

*Mr. Armstead* : It would kill the railway company at once.

146. *Mr. Rodger* (to witness).] For what reason would it kill the railway company ?—The others would object to that, I think. They would have to get a share.

147. But you are only a carrying company ?—Yes. We cannot give it to one merchant : we have to distribute it among the merchants.

148. For what reason ? If the Southland Coal Company were to undertake to take the whole output of that Wairio Railway and Coal Company (Limited), what would prevent the Wairio Railway and Coal Company (Limited) from doing it ?—I do not know. I do not profess to know anything about that sort of thing at all. I went into this railway, and I do not want to go into the details of other things.

149. You are also interested in the Southland Coal Company ?—Yes. It is not to try to get any "pull" on the Wairio Railway Company that I am in that.

150. You are a sawmiller, are you not ?—Yes.

151. You have gone into the Wairio Railway Company for profit ?—I went into it as a carrying company, just as we drag the timber out for other mills.

152. You are in there to make a profit ?—Most decidedly. We are not going to throw the money away.

153. Did you go into the Southland Coal Company with the same object ?—Not to get the coal from the Wairio Railway and Coal Company. I went in there to make a profit, certainly.

154. If you add together your shares, Mabel More's shares, *Mr. Armstead's* shares, and *Mrs. Armstead's* shares, you have a preponderating influence in the Southland Coal Company ?—Yes ; but that has nothing to do with the Wairio Coal Company. We cannot go and pull them round and say, "We want that coal, and we are going to get that coal."

155. You have a preponderating influence in that coal company ?—Yes.

156. Have you any financial interest at all in *Mr. Armstead's* shares ?—None whatever.

157. *Mr. Armstead* has paid up all his calls on these shares ?—I do not know what he has done. But I have no interest ; he has never got the money from me.

158. They are not bonded to you in any way ?—No.

159. Either in this company or in the Wairio Railway and Coal Company ?—No.

160. You do not hold them as security ?—No.

161. You admit there is something, and that I have not asked exactly the right question ?—Yes, that is so.

162. *Mr. Armstead* is bound to you in respect to his shares ?—Yes, to some extent.

163. *Mr. Armstead*.] I had not the money to take up the whole of my shares in the Wairio Company. I borrowed the money from another gentleman altogether, and I subsequently got you to take that over. The money that is advanced on my shares is that money in the Wairio Railway and Coal Company ?—That is so.

164. In no other shape or form have you any call on any of my shares ?—No.

165. It has been said that the capital is limited—that the available cash is limited. You know that we have an overdraft at the bank ?—Yes.

166. They say that you could not extend the line because you have not the money available. Will you tell us how that overdraft at the bank came to be ?—The other members in the company could not raise the money at the time, and by squeezing them out we could have got the whole lot and financed the whole thing ourselves : but rather than do that we decided to go with them to the bank. By "we" I mean More and Sons. That is the reason for the overdraft at the bank. It was not necessary for it to be there.

167. The overdraft at the bank is practically in the name of More and Sons ?—Yes.

168. It was to give the other shareholders a lift that you did that ?—Yes.

169. You think that if inducement were given for the extension to go on you would be able to put the extension through ?—I think so.

170. A considerable amount has been made out of this Section 37. *Mr. Brighton* held Section 37 and Section 206. Did you and the railway company have any trouble with *Mr. Brighton* at all ?—Yes, he would have nothing to do with the railway company.

171. You do not know whether or not the Wairio Company had any trouble with *Mr. Brighton*, I suppose ?—Yes, they did.

172. The right you hold over Section 37 is for how long ?—It expires in about three and a half or four years.

173. You have already stated that your object in getting this ground was to put up screens and buildings and that sort of thing ?—Yes.

174. *Mr. Rodger* says that that line takes a curve round, and he is correct there. Is it right that the few chains of railway on that curve, round over to where the screens are, would be necessary even supposing the line had been built straight to Morley in the first instance ?—Yes.

175. *Mr. Robertson*.] If you got sufficient inducement in the prospect of freights from the Ohai side, would you be able to find the capital to carry out this extension ?—Yes, I think so.

176. In regard to the position of the present rail-head : supposing you had not had the extension in view, where would you have stopped at the present time ?—At exactly the same place as we are at now. It would have been necessary to go there to get our screens erected on the siding.

177. *Mr. T. W. Rhodes*.] You stated that the price to be charged for carriage would depend upon the output ?—Yes.

178. Is it not a fact that under the Order in Council you virtually have power to control the carriage over the line ? Let me read this : "The local authority shall run trains daily on the tramway hereby authorized (except at the option of the local authority on Sundays, Christmas Day,