

number of them—would or could take their coal over the ridge, which is approximately 300 ft. higher than your present terminus, without your sanction?—The leases run back to the ridge, and the leasees can take the coal any way over the ground.

116. Not without your sanction?—Oh, yes, I think they can. We cannot stop them from taking the coal over the ground.

117. If I suggest you have got a right to refuse a tram-line to enable them to get that coal up, do you say I am wrong?—The coal is taken right up the hill.

118. Not now?—Yes, right up to the top of the hill.

119. But you have to give them the right to lay tram-lines?—No, the leases do that. They get a right from the different leases to take the coal up over the top.

120. To your rail-head?—The other way too, if it is necessary.

121. You say it is not so?—Well, I do not think it is.

122. You said just now that you were prepared to let the Government take over your railway?—Yes.

123. May I ask why it was that you were so much averse to the Government taking it over in August of last year, when we petitioned the Government to do so?—Because they wanted to give us about a third of the cost of putting the line in. That was the petition that went in. And it was a false representation that I said it. I did not say it—that I had put a certain figure on the line. I denied that point-blank. I did not say anything of the kind.

124. Why was it that in August of last year, when you were approached to grant me, with two other members of our syndicate, an interview, with the object of coming to terms with regard to this purchase by the Government, you declined to do so?—I do not think that is so.

125. We have a letter to that effect from the secretary of the Wairio Railway and Coal Company (Limited). You cannot say it is otherwise, because you admitted it while I was with you and Mr. Hunter at the beginning of this year—that you declined?—I do not think so. I do not remember it, anyway.

126. Then you say that you are prepared to link up with this railway. You have seen the correspondence, I dare say, between the Wairio Railway and Coal Company (Limited) and the owners of the Mossbank Coal Company (Limited)?—No, I have not seen it.

127. Then you have not seen the correspondence between the Linton Coal Company (Limited), or Mr. Smith and Mr. McGregor, and the Wairio Railway and Coal Company (Limited)?—No.

128. You keep saying that you would extend if reasonable inducement were given you to extend: what would that reasonable inducement amount to?—It just depends on the amount of tonnage going over the track. It just depends on what the tonnage is.

129. *Mr. Robertson.*] If there was enough freight offering?—Yes.

130. *Mr. Rodger.*] You said just now that an engine working on that railway could only turn out from 300 to 400 tons?—That is the engine we have got. We could put an engine on there that would do double that, if it were necessary. Ours is a very light engine. She pulls about 100 tons up the Wairio grade—the 1 in 40.

131. You said, in regard to this extension, that grades would not matter?—As far as the engine we have goes they do not matter.

132. But for Government extension purposes grades would matter?—They would matter coming into Wairio, but they could be altered down to Woodlaw.

133. Grades and curves matter very much if they are Government railways?—Yes, that is so.

134. You said just now that you have a very small interest in the Southland Coal Company. You know the shareholders in that company, do you not?—Yes.

135. Apart from the shares that you hold in your own name—thirty—and those that you hold in the name of Mabel More—three hundred—can you say that you are not interested in any way in regard to the shares held by the other shareholders?—That is the only interest I have in it.

136. Are you not interested in the shares held by Mr. S. D. McMillan?—No.

137. Have you no lien whatever?—No.

138. Can you tell me under what conditions the Wairio Coal Company was acquired by the Southland Coal Company?

*Mr. Armstead:* It has not been acquired by the Southland Coal Company.

*Witness:* I do not know anything about it.

139. *Mr. Rodger.*] If I were to say that Mr. S. D. McMillan, in addition to being manager of the Southland Coal Company, is travelling manager for, or has some connection with, the Wairio Coal Company (Limited), would I be wrong?—He travels for the Wairio Railway and Coal Company (Limited).

140. And he is also the manager for the Southland Coal Company?—That is so.

141. You say that the Southland Coal Company at present turn out only from 8 to 10 tons a day?—Yes.

142. Might I suggest that if they got the whole output of the Wairio Railway and Coal Company's tramway their output would be considerably more than that?—There is no chance of that—there is no chance of their getting that.

143. What prevents them?—The members of the Wairio Railway and Coal Company have a bigger interest in that than in the Southland Coal Company. I am only one.

144. If the Wairio Railway and Coal Company (Limited) are a hauling company only, what interest have they in the coal, except to give it to the Southland Coal Company or any other merchant?—It does matter to them. The Southland Coal Company are in the retail business, just the same as any other retail merchant in Invercargill.

145. What is to prevent the Southland Coal Company, then, getting the output from the Wairio Railway and Coal Company (Limited)?