

in its infancy—in fact, I do not think there was very much done in the way of construction at all; and there are 1,100 shares in that company, of which number the Mores and the Armsteads hold 670. They have, as you will see, a preponderating interest in both companies. Mr. More admitted yesterday that he had—let me say—a “pull” upon Mr. Armstead in regard to his Wairio Railway Company shares, and if that is so it is reasonable to suppose that he has the controlling interest in these companies. When I first heard of these two companies I considered they had been formed the one to feed the other, and in spite of all the evidence that has been given and the statements made to the contrary I confess I am still of that opinion. As Mr. Haldyside has said in the newspapers that the railway there and the coal-mine are married, I think the Wairio Railway Company and the Southland Coal Company are married and inseparable; and the fact that Mr. McMillan is the manager of the one and the travelling manager of the other is evidence, I think, of that. I have not been allowed to put in Timpany and Smith’s letter, and I will not refer to it. I was going to say that Mr. McKenzie had admitted to me that he was in a similar position to Smith and Timpany, but I am not allowed to say so. I put it forward that all the lessees in Sections 206 and 37, an area of 800 acres, are in effect bound to these two companies. All I have said from the beginning to now can simply be boiled down to the one word—monopoly. It does not matter to me whether that monopoly is being exercised just now—the machinery is there. They have got these men tied to them and the railway company. They have got the railway company there for the transit of the coal, and they have got the Southland Coal Company there to handle it when it gets to Invercargill or elsewhere. That is the position that we have found ourselves in—absolutely in the hands of these gentlemen. In view of Mr. Furkert’s report and Mr. Webb’s letter, there is no doubt as to the fact that the route that the petitioners propose is the best of the lot. And I want to say here that the opportunity which More and Sons are evidently praying for now—that is, that the Government should take over their tram-line and extend it—was offered to them in August of last year, when there was a public petition praying Parliament to do exactly what they suggest now. If you will refer to *Hansard* of the 27th and 28th August last year, on the petition of William Tinker and others, you will see the discussion that took place in the House on the finding of the Committee; and I think it will be clearly shown that we were in no way antagonistic to More and Sons, and that they had every opportunity of coming in and handing over their concern to the Government. The present scheme and all our trouble with regard to it have been brought about by the fact that that petition was turned down and that we were left in the cold and subject to the monopoly to which I have referred. Regarding the extension from Nightcaps, Mr. Furkert’s evidence is conclusive that that route is not advisable. But I want to emphasize the statement made in the letter which I handed in yesterday from the residents of Nightcaps, that if the Wairio Railway and Coal Company (Limited) were taken over Nightcaps would be absolutely cut off from the Government line, and they would be deprived of the benefits that would necessarily arise through the development of the country which this proposed extension will tap. Now, as to the scheme. The public desire for the adoption of the scheme is perfectly clear from the number of petitioners who have signed the petition that is before you. I beg to say that I will guarantee to bring that number up to 10,000 within a month, if it were found necessary to do so. Mr. Armstead in his remarks recently made a statement with regard to the capital of our proposed company—£12,500—and said that there was no margin whereby we could meet any loss that might accrue. Now, that £12,500 capital was fixed when we supposed that the cost of the construction would be £20,000. That left £2,500 of margin to come and go upon. If the cost of construction is going to be £30,000 we are quite prepared to make the capital of the company £15,000 or £20,000, and give you the margin that we expected to have there for that purpose. The £2,500 was put there purposely for that reason, and we are quite prepared to keep up that margin if necessary. Mr. Armstead has also made reference to the surcharge that is mentioned in the scheme for making good the loss. It is not the loss on the working of the railway that the surcharge is asked to meet—it is not that loss at all: it is the loss on the realization of the debentures that are given to us in part-payment of the scheme, which would be a very small thing, capable of being ascertained at once. The surcharge would only amount to 1d. or so per ton over a limited period. The actual loss on the working of the railway is guaranteed by the settlers themselves and also by the company, who will carry through the scheme if it is granted. The Under-Secretary for Public Works in his evidence drew attention to the fact that all previous railways that have gone in to tap coal have been put in by private enterprise and run by the owners of the coalfield that was going to be served. Now I wish to make some remarks on that suggestion. The first is this: this proposed extension does not only tap coal, but it taps a vast area of first-rate agricultural and pastoral land. It does not only tap one mine, but it taps a number of mines; and these mines are not privately owned—they are not freehold, but they are on Government property, under Government control, and granted in small areas by the Government. Further, the country, through the Government, are going to derive a considerable revenue from that area—£2,500 to begin with, and increasing as time goes on; because if these railway facilities are granted there undoubtedly will be many more small areas taken up and worked. It was said yesterday by Mr. More that the coal that we can produce is not superior to what they are mining. I do not agree with him in that, because I have had an analysis made of all the coals, and as McKenzie’s coal is better than Nightcaps so Ohai coal is better than McKenzie’s. But their argument is that they are going to be prejudiced not by the competition that would arise in the market, but by the fact that we would take away the coal which they are at present getting. I say they have so bound the miners round about them that not 1 lb. of coal which they are at present entitled to will be taken over the Government extension if it is taken up to Ohai. These considerations, I submit, justify the extension of the railway with assistance, and would have justified the railway going in without any private assistance at all. I think that the scheme that we have submitted to you is in the interests of the country as a whole. I thank you very sincerely for the