for the extension of the Government railway from Wairio to Ohai (the centre of the coal area hereinbefore referred to), which scheme provides as follows:—

The syndicate shall undertake to form a limited-liability company having a capital of £12,500, to be entitled "The Wairio-Ohai Railway Extension Finance Company (Limited)," or some similar title, having for its objects the construction, financing, &c., of the said extension on the following basis:—

- (1.) The plans and specifications be approved by the Government.
- (2.) The work of construction shall be carried out by the company under Government supervision.
- (3.) On completion the Government shall take over and work the extension in the same way and on the same lines as if the Government had carried out all the work and as part and parcel of the Government railway system.
- (4.) On completion of the extension the Government shall hand to the company Government debentures, having a currency of thirty years, bearing interest at 4 per cent. per annum, for an amount equal to half of the total net cost of construction of the extension, including the cost of all lands acquired for the purpose of such extension, all charges legal and otherwise in connection with such acquisition, and including also all expenses connected with the survey of the route.
- (5.) At the expiration of ten years from the completion of the extension, or such earlier period as may be mutually agreed upon between the Government and the company, but not sooner than five years, the Government shall hand to the company further Government debentures at thirty years date, bearing interest at 4 per cent. per annum for an amount equal to the balance of the net cost of the extension as per clause (4) hereof: Provided that the Government shall not be called upon to exercise this clause unless the revenue from such extension shall have been found to meet the expenditure.
- (6.) On the receipt by the company of the further debentures under clause (5) hereof the company shall cease to have any interest in or liability in respect of the said extension.
- (7.) Half of the working profits applicable to the said extension, after providing for the interest at 4 per cent. per annum on the cost of the extension, shall be handed to the company annually.
- (8.) The accounts relating to the said extension shall be kept and the results of the working ascertained in the same manner and on the same basis as at present obtain in the Government Railway Department.
- (9.) The Government shall, if called upon, furnish to the company annually a statement showing in detail the revenue and expenditure appertaining to the said extension.
- (10.) The company shall for ten years, or until such time as the Government shall exercise its powers under clause (5) hereof, guarantee the payment of the interest at the rate of 4 per cent. per annum on the debentures handed to the company in part payment of such extension, and shall also make good any loss that may be incurred by the Railway Department in the working of such extension during the said ten years or such shorter period as above.
- (11.) In view of possible loss that may be incurred by the company in the realization of the debentures taken in payment of the extension the Government shall provide for a special charge to be levied upon all parties requiring connection with the Ohai terminus or any point along the length of the extension; or, in the alternative, that a small surcharge be levied upon all goods carried over the extension until such loss is liquidated.
- (12.) In the event of the said extension being sold or disposed of in any way other than is provided for in the foregoing clauses, the net amount realized therefor shall be equally divided between the Government and the company.

Wherefore your petitioners humbly pray that your honourable House will be pleased to take the premises into your favourable consideration, and that the Government do approve of and adopt the scheme referred to for the extension of the Government railway from Wairio to Ohai.

And your petitioners, as in duty bound, will ever pray, &c.

Dated this 11th day of July, 1914.

LEONARD ELSELL AND OTHERS.