

in case they should not be handy I have copies here, which you can see, giving the grades and the curves, &c., and showing that in one short distance there will be a grade of 1 in 55, which could be reduced to 1 in 60, and that of the rest of the line some will be level and some 1 in 330; the steepest grade, apart from the one I have mentioned, being 1 in 60. Engineering difficulties are therefore practically nil. We had an estimate of the cost, which placed it at £16,000, and another £18,000. Mr. Furkert cursorily estimated that it would cost £20,000 to put the railway in. The mileage of the extension is 6 miles 16 chains. The scheme, which I will deal with later, is the subject of the prayer of both these petitions. Regarding the country to be tapped beyond Nightcaps by this extension, there are 3,000 acres of land that have been proved to be coal-bearing. This is practically all Government land, and is leased for grazing purposes, and leases have also been granted for coal-mining purposes. There are large areas which undoubtedly are coal-bearing but have not yet been absolutely proved. Then there is a large deposit of limestone—in fact, limestone is all over the country; and there is hardly any land in Southland or anywhere on the other side of Dunedin where lime would not be of very great benefit. Though lime is carried free on the railways, the productiveness of the land would be increased so much by the use of the lime that the railways would materially benefit indirectly, if not directly. There are 44,000 acres of land held there, some in large holdings and some in smaller, and the whole of this is eminently suitable for closer settlement.

1. *Hon. Mr. Fisher.*] Is that the area which you are prepared to rate?—Yes. It includes a greater area, because there is some grazing-land held by the signatories to the petition. Then there is grazing-country beyond that on which there are at present 85,000 sheep running. All that land would be tapped by the railway, and the produce would be hauled over it. As far as the coal lessees are concerned, nine coal leases have been granted by the Land Board in Southland, of 100 acres each. There is a dead-rent of 5s. an acre on that land. The term of these leases is for forty-two years. There is a royalty per ton of 6d., and the conditions are as follows: For the first and second years there is to be not less than £2,000 spent on development-work in each case. The output in the second year is to be 2,500 tons each, and thereafter 4,000 tons half-yearly. They are bound to charge not more than 10s. a ton for the coal at the mouth of the mine. These terms are very onerous. The expenditure of the capital in the first place is a serious thing, particularly so in view of the circumstances which they have to meet, because at the moment there are no means whereby even 2,500 tons could be turned out in a year and carted over that road. The road would not stand it. The road is so impassable now that we cannot get over it with a light buggy in the winter-time: we have to go through our neighbours' places. It is an absolute impossibility for these men to carry out their engagements under present circumstances. So long as there are no railway facilities granted each will turn out as much coal as possible. That must come over that road, to the very great detriment of the settlers who are living beyond the coal-mines, and will land us in five miles of bad road instead of two. I want to emphasize that particular clause in the petition. We submit that the bad state of the road is not caused by the settlers but by the coal traffic, which benefits no one in our district except the coal lessees who get the price of the coal. The railway gets the benefit from the railage, and the Government gets the benefit from the royalty, while the consumers, who pay nothing towards the rates, receive the greatest advantage. In regard to the consumers, there is an undoubted demand for this high-grade coal. It is a coal that is quite as good as Kaitangata, and some of it superior to Kaitangata. If the coal could be obtained on other terms it would be used as far as the Government railways would take it. The Nightcaps coal goes to Cheviot, and when this coal becomes known in that district there will be a greater demand for it. The only means of getting the coal out is by the road, and that increases the cost of handling very much and decreases the output very considerably. There are nine different lessees, and the contour of the country is such that it would be impossible to put nine tram-lines in there, and at the same time if we did we are faced with a haulage rate of 5s. 6d. per ton on top of 4s. 9d. per ton, which is the rate from Wairio to Invercargill, a distance of forty-nine miles. If we could get the Government railway extension in as we propose to Ohai the schedule rate would be 5s. 4d. per ton to Invercargill, as compared with 10s. 3d. as at present. In that case all the handling between the mine and the tramway would be saved, which is a very great consideration in the handling of coal for household purposes. You can imagine the loss that occurs in putting it into boxes and then into the trucks. The scheme we have brought forward is word for word the same as that we have placed before the Minister of Public Works, and I think, looking at it from every point of view, it is a most favourable proposition for the Government. We undertake—

2. Before you undertake, first of all you would prefer that the Government should do the whole job: is that so?—We would prefer to put the railway in under Government supervision, the plans and specifications to be approved by the Government. We would do the work, and when it was approved by the Government Inspector they would take it over and work it as a Government railway and give us debentures for half the cost. We desire the railway to be put in under the inspection of the Public Works Department, and on its completion and being passed by the Inspector we agree to take half the cost in debentures carrying 4 per cent., with a currency of thirty years. We will guarantee the interest on those debentures, and also guarantee that there will be no loss on the working of the railway. In addition to that we agree to stay out of the balance of our money for five or ten years, the date to be mutually agreed upon between the company and the Government. Further, the Government is not to be called upon to take over that extension and give us the remaining half of the debentures unless it has been found that the revenue from the extension is sufficient to meet the expenditure. That means that the Government is taking no risk whatever. If the Government is not satisfied it is a payable proposition at the end of ten years, then they need not give us the other half of