

in quality, most of it lignite containing about 50 per cent. of moisture. The coal from the leases referred to in the petition is of a very superior grade, there being only the Westport coal which is better than it. The importance to an industry such as ours in getting a cheap fuel will be readily understood when you remember that the bulk of our output will have to come into competition with the world's markets. Personally I am not interested in the coal or land, but I am looking forward to the day when we can get a reliable quality at a low rate.

3. *Mr. Robertson.*] What is about your annual coal-consumption?—Something like 2,000 or 2,500 tons.

4. What coal do you mostly use now?—Nightcaps and Mataura lignite.

5. The Mataura lignite is of very low quality and also the Nightcaps?—Yes, comparatively so.

HORATIO JOHN HOOPER BLOW, Under-Secretary for Public Works, examined. (No. 4.)

1. *The Chairman.*] Will you kindly state the Department's view in regard to this scheme?—I have very little indeed to say. The existing tramway was formed under an Order in Council issued to the Wallace County Council, and I believe since delegated by that local authority to a company or syndicate, but of that delegation the Department has no official knowledge. Mention has been made of the rates fixed in the Order in Council for the carriage of goods. I may say that the Order gives power to the Wallace County Council to review those rates from time to time and to fix any rates that it may deem reasonable within the maximum fixed by the Governor, so that if the rate for the carriage of coal on this tramway is too high the persons interested can make representations to the County Council, and they have power to reduce the rates.

2. *Hon. Mr. Fisher.*] Even though they have delegated their rights?—I know nothing of the terms of the delegation. The delegation may provide that the Council shall not take any steps to reduce the rates. Never having seen the delegation I cannot tell you what its provisions are, but a clause was inserted in the Order in Council giving the County Council the right to review the rates and reduce them from time to time as might be found necessary. I think there is no doubt that some better means of transit for this coal should be provided, either by an extension of this tramway or by the construction of an independent railway or tramway. When I speak of a tramway I should say that there is very little difference between a tramway and a railway. The tramway in question was authorized as a tramway under the Tramways Act, but it is intended to be worked as a railway. Similarly the Taupo Totara Timber Company's line was authorized as a tramway under the Tramways Act, but is actually forty miles long, and is proposed to be extended to Taupo Township and made a main line of railway. There should either be a tramway or a branch railway through this coalfield to serve these coal-owners. The main question for the Committee to consider is whether it is right and reasonable to saddle the cost of constructing this on to the shoulders of the State, or whether the owners of the coal, who are the persons primarily to be benefited, should not pay the cost, as has been the case with most other colliery railways. The Waipa Railway and Coal Company (Limited) constructed a railway recently at a cost of £40,000 entirely at their own expense. They did not ask the State to bear one penny of the expense. The line is to open up their coal-bearing lands, and they deemed it only reasonable that they should do this themselves. Several other instances can be quoted where companies have built their own railways. In some cases the State has built them for them, but the companies have found the money. The main point for the Committee to consider, it seems to me, is whether you should recommend that this railway be constructed at the expense of the State, or whether the State should afford every facility for its construction provided that the persons interested finance the undertaking and do not ask for any debentures in return. The present proposal is that the Government shall grant debentures to the extent of half the cost at once; and later, if the railway provides sufficient revenue to meet the expenses, the State is to provide debentures for the balance of the cost at 4 per cent. That, I submit, is not offering the State any advantage at all. The State can readily raise its money at 4 per cent. without looking to the company for any assistance in that matter.

3. Has it been the usual practice of the Department to issue an Order in Council which confers upon private individuals the right to impose such heavy charges as in this case, and the Crown to have no right of resumption of any kind?—This Order in Council has no rate for the conveyance of coal in bulk.

4. On what do they fix their rate: are they unlimited as to charges?—The County Council had to fix the charge.

5. But the County Council apparently has delegated its rights?—Of course, we are not responsible for that, nor do I know the terms of the delegation.

6. Has that happened in other cases, or is this the first you have heard of it?—The rights as regards the tramways in Auckland are delegated by the City Council to a tramway company. That is about the only other case I know of, I think.

7. In this case the position, as put before the Committee by Mr. Rodger, is that the Public Works Department has delegated certain powers to this Wairio syndicate?—No.

8. Well, to the County Council, and then to the syndicate—we will say to the County Council—over part of the distance to this area that it is desired to open up. Now, how would you suggest that these people, as practical men who want to open up the lands behind the end of this railway, are to do it?—I think probably their only course is to construct the independent line that they now propose.

9. They cannot join on to the line that you have already authorized?—Not without making an arrangement with the owners of that line.