

3. What are the engineering difficulties attached to an extension of Mores' line over to the Morely Valley: are they very great, or would it be costly?—There is nothing insuperable. The grade is too steep, that is all. The grade would be fairly steep, to get up at reasonable cost.

4. Is Mores' line on the best route to open up the Morley Valley?—No, I do not think it is.

5. Would you consider that the present route of Mores' line was adopted with the ultimate object of getting over the ridge and opening up the Morley Valley?—It does not appear like that now, from the way it dives into the gully. It does not look as if it were a line designed to go on. But there is nothing to prevent it being taken on.

6. You seem to be favourably impressed with the proposed route?—Yes, it is decidedly better than Mores' line.

7. Supposing that the Government decided to construct the proposed railway and take over Mores' line as well, on which line would they carry the coal—the coal that is now going over Mores' line?—I should think they would continue to carry it down Mores' line, unless the added cost of keeping another locomotive and so forth was more than the cost of hauling the coal up the hill.

8. That would be very expensive, would it not?—Yes. The miners would have to haul it up the hill themselves; and if the Government had two lines they certainly would not haul it up the hill—they would send it over Mores' line.

9. Is Mores' line a well-constructed line?—It is fair. It is not up to Government standard.

10. Would it cost very much to bring it up to Government standard?—Not a great deal. In some places it would have to be altered a little. There would need to be about a mile and a half of new where it joins the main line.

11. Do you think the proposed new line would open up valuable country?—There is a lot of good country in there—splendid country: I mean about Morley and right down to Birchwood.

12. You have been over the ground, and you have seen the proposed route and the existing railway. Is it your opinion that the construction of the proposed new railway would very seriously depreciate the value of Mores' line?—Quite probably it would. It would all depend on the terms on which Mores get the coal from the mines which they are serving now. If they have a hold over those mines so that the coal will continue to come down over their line it will not depreciate their line a penny. If, on the other hand, those mine-owners are free to shake off that 5s. 6d. a ton and come up to the Government line and pay 3d. or 4d. a ton, they would naturally do it.

13. *Mr. Armstead.*] Do you think that the statement you made just now is a fair statement—that these people would naturally take their coal down to Mores' line unless they could get it for less over the Government line at the top? You know perfectly well, do you not, that the less coal that goes over Mores' line the higher the rate must be to pay a working profit?—Yes.

14. So that if the Government line takes any coal that might come over Mores' line, every ton of coal carried on the Government line must increase the cost of the coal on their line?—That is a relative statement, which is correct.

15. So that, if there was a limited output of coal, as the coal went over the Government line the increased price on Mores' line would force the other people to go over the Government line?—I do not think there would be any necessity for Mores to increase the rate, as it is already twelve times what it would be on an equivalent length of Government line.

16. You are speaking as a railway official, are you?—No. I am not in the Railway Department.

17. Do you know what the cost would be to carry coal from Ohai to Wairio on a Government railway?—I have a pretty fair idea.

18. What would it be?—7d. a ton.

19. Are you sure?—Yes.

20. Can you ascertain, please, and let us know what the rate would be?—I can tell you quite easily from this book that I have here.

21. I ask you to find out what the cost per ton would be from Ohai to Wairio on a Government railway—a distance of about six miles?—1s. 9d. is the short-distance rate.

22. Mores' people are only asking 2s. a ton for the same distance, if sufficient coal is sent over the line: so it does not seem to be such an outrageous difference, does it?—No.

23. You recognize now that the Government through rate, which Mr. Fisher did not seem to recognize a little while ago, makes all the difference? Do you know what the rate is, say, from Invercargill to Dunedin, and from Invercargill to Christchurch?—No; but it is all in this book.

24. You know that the principle is that the longer the distance you go, relatively, down comes the rate?—Up to a certain distance, yes. That does not hold good indefinitely though.

25. Assuming for argument that from Invercargill to Dunedin is 10s. a ton and from Invercargill to Christchurch is 14s., therefore from Dunedin to Christchurch is only 4s. a ton, and works out at so-much a mile. That is not a fair thing, is it?—No.

26. Is not that the principle on which you have worked this rate?—The figures that I have given in my report are all taken on the basis of where the coal is likely to be used. You could not say that the coal is likely to be used in Wairio.

*Hon. Mr. Fisher:* What Mr. Furkert has done is to take the rate from Invercargill to Wairio, and he has assumed that instead of the coal starting from Wairio it is going to start from the Morley Valley, which is about six miles and a half further. Then it gets the advantage of the long-distance rate, and that is where the price of 7d. a ton is arrived at. Mr. Armstead is comparing a five-mile rate with a forty-seven mile rate. Mr. Furkert takes as his basis a forty-seven mile rate, whereas Mores have only got the five miles to work on.

*Mr. Armstead:* Yes, and I wish to make it clear to the Committee that in discussing that as far as railway working is concerned a fair thing would be to discuss the railway rate from Wairio to Ohai as against Mores' rate from Wairio to Ohai.