

1914.
NEW ZEALAND.

PUBLIC PETITIONS A TO L COMMITTEE

(REPORT OF) ON PETITIONS OF L. ELSELL AND OTHERS, AND W. LAMBIE AND OTHERS IN CONNECTION WITH PROPOSED WAIRIO TO OHAI RAILWAY EXTENSION; WITH DEPARTMENTAL REPORT AND MINUTES OF EVIDENCE.

(MR. BRADNEY, CHAIRMAN.)

Report brought up 22nd October, 1914, and, together with Petitions, Departmental Report, and Minutes of Evidence, ordered to be printed.

ORDER OF REFERENCE.

Extract from the Journals of the House of Representatives.

FRIDAY, THE 10TH DAY OF JULY, 1914.

Ordered, "That a Committee be appointed, consisting of ten members, to consider all petitions from A to L that may be referred to it by the Petitions Classification Committee, to classify and prepare abstracts of such petitions in such form and manner as shall appear to it best suited to convey to this House all requisite information respecting their contents, and to report the same from time to time to this House, and to have power to report its opinions and observations thereon to this House; also to have power to call for persons and papers; three to be a quorum: the Committee to consist of Mr. Bradney, Mr. Brown, Mr. Campbell, Mr. Dickson, Mr. Escott, Mr. Payne, Mr. T. W. Rhodes, Mr. Robertson, Mr. Webb, and the mover."—(Hon. Mr. FISHER.)

REPORT.

Nos. 99 and 100.—Petitions of L. ELSALL and 1,214 others, and W. LAMBIE and 47 others, of Southland.

PRAYING for permission to build a railway from Wairio to Ohai, and that the Government do approve of and adopt the proposed scheme.

I am directed to report that in the opinion of the Committee these petitions should be referred to the Government for consideration.

22nd October, 1914.

J. H. BRADNEY, Chairman.

PETITIONS.

NO. 99.—PETITION OF L. ELSELL AND 1,214 OTHERS.

To the Honourable the Speaker and Members of the House of Representatives for the Dominion of New Zealand, in Parliament assembled.

THE humble petition of the undersigned respectfully sheweth:—

1. That your petitioners are residents and ratepayers in the Counties of Wallace, Southland, and Clutha.

2. That your petitioners are consumers of coal for household and business purposes.

3. That your petitioners recognize and would bring before your notice the great extent of the coalfield, extending to 3,000 acres of proved ground and wide areas as yet unproved, and also the large areas of agricultural and pastoral lands, lying west of Nightcaps awaiting development.

4. That the development and settlement of such minerals and lands are matters of the utmost moment and interest not only to this district but to the whole of the Dominion.

5. That the coal in the field referred to is of excellent quality, all of it equal to and some of it better than Kaitangata.

6. That your petitioners and our fellow citizens and countrymen are deprived of the benefits of this gift of nature (a gift the value of which, were it made available to the inhabitants of the South Island, cannot be overestimated) by the fact that there are no means whereby the owners or lessees of these valuable deposits can place the coal upon the market.

7. That your petitioners are informed that the Government, through the Southland Land Board, has recently granted eight leases of 100 acres each for coal-mining purposes within the area herein referred to, but it will be impossible for the lessees to comply with the terms of their leases, or to place the coal upon the market in anything but small quantities, and then only at the cost and to the detriment of the farmers and settlers by cutting up their roads, without railway facilities.

8. That your petitioners would humbly point out that, granted the needful railway facilities, the coal referred to above, being of such a high grade, would be sought after and consumed by the inhabitants of the whole of that portion of the South Island coming within the scope of the Government railway system.

9. That the opening-up of the field and the distribution of the coal as indicated in clause 8 hereof would result in—(1) A very great increase in the revenue of the South Island railways; and (2) it would confer a boon upon the people, giving them as it would better results, greater comfort, and greater economy: which considerations we humbly suggest should commend themselves to the favourable consideration of the Government and all who have the welfare of the country at heart.

10. That a scheme has been laid before the Minister of Public Works by the Wairio-Ohai Railway Extension Syndicate for the extension of the Government railway from Wairio to Ohai (the centre of the coal area hereinbefore referred to), which scheme provides as follows:—

The syndicate shall undertake to form a limited-liability company having a capital of £12,500, to be entitled "The Wairio-Ohai Railway Extension Finance Company (Limited)," or some similar title, having for its objects the construction, financing, &c., of the said extension on the following basis:—

- (1.) The plans and specifications be approved by the Government.
- (2.) The work of construction shall be carried out by the company under Government supervision.
- (3.) On completion the Government shall take over and work the extension in the same way and on the same lines as if the Government had carried out all the work and as part and parcel of the Government railway system.
- (4.) On completion of the extension the Government shall hand to the company Government debentures, having a currency of thirty years, bearing interest at 4 per cent. per annum, for an amount equal to half of the total net cost of construction of the extension, including the cost of all lands acquired for the purpose of such extension, all charges legal and otherwise in connection with such acquisition, and including also all expenses connected with the survey of the route.
- (5.) At the expiration of ten years from the completion of the extension, or such earlier period as may be mutually agreed upon between the Government and the company, but not sooner than five years, the Government shall hand to the company further Government debentures at thirty years date, bearing interest at 4 per cent. per annum for an amount equal to the balance of the net cost of the extension as per clause (4) hereof: Provided that the Government shall not be called upon to exercise this clause unless the revenue from such extension shall have been found to meet the expenditure.
- (6.) On the receipt by the company of the further debentures under clause (5) hereof the company shall cease to have any interest in or liability in respect of the said extension.
- (7.) Half of the working profits applicable to the said extension, after providing for the interest at 4 per cent. per annum on the cost of the extension, shall be handed to the company annually.
- (8.) The accounts relating to the said extension shall be kept and the results of the working ascertained in the same manner and on the same basis as at present obtain in the Government Railway Department.
- (9.) The Government shall, if called upon, furnish to the company annually a statement showing in detail the revenue and expenditure appertaining to the said extension.
- (10.) The company shall for ten years, or until such time as the Government shall exercise its powers under clause (5) hereof, guarantee the payment of the interest at the rate of 4 per cent. per annum on the debentures handed to the company in part payment of such extension, and shall also make good any loss that may be incurred by the Railway Department in the working of such extension during the said ten years or such shorter period as above.
- (11.) In view of possible loss that may be incurred by the company in the realization of the debentures taken in payment of the extension the Government shall provide for a special charge to be levied upon all parties requiring connection with the Ohai terminus or any point along the length of the extension; or, in the alternative, that a small surcharge be levied upon all goods carried over the extension until such loss is liquidated.
- (12.) In the event of the said extension being sold or disposed of in any way other than is provided for in the foregoing clauses, the net amount realized therefor shall be equally divided between the Government and the company.

Wherefore your petitioners humbly pray that your honourable House will be pleased to take the premises into your favourable consideration, and that the Government do approve of and adopt the scheme referred to for the extension of the Government railway from Wairio to Ohai.

And your petitioners, as in duty bound, will ever pray, &c.

Dated this 11th day of July, 1914.

LEONARD ELSELL AND OTHERS.

NO. 100.—PETITION OF W. LAMBIE AND 47 OTHERS.

To the Honourable the Speaker and Members of the House of Representatives for the Dominion in Parliament assembled.

THE humble petition of the undersigned respectfully sheweth :—

1. That your petitioners are the owners or occupiers under lease from the Government of property the value of which in the aggregate is between £250,000 and £300,000.
2. That your petitioners pay rates amounting to over £700 per annum.
3. That, in addition to the lands already settled and the coal-bearing country already proved, there are large areas of land in this district eminently suited for closer settlement and mineral development, and there are also very large deposits of high-grade limestone.
4. That the development of these lands and minerals is impossible owing to the lack of railway or even passable-road facilities.
5. That the only means of ingress and egress to the farms of our petitioners is from and to Nightcaps over what is known as the Manuka Hill Road, of which the first two miles from the Morley Village (adjoining Nightcaps) outwards has been made impassable for three or four months every year owing to excessive coal-carting.
6. That in order to get in and out with light vehicles your petitioners have been dependent upon the goodness of the settlers adjoining the road, who have permitted us to go through their paddocks, but ordinary heavy traffic has been altogether impracticable.
7. That the whole of the coal carted over the said road is consumed out of the district.
8. That it is not therefore the result of your petitioners' own doings from which we suffer, and the benefit of the traffic creating this (to us) impossible state of affairs has and will continue to be reaped (1) by the Government, from royalty and railage upon the coal, and (2) by consumers who contribute nothing towards the rates or upkeep of the road.
9. That two miles of the road which forms part of the subject of this petition was, six years or so ago, one of the best pieces of road in Southland, Government grants amounting to £900 or £1,000 and other moneys having been spent thereon. To-day it is a quagmire from one end to the other.
10. That there is abundance of good road-metal and gravel in the vicinity of the road in question.
11. That our many petitions to the Wallace County Council have resulted in no alleviation of the difficulties of your petitioners, who recognized that so long as the coal traffic is permitted to continue the only remedy (and that even a doubtful one owing to such extraordinary traffic and the nature of the country) is the laying-down of a properly macadamized road, which would absorb more money than the Council has at its disposal.
12. That while a tramway has now been completed and will convey the output of the two mines from which the carting has hitherto taken place, the Southland Land Board has recently granted nine coal leases to different parties on Section 20, Wairio, and section coal area, Wairaki Survey Districts, which leases are three miles further west along the said Manuka Hill Road.
13. That two companies having capitals of £7,000 and £5,000 respectively have already been formed, and a third of a capital of £5,000 is in course of formation, to develop and work a portion of the area comprised in these leases.
14. That amongst the conditions of such leases are the following: (1) Development expenditure (in each case) from first and second years to be not less than £2,000; (2) output second year to be 2,000 tons, and thereafter not less than 4,000 tons half-yearly.
15. That, there being no other facilities for the transit thereof, we are forced to the conclusion that practically the whole of the coal, aggregating over 70,000 tons per annum, which has to be mined from the area above noted must be carted over the aforementioned Manuka Hill Road, placing before your petitioners the prospect of five miles of impassable road in place of two, as at present.
16. That a scheme has been laid before the Minister of Public Works by the Wairio-Ohai Railway Extension Syndicate for the extension of the Government railway from Wairio to Ohai (the centre of the coal area hereinbefore referred to), which scheme provides as follows :—
The syndicate shall undertake to form a limited-liability company having a capital of £12,500, to be intitled "The Wairio-Ohai Railway Extension Finance Company (Limited)," or some similar title, having for its object construction, financing, &c., of the said extension on the following basis :—
 - (1.) The plans and specifications be approved by the Government.
 - (2.) The work of construction shall be carried out by the company under Government supervision.
 - (3.) On completion the Government shall take over and work the extension in the same way and on the same lines as if the Government had carried out all the work and as part and parcel of the Government railway system.
 - (4.) On completion of extension the Government shall hand to the company Government debentures, having a currency of thirty years, bearing interest at 4 per cent. per annum, for an amount equal to half of the total net cost of construction of the extension, including the costs of all lands acquired for the purpose of such extension, all charges legal and otherwise in connection with such acquisition, and including also all expenses connected with the survey of the route.
 - (5.) At the expiration of ten years from the completion of the extension, or such earlier period as may be mutually agreed upon by the Government and the company, but not sooner than five years, the Government shall hand to the company further

Government debentures at thirty years date, bearing interest at 4 per cent. per annum, for an amount equal to the balance of the net cost of the extension as per clause (4) hereof: Provided that the Government shall not be called upon to exercise this clause unless the revenue from such extension shall have been found to meet the expenditure.

- (6.) On the receipt by the company of the further debentures under clause (5) hereof the company shall cease to have any interest in or liability in respect of the said extension.
- (7.) Half of the working profits applicable to the said extension, after providing for the interest at 4 per cent. per annum on the cost of the extension, shall be handed to the company annually.
- (8.) The accounts relating to the said extension shall be kept and the results of the working ascertained in the same manner and on the same basis as at present obtain in the Government Railway Department.
- (9.) The Government shall, if called upon, furnish to the company annually a statement showing in detail the revenue and expenditure appertaining to the said extension.
- (10.) The company shall for ten years, or until such time as the Government shall exercise power under clause (5) hereof, guarantee the payment of the interest at the rate of 4 per cent. per annum on the debentures handed to the company in part-payment of such extension, and shall also make good any loss that may be required by the Railway Department in the working of such extension during the said ten years or such shorter period as above.
- (11.) In view of possible loss that may be incurred by the company in the realization of the debentures taken in payment of the extension the Government shall provide for a special charge to be levied upon all parties requiring connection with the Ohai terminus or any point along the length of the extension; or, in the alternative, that a small surcharge be levied upon all goods carried over the extension until such loss is liquidated.
- (12.) In the event of the said extension being sold or disposed of in any way other than is provided for in the foregoing clauses the net amount realized therefor shall be equally divided between the Government and the company.

17. That your petitioners are willing that the lands owned or occupied by your petitioners should be rated to make good any loss that may be incurred in the working of the extension of the said railway, including the interest that may be agreed to be paid upon the capital cost of the said extension.

Wherefore your petitioners humbly pray that your honourable House will be pleased to take the premises into your favourable consideration, and that the Government do approve of and adopt the scheme referred to for the extension of the Government railway from Wairio to Ohai.

And your petitioners, as in duty bound, shall ever pray, &c.

Dated this 11th day of July, 1914.

W. LAMBIE AND 47 OTHERS.

DEPARTMENTAL REPORT.

Public Works Department, Wellington, N.Z., 21st July, 1914.

SIR,—

Proposed Railway Extension from Wairio to Ohai.

I have the honour to acknowledge the receipt of your two letters of the 17th instant forwarding for report the petitions of L. Ells and others (No. 99) and W. Lambie and others (No. 100), in which the petitioners draw attention to the large area of mineral country and land suitable for closer settlement awaiting development west of Nightcaps, and to the damage done to their roads by the cartage of coal; recite the terms of a scheme submitted to the Minister of Public Works for the extension of the Government railway from Wairio to Ohai; and pray that such scheme be adopted by the Government.

In reply I have to state that it is doubtless desirable that some better means of transit should be provided. This could be done by the petitioners themselves either by constructing a railway under the Railways Construction and Land Act or the District Railways Act, or a tramway under the Tramways Act.

You are doubtless aware that a tramway (practically a railway) from Wairio to Birchwood has already been constructed by private enterprise, and the owners of same would certainly complain if the Government were now, after having authorized its construction, to build a railway which would run in opposition to them. They could not, however, have equally good cause for complaint if the railway were constructed by private persons interested therein.

The petitions are returned herewith.

I have, &c.,

H. J. H. BLOW, Under-Secretary.

The Clerk, Public Petitions A to L Committee, House of Representatives.

MINUTES OF EVIDENCE.

WEDNESDAY, 22ND JULY, 1914.

WILLIAM LAMBIE, Farmer, Orawai, made a statement. (No. 1.)

Witness: Speaking as a farmer, I desire to say that the proposed extension would be of very great benefit to settlers in Orawai, Feldwick, and Birchwood. The roads in this particular district are completely wiped out with the excessive carting of the coal, and this railway going in would put a stop to the heavy carting. At the present time our produce is limited to stock that can walk away off our farms, and if this extension is made from Wairio our farms will be able to produce twice as much. There are thousands and thousands of acres there awaiting development just for want of railway facilities. I sincerely hope that this extension will be authorized. I am not interested in the coal—I have none on my property: I am speaking as an outsider.

ALEXANDER WYLLIE RODGER, Sheep-farmer, Birchwood, made a statement and was examined. (No. 2.)

Witness: The other members of the deputation have asked me to lay the whole case before you as far as I can, and it is not their intention to take up your time by adding to what I have to say. I wish to say that in getting our petitions here we have been more anxious to get representative petitions than to get numbers: the signatories are spread over the whole of the country from Nightcaps to Balclutha. In our western district—that immediately affected by the extension of this railway if it is carried through—there are 620 signatories. From Invercargill itself, where we might have had thousands if we had set out to get numbers, there are 222; between Invercargill and Gore there are 189; and beyond Gore up to Balclutha 262. These are all coal-consumers, and are not in the slightest degree interested in this scheme from a monetary point of view. With regard to the smaller petition, which bears forty-seven signatures, I thought it wise to send two petitions, because of clause 17, which was read to you, and these forty-seven signatures are those of men who are in the district—either farmers or interested in the coal leases—and are willing that their lands should be rated in order to make good any loss that may be incurred in the working of this extension. But the very fact that they have been so ready in coming forward—every one who is interested in the land within a certain distance of this terminus has signed the petition—shows that they are confident of the result if the prayer of the petition is granted. If you look at the map you will see that there are one railway-line and one tramway-line in existence, and the thin line shown on the map is the proposed extension. You at once jump to the conclusion that there must be something wrong if we are going to have three lines running practically parallel for a certain distance; but that requires explanation. The two miles of railway from Wairio to Nightcaps is privately owned by the Nightcaps Coal Company (Limited), and they have a terminal charge at Nightcaps of 2s. 6d. a ton on every ton of coal that goes over the two miles. I may say here right at the beginning that we have no objection whatever to extending either the railway or the tram-line to Ohai so long as it is done under Government control. The country here [indicated] is very hilly, and the engineering difficulties are great; but the most objectionable feature from my point of view is that that country is all undermined by the workings of the Nightcaps Coal Company. I think, therefore, that it would be a dangerous thing for the railway to be extended there. So far as the tram-line is concerned, in August of last year practically the same gentlemen who are here to-day appeared in support of a petition to Parliament to acquire and extend this railway or tram-line to Ohai. We failed in that petition, and we were forced to bring forward the scheme that is now before you in order to get the facilities that are called for. When the finding of the Railways Committee—that they had no recommendation to make—came before the House there was considerable discussion, and it brought forth a statement from the Minister of Public Works that it was his intention to visit the district during the recess and go into the whole matter. Unfortunately Mr. Fraser has not been able to carry out that intention, but he was good enough to send one of the Inspecting Engineers of his Department, Mr. Furkert, to report upon the whole matter, and I hope that that report is at the disposal of the Committee. Seeing that Mr. Fraser had intended to visit the district I interviewed him and suggested that it would be a good plan if I were to have a scheme drawn up and placed before him so that he would have the whole data before him when he came to visit the district, and he agreed that it would be desirable. I set to work at once and formed a syndicate, of which all the members except one are here to-day, with the idea of first acquiring an option over the lands through which this extension would have to go, to have the route surveyed by a competent engineer, and to place the plan and all particulars before the Minister. We have done that. With the exception of one property, which is held by Mr. Handyside, the managing director of the Nightcaps Coal Company (Limited), and who is at present in the Old Country, and also the Government lands which we will have to go through at the farther end of the extension, we have got the right to purchase all the land required for the railway at any time within the next twelve months. We have submitted the plans to the Minister of Public Works, and I hope that they also will be at the disposal of the Committee; but

in case they should not be handy I have copies here, which you can see, giving the grades and the curves, &c., and showing that in one short distance there will be a grade of 1 in 55, which could be reduced to 1 in 60, and that of the rest of the line some will be level and some 1 in 330; the steepest grade, apart from the one I have mentioned, being 1 in 60. Engineering difficulties are therefore practically nil. We had an estimate of the cost, which placed it at £16,000, and another £18,000. Mr. Furkert cursorily estimated that it would cost £20,000 to put the railway in. The mileage of the extension is 6 miles 16 chains. The scheme, which I will deal with later, is the subject of the prayer of both these petitions. Regarding the country to be tapped beyond Nightcaps by this extension, there are 3,000 acres of land that have been proved to be coal-bearing. This is practically all Government land, and is leased for grazing purposes, and leases have also been granted for coal-mining purposes. There are large areas which undoubtedly are coal-bearing but have not yet been absolutely proved. Then there is a large deposit of limestone—in fact, limestone is all over the country; and there is hardly any land in Southland or anywhere on the other side of Dunedin where lime would not be of very great benefit. Though lime is carried free on the railways, the productiveness of the land would be increased so much by the use of the lime that the railways would materially benefit indirectly, if not directly. There are 44,000 acres of land held there, some in large holdings and some in smaller, and the whole of this is eminently suitable for closer settlement.

1. *Hon. Mr. Fisher.*] Is that the area which you are prepared to rate?—Yes. It includes a greater area, because there is some grazing-land held by the signatories to the petition. Then there is grazing-country beyond that on which there are at present 85,000 sheep running. All that land would be tapped by the railway, and the produce would be hauled over it. As far as the coal lessees are concerned, nine coal leases have been granted by the Land Board in Southland, of 100 acres each. There is a dead-rent of 5s. an acre on that land. The term of these leases is for forty-two years. There is a royalty per ton of 6d., and the conditions are as follows: For the first and second years there is to be not less than £2,000 spent on development-work in each case. The output in the second year is to be 2,500 tons each, and thereafter 4,000 tons half-yearly. They are bound to charge not more than 10s. a ton for the coal at the mouth of the mine. These terms are very onerous. The expenditure of the capital in the first place is a serious thing, particularly so in view of the circumstances which they have to meet, because at the moment there are no means whereby even 2,500 tons could be turned out in a year and carted over that road. The road would not stand it. The road is so impassable now that we cannot get over it with a light buggy in the winter-time: we have to go through our neighbours' places. It is an absolute impossibility for these men to carry out their engagements under present circumstances. So long as there are no railway facilities granted each will turn out as much coal as possible. That must come over that road, to the very great detriment of the settlers who are living beyond the coal-mines, and will land us in five miles of bad road instead of two. I want to emphasize that particular clause in the petition. We submit that the bad state of the road is not caused by the settlers but by the coal traffic, which benefits no one in our district except the coal lessees who get the price of the coal. The railway gets the benefit from the railage, and the Government gets the benefit from the royalty, while the consumers, who pay nothing towards the rates, receive the greatest advantage. In regard to the consumers, there is an undoubted demand for this high-grade coal. It is a coal that is quite as good as Kaitangata, and some of it superior to Kaitangata. If the coal could be obtained on other terms it would be used as far as the Government railways would take it. The Nightcaps coal goes to Cheviot, and when this coal becomes known in that district there will be a greater demand for it. The only means of getting the coal out is by the road, and that increases the cost of handling very much and decreases the output very considerably. There are nine different lessees, and the contour of the country is such that it would be impossible to put nine tram-lines in there, and at the same time if we did we are faced with a haulage rate of 5s. 6d. per ton on top of 4s. 9d. per ton, which is the rate from Wairio to Invercargill, a distance of forty-nine miles. If we could get the Government railway extension in as we propose to Ohai the schedule rate would be 5s. 4d. per ton to Invercargill, as compared with 10s. 3d. as at present. In that case all the handling between the mine and the tramway would be saved, which is a very great consideration in the handling of coal for household purposes. You can imagine the loss that occurs in putting it into boxes and then into the trucks. The scheme we have brought forward is word for word the same as that we have placed before the Minister of Public Works, and I think, looking at it from every point of view, it is a most favourable proposition for the Government. We undertake—

2. Before you undertake, first of all you would prefer that the Government should do the whole job: is that so?—We would prefer to put the railway in under Government supervision, the plans and specifications to be approved by the Government. We would do the work, and when it was approved by the Government Inspector they would take it over and work it as a Government railway and give us debentures for half the cost. We desire the railway to be put in under the inspection of the Public Works Department, and on its completion and being passed by the Inspector we agree to take half the cost in debentures carrying 4 per cent., with a currency of thirty years. We will guarantee the interest on those debentures, and also guarantee that there will be no loss on the working of the railway. In addition to that we agree to stay out of the balance of our money for five or ten years, the date to be mutually agreed upon between the company and the Government. Further, the Government is not to be called upon to take over that extension and give us the remaining half of the debentures unless it has been found that the revenue from the extension is sufficient to meet the expenditure. That means that the Government is taking no risk whatever. If the Government is not satisfied it is a payable proposition at the end of ten years, then they need not give us the other half of

the debentures. That is evidence that we are prepared to take a certain amount of risk to get the work done. In regard to it being a payable proposition, I am estimating that there will be an output of 100,000 tons of coal a year. There are two companies referred to in the petition, and they are prepared to turn out between them 75,000 tons a year. The remaining leases granted require that the lessees shall turn out not less than 25,000 tons a year, so that I am safe in putting it down at 100,000 tons.

3. *Mr. Robertson.*] Is that 25,000 tons for the whole of the leases?—Yes, the aggregate for the whole lot. The minimum output per year would be 100,000 tons. Taking Invercargill as the mean distance over which the coal would be hauled, the rate applicable would be 7d. per ton. That rate on 100,000 tons would amount to £2,916 13s. 4d. If we take the cost at 6s. 3d. per running mile—and I estimate that each trip would bring down 200 tons of coal—there would be 500 trips necessary to carry the 100,000 tons, and that would equal £1,937 10s., showing a profit of £179 3s. 4d. That is from the coal alone; but in addition would be the profit from the carriage of the produce that would come from the country beyond. There would be the profit from the carriage of wool and cheese, and I have no doubt that when the railway goes in there will be a greater output of both those commodities. Then there is the carriage of manures and seeds, and there will be a greater demand for those things as the facilities increase. The figures I have quoted are very much on the safe side, and I think the profit to be derived will be very much more than what I have stated. With regard to the suggestion that we should put the railway in as a matter of private enterprise, after conferring with the people in our district the syndicate thought that, as the Government is going to reap such a large benefit from the coal, they should meet us by taking part of the risk. I think we have done the fair thing in splitting the difference, and we are taking more than half the risk. We are taking all the risk with the exception of half the cost of the railway. The petitions which have been presented are sufficient evidence that the public are in sympathy with the scheme. They are very anxious to see the railway put in, and I might say that only in three instances where signatures refused to us, the reason being that they were not *au fait* with the proposal and did not like to take the responsibility of signing. There are at present two railway schemes under consideration in Southland western district. They have been put before the public, but in each case there are alternative routes, and it is a question which one should be adopted. The instigators of those two different schemes are signatories to this petition, and they do not think they are at all prejudiced by our scheme. They look upon it as a benefit, because it will act as a feeder to those other railways. I should like to read a resolution which appeared in the *Otago Standard* last week: It was absolutely unsolicited, and it reads, "That this branch of the Southland League whole-heartedly supports and approves of the policy of Mr. A. W. Rodger, jun., of Birchwood, in opening up coal lands in Wairio-Nightcaps district, and urges the Government to grant every facility in the way of communication, and especially to grant the right to build the railway proposed." That was absolutely unsolicited, and it is further evidence of the fact that our scheme is going to clash with no other proposal that is at present before the Government. While the public desire the extension for the coal facilities, we in our district want it so as to be fairly well provided with ordinary facilities for getting to and from our properties. For the last six years we have been absolutely cut off during the winter months through the bad roads. Those people who have taken up the leases must of necessity use the road for the output from their mines, and that is a very serious detriment to the settlers behind and to the development of the country.

4. *Hon. Mr. Fisher.*] With regard to the existing railway to Wairio, you might make it plain to the Committee why it is the country is unable to make any treaty with regard to the use of that line so far as it goes?—I thought I had made that clear before when I was present at the Railways Committee last year. [Plan explained.] First of all, it is a tram-line purely and simply, and a tram-line will be absolutely unsuitable for the heavy traffic there. The first thing that strikes one going out from Wairio is the loop, which necessitates shunting every truck of coal that comes down from the mines. The grades are bad, and are not, I believe, according to the limits set by the Public Works Department for a Government railway. If we did extend the tramway to Ohai we would have to make a long detour in order to get a decent grade, which would mean extending the railway some three miles. Messrs. More and Sons, who were the originators of this scheme, were blocked by one farmer, and they had to apply to the County Council for an Order in Council to take the land under the Public Works Act. They have been negotiating for the purpose of purchasing the property, but there is no settlement yet. They are still at variance as to what the compensation should be. [Order in Council read and put in.] Now, the Wairio Coal-mine is one of the mines at present tapped by that tram-line. It is under the control of the Wairio Coal Company (Limited), which simply means that they can at any time shut down that mine for three weeks, open it for a day, close it down again for three weeks, and so on for all time. We are absolutely at the mercy of that company. They can practically shut the railway down altogether. I understand the representatives of the company will appear here to-morrow, and I would like to reserve anything I have to say further till they are present.

5. What is the date of the Order in Council?—18th October, 1911.

6. And there is no power of resumption?—No.

HENRY NORMAN BELL examined. (No. 3.)

1. *The Chairman.*] What are you?—I represent a milk-condensing business in Southland.

2. Do you wish to say anything to the Committee?—Yes. We are the largest consumers of coal in Southland, and it is a matter of great importance to us to keep down our expenses by getting coal of high quality and value at a cheap rate. The coal of Southland is extremely low

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.

10. On their own terms: it would have to be on the terms of the syndicate that at present has control?—I think it probably would. We have no power of cancellation of that Order in Council except for breach of the conditions.

11. The Government cannot step in at all?—No.

12. *Mr. T. W. Rhodes.*] Were the powers of delegation of the Auckland tramways submitted to the Department?—Not the terms of delegation. The Order in Council provides that they may delegate their powers.

13. They provide for resumption, do they not?—They are very strict terms indeed, I believe. They are not required to submit them to the Department, and they have not submitted them. I have no reason to suppose that the Wallace County Council would not be equally strict in delegating their powers.

14. Will you tell us the terms on which the branch line to Waihi was constructed?—That is a regular Government railway. The only thing that is exceptional about that is that the money-market was stringent at the time and the Government had some difficulty in raising large sums of money, and the Waihi Company said, "We will find the money for you." That was all. It is a Government railway.

15. So would this be if it were constructed and taken over?—The difference would be that this is purely a branch line for the purpose of bringing the coal away from these mines, whereas the Waihi Railway is a section in the Main Trunk line between Auckland, Tauranga, and Gisborne. Then again, in this case the Governor by Order in Council has authorized the construction of a tramway in this district, which tramway has been constructed out of private moneys. The owners of that tramway would probably complain if the Government at a later date constructed a railway of their own to run in competition with that tramway.

16. *Hon. Mr. Fisher.*] But would it enter into competition with it?—Absolutely. It would take every ounce of traffic away from the tramway, I should think.

Members of the deputation: No.

Witness: You have the advantage of me, gentlemen, in that respect. I have never been there, but I see from the map that the two are just parallel.

17. *Hon. Mr. Fisher.*] If you had been over the ground you would have seen that the proposed railway would not take an ounce of coal that is travelling over the other line?—I could not say. Mr. Furkert has been there, and he can be called on to give evidence.

18. *Mr. Escott.*] Do you recall the conditions under which the line is being constructed to the Pukemiro Collieries?—That is not merely a railway to the Pukemiro Collieries. It is the main line of railway to Raglan, and on its way it will be of use to the Pukemiro Collieries. The short branch line to the colliery is being constructed by the company at its own expense.

19. Are the company not finding the money and the Government doing the work?—Not for the branch line—at least, I think not. We are forming the railway from Huntly quite near to their colliery, this being a section of the main line of railway to Raglan. It is a great advantage to the company to have that railway section formed, of course.

20. *Hon. Mr. Fisher.*] With a guarantee from the people who are behind this—a guarantee that the Government get interest—and an undertaking by these people to rate their properties as security, do you look upon it as an unsound financial proposition?—No. I think we should be very glad indeed to have the same terms offered with regard to many other lines that are projected. The only two points I wish the Committee to remember are (1) that it has been usual for coal companies hitherto to provide their railways themselves, and (2) that we have recently authorized a tramway running into this district, and I think this railway would act as a competitor to that tramway.

21. The country at Ohai cannot be tapped except by a separate route or by a continuation of More's tramway. Supposing More's tram-line people sit down on that and say, "We have a monopoly, and unless you accept our terms we will not give you an extension, but will impose such charges on you that you cannot get out of the district": what would you say to that? You have no power to resume?—We can take power to resume. We got an Act passed authorizing us to resume the Manawatu Railway, and we can get an Act passed authorizing us to resume this.

22. From a business point of view which would you prefer to see—the resumption of More's line or the construction of a deviation upon the terms suggested?—A good deal would depend on which of the two lines is the better. I should like to see the plans and the longitudinal sections of both lines, and I should probably favour the acquisition of the line that was capable of carrying the larger measure of traffic, even if that happened to be More's tramway.

23. *The Chairman* (to Mr. Rodger).] In the event of this line being constructed will you only have the coal traffic?—I think I mentioned in my evidence that there will be wool and cheese and other produce. May I say that Mr. Blow is perfectly right in stating that there was no provision in the Order in Council for carrying coal in bulk. The only provision was for carrying coal in bags, and the rate was 8s. 6d. per ton: but the County Council in delegating their powers fixed the rate for bulk coal at 5s. 6d. a ton.

Mr. Blow: The Order in Council provides for coal in bags at 5s. 6d.

Mr. Rodger: Mr. Blow is also right in stating that the Order in Council provided for revision of these rates from time to time, and I believe the County Council have retained those rights in their deed of delegation; but at the same time the utmost that we could expect from these gentlemen is a sliding scale coming down from 5s. 6d. to 2s. a ton when the output has reached 90,000 tons a year. Those were the best terms that they could give us, and even they have been withdrawn recently.

24. *Hon. Mr. Fisher* (to witness).] Is it usual to put in these Orders in Council a maximum of 5s. 6d. a ton for a distance of four miles?—The rates are always suggested by the promoters, and then they are submitted to the Railway Department for review. The Railway Department pass those rates as being reasonable.

25. So this 5s. 6d. a ton has met with the approval of the Railway Department?—Yes.

26. This is dated the 18th October, 1911. Can you tell us when this power was delegated by the local authority?—We know nothing of the delegation. We did not hear of it until this other line was promoted.

27. Those are the only two cases of delegation that you know of—Auckland and Wairio?—All that I can call to mind at the moment. Most of the tramways constructed under the Tramways Act are in cities and are controlled by the civic authorities.

28. You do not know of any other case where a Borough Council or County Council or other local body has got these tramway rights and then delegated them to a private syndicate?—Yes. The Taupo Totara Timber Company is another case in point. We cannot grant the rights to the company—we grant them to the local authority.

29. Does the local authority get anything out of it: does it sell them?—No; as a rule the local authority is merely made use of. The company or syndicate is the real promoter, and it merely utilizes the local authority because the law requires it.

Mr. Rodger: That is so in this case exactly. They entered into an agreement with the County Council before ever the county approached the Governor for the Order. I have a copy of the agreement under which the county undertook to delegate their power.

30. *Hon. Mr. Fisher* (to witness).] This is a policy question, and you may not care to answer it: do you think it is desirable for the Public Works Department to give away these rights without retaining any power of resumption at all?—That is entirely, as you say, a matter of policy. If you want such right reserved it would be necessary to amend the Tramways Act, giving us power to insert such a clause in the Order in Council.

31. On that point you do not say anything?—I think that in the case of tramways in cities there would be considerable opposition to it. I do not think the City Council in Wellington, for example, would be at all in favour of the Government having power to resume their tramways.

32. I was rather thinking of the Government taking power to prevent a local body which gets these rights from parting with them for ever?—It is not for ever.

33. How long is it?—The time is mentioned in the Order, I think.

34. Do you know whether, under the Act, the local body in handing over these powers divests itself of any control at all as to rates of freight, and so on?—It is certainly not usual. The Auckland City Council reserved considerable control over the tramways there in the delegation to the Tramway Company.

35. Have you any idea how that 5s. 6d. for four miles compares with any other tramway charge with respect to coal-mines?—Nearly all the Orders in Council issued under the Tramways Act have been issued for city tramways. They provide for the carriage of goods, but the rates are usually high.

36. You have not many cases of coal tram-lines?—This is the only one that I know of. They could have constructed this railway under the District Railways Act or under the Railways Construction and Land Act.

37. In which case the Government would have had power of resumption?—Yes; but for their own reasons they chose to come under the Tramways Act.

38. *Mr. Payne.*] Do you not think it would be a very much sounder thing for the State if these small lines were constructed on the plan that these gentlemen are proposing now—that is to say, not put them into the hands of private people at all?—My own opinion is that it would be quite desirable if all the railways in New Zealand belong to the State.

39. *Hon. Mr. Fisher.*] I think that what Mr. Payne asked was whether it was not desirable to construct railways on these lines—let them construct, and the Government take over: would not that have the result of speeding up railway-construction in the country? Supposing the right were given by the Government to communities to find half the money and to take control of the work subject to the Public Works Department's approval, and then hand it over, would not that speed up railway-construction?—We have done that practically under the Railways Construction and Land Act. An amendment of that Act was passed last session. The Act originally applied to railways costing not more than £5,000 a mile, but we have now enlarged the provisions of the Act so that railways costing up to £10,000 a mile can be constructed under it. They get powers of rating and sundry advantages under the Railways Construction and Land Act.

40. Does that facilitate the building of railways?—Yes. There may be a proposal made to the Government to construct the Opunake Railway, or an extension of it, under that Act. Previously the power was limited to companies, but now the local authority of the district has power to promote and construct a railway.

41. *Mr. Payne.*] When that power is given does the Department see that the line is constructed in such a manner as to be of value to the State?—We do not exercise any supervision over colliery branch lines unless they are used for passenger traffic, but in that case the line has to be passed by the Department's Engineer.

42. If a line were constructed for colliery purposes and was ultimately used for passenger traffic it would have to be passed?—Yes, that is so. That is the position of the Taupo Totara Timber Company's branch line.

43. You say that before it can be used it must be brought up to the Government's requirements?—Yes, before it is used for passenger traffic.

44. Would it not be better to take the whole thing in hand if the settlers are willing to find the money?—The difficulty would be to know where to draw the line. This is a colliery branch line six miles long, but there are plenty of colliery branch lines in New Zealand not more than half a mile or a mile long. Would you have us construct them also?

45. They may be of use in the future?—Not at all. They simply give access to the mines. This particular one gives access to nine mines.

46. If they find the money there is no loss to the State, and if the State took it over and controlled it there would be no chance of exorbitant charges?—If a railway is authorized it must be authorized under the Act, and the scale of charges must be submitted to the Government for approval.

47. *Hon. Mr. Fisher.*] Has it come under your notice in connection with this line that the proposition is not merely to open up nine mines, but a line that is going to give access to a great many settlers who at the present time are unable to get over the roads at all in winter?—It would certainly not pay except for the mines.

48. *Mr. Robertson.*] The Nightcaps line would be in the same position?—Exactly. The last part of that line was constructed by the company itself.

49. They saw the line up to Wairio would not pay except for the coal traffic over it?—I am not aware of that. I have not been right up to Wairio.

50. All the Nightcaps coal comes down that way and forms the bulk of the traffic?—No doubt the Nightcaps coal traffic was given great weight in determining the construction of that railway, and probably the Pukemiro coal traffic was a great factor in the case of the Huntly-Awaroa Railway.

51. *Hon. Mr. Fisher.*] And the same in regard to the Ngakawau line at Westport?—Yes.

THURSDAY, 23RD JULY, 1914.

JAMES ARMSTEAD made a statement and was examined. (No. 5.)

1. *The Chairman.*] What are you?—I am a solicitor at Invercargill, and I am a member of the Wairio Railway and Coal Company (Limited). I might say, gentlemen, that I have not had an opportunity of seeing the petition before to-day, nor have I had an opportunity of hearing the evidence which has been given in support of it. However, I desire to make a few observations in regard to the petition. The Wairio Railway and Coal Company has been in existence for six or seven years. In the first instance, I might say that this coal land has been known to be there for the last thirty years. Mr. McGregor and Mr. Rodger have lived there for many years and have known that the coal has been there. The coal has been worked for the last twenty-five years to my knowledge. What the petitioners have said with reference to the extent and quality of the coal there I believe to be perfectly correct. The question, however, has been that of getting the coal to the market. That is a matter which has been under discussion for some considerable time, and it certainly handicapped the whole of the output. Some six years ago Messrs. More and Sons, sawmillers, of Riverton, were asked to undertake the putting-down of a line to the coal-pits to get the coal out. The carting of the coal was cutting up the county roads, and the County Council absolutely prohibited the carting of coal in the winter months, and put an embargo upon more than 2 tons being carried on one set of axles; but that did not have the effect of keeping the road clear. The road was so cut up that you could hardly get through it. That was the state of things when More and Sons first thought of putting the line in, at the request of some of the coal-pit owners in the district. Mr. Rodger and Mr. McGregor had several interviews with More and Sons, and both Mr. Rodger and Mr. McGregor were very anxious that the line should go in in the way it was. The line was surveyed round the route that is now proposed by this petition. I think the representations of Mr. Rodger and Mr. McGregor had a lot to do with bringing the line round the way it went. At that time Mr. Rodger told the Mores that if they would put the line down for about five miles—it is now within a quarter of a mile of Mr. Rodger's freehold property—he would carry the line through ultimately to his own property, probably right down to the homestead. A letter was written by Mr. Rodger to the Mores to that effect.

2. *Mr. Rodger.*] Can you produce that letter?—I do not know that I can, but you know it was sent. I am of course speaking from memory. Nevertheless, arrangements of some sort were discussed by which Mr. Rodger was going to carry this railway on. There was also some guarantee given of a certain revenue from that portion of the line, and then ultimately it was to go down through to Birchwood. I say this deliberately: that it was the representations from Mr. Rodger that decided the matter of the line going up the valley. From where it was tapping the coal-pits on this side of the hill there was an absolute flat run into Mr. Rodger's homestead. It was also pointed out that the line in going up that valley goes up and taps the coal at the bottom of the ridge. Now, as soon as the idea was suggested of the railway going in that direction some of the coalowners in the district were long-sighted enough to take up coal areas on both sides of the ridge, and that coal in the valley which it is suggested cannot be worked unless the Government line goes in can and will be worked from the bottom. It is within a mile and a quarter of the terminus of the present line. However, I am not here, gentlemen, to advocate a Government line one way or the other. I only desire to tell you how it will affect the Wairio Railway and Coal Company. The Wairio Railway and Coal Company does not own one pound of coal. They put the railway in for the coalowners in the district, and although they have made application for some coal they do not own one pound of the coal in the district. If they had wanted to put that line in and create a monopoly, what they might have done was to take up the whole of the coal area, which they could have done. When they started the line there were only 20 acres taken up in the Morley Valley. They could have taken up a vast area of country, got a tramway laid, and then they would have been practically secure. They did not attempt to do that, but said they would be a carrying company only. They said it was for the mining people

that they were putting in the line. The mining people wanted Government trucks up the line, and although the original intention was not to take Government trucks up, the representations from these people at the mines were such that the Mores reconsidered the matter and decided to put the railway in according to Government specifications, and to take Government trucks up the line. That line goes in from Wairio five miles, and taps what were then the only two coal-pits in the whole district. There were 30 acres in the Morley Valley out of which they were taking very little coal. Now, both Mr. Rodger and Mr. McGregor, who are in the forefront of this petition, were at that time very anxious indeed and did all they possibly could to get More and Sons to put in the line and to put it up that particular valley. The Mores saw Mr. Rodger and Mr. McGregor two or three times, and everything worked well till Mr. McGregor took up a large coal area in the Morley Valley, and from that time things seem to have gone differently. It was originally intended that the Morley Valley pits would connect up with the head of More's line, but the position is now changed. Mr. Rodger has been asked to come forward and say to the Government that a railway in there would not only bring out a fair amount of coal and be of benefit to all the people who have got coal-pits in the Morley Valley, but there is also the fact that it would open up all Mr. McGregor's land and also Mr. Rodger's land. Both Mr. Rodger and Mr. McGregor have some thousands of acres of land there, and it will mean putting about £2 or £2 10s. an acre on to the whole of that land if the Government railway goes in there. As far as the suggestion is concerned that the Government railway going in there is for the benefit of the settlers, that is all humbug. If that were the consideration, there are hundreds of places where the Government could put in railways for the benefit of the settlers which would be of more assistance than ever this one would be. If it is proposed that ultimately the railway if put in is to be other than a railway into several coal-pits and into Rodger's and McGregor's land, then it should certainly not be put in, and for these reasons: first, that the country through which it goes is not suitable; and, secondly, it is a branch line. You know perfectly well that branch lines are to be avoided wherever possible. Not only is this a branch line, but it is a branch line on a branch line, and surely that would mean continual trouble. The Nightcaps people put in a line from Wairio to Nightcaps twenty or thirty years ago. It actually belongs to the Nightcaps people although it is under the control of the Government. The proposed line, which is called Rodger's line, will run within a quarter of a mile of Mr. Handyside's pit-mouth, and Mr. Handyside or the Nightcaps Coal Company value their line, I think, at £30,000-odd. If the Government put the line in as proposed it will mean practically doing away with Mr. Handyside's line altogether. That possibly is not of very much moment to this Committee seeing that Mr. Handyside had that line for the last thirty years. In the last year or so the Government insisted that Mr. Handyside should take his grade down, and he spent from £8,000 to £10,000 in reducing the grade into his own pit.* That money will be absolutely wasted if the Government agrees to this proposal. Now, More and Sons put this line down quite disinterestedly, not with the object of opening up their own coal land, but to assist the settlers purely and simply. In the agreement between More and Sons and the Wallace County Council there is a clause which I guarantee is not in any other business agreement in New Zealand, and that provides that the price at which the coal is to be carried over the line is to be fixed by arbitration. That was not insisted upon in the first instance by the Wallace County Council, but after the County Council had agreed other interests got to work and it was insisted on and the clause was put in. More and Sons had no voice in the matter of the rate at which the coal should be hauled, and the County Council brought the rate down to 5s. 6d. per ton. Could there be anything fairer or anything less favourable to a railway company than a clause of that kind? Could there be any suggestion in any shape or form that they had fixed the maximum rate which they could charge and compel the people to pay?

3. *Hon. Mr. Fisher.*] Have you got that document here?—No, I have not.

Mr. Rodger. I can produce a copy of it. I agree with what has been said—that they reserved the right of fixing the rate, and if they could not agree it was to be decided by arbitration.

Witness. Mr. McGregor was a member of the Wallace County Council, and as such he knows that that clause was put in the agreement. Mr. McGregor evidently knew the advantage of this clause in the deed of delegation from the Council. He now knows it was an iniquitous clause to put in, and that it was very likely to work a great hardship on the Mores. More and Sons had really started the railway before the deed of delegation was signed, otherwise it would not have been gone on with. That does away with any suggestion of any monopoly of any kind. As I have said, the two people in the forefront of this agitation are Mr. Rodger and Mr. McGregor, and they will tell you how much land they own in the district. They will tell you what it means to them if this railway goes in. Mr. Rodger told me it was going to put thousands of pounds into his pocket if he could get the railway in there, and there is no question that it is going to do so. He has said that he had no interest in the coal leases. He may have a future interest in the coal, and if these coal rights are of so much value and if this property should be opened up, then let those gentlemen do the same as the Mores did. These people are on a much better wicket in so far as they own the coal up there, whereas the Mores do not. The Mores had no interest in it whatever. They have a purchasing interest in some coal coming out of there now, but that is all. The question of constructing this line did not come up until quite recently. The original proposition was to link up with Messrs. More and Sons' line, and a considerable amount of discussion took place on the subject. The cost of More and Sons' Wairio line was close on £15,000; it will cost that when finished. They have not had it started more than about two months, and the expenditure is not finished yet although they are running coal over it.

4. *Hon. Mr. Fisher.*] Do you mean the four miles and a half?—Yes, not including any extension whatever.

* I am since informed that it is on its own initiative that the Nightcaps Coal Company is reducing its grade.—J.A.

5. How long has it been running?—About six weeks. It has only just started. They have not got the screens up yet, but they are actually carting a certain amount of coal over it and have been doing so for the last six weeks. They have been four years in getting the line in, and there has been some further ballasting to be done to satisfy the Department. In fact, there is actually an officer of the Public Works Department now in charge of the line, and he will be there till the inspection is made, and then close on £15,000 will have been expended. If it had been suggested by Mr. Rodger and Mr. McGregor and others who held the coal at the back that they were not likely to link up with this line, then the probability is that it would not have been more than a tram-line for the purpose of trucking out the coal from the two or three pits immediately at this end of the line. When the line was proposed Mr. Rodger guaranteed in the first instance £250 a year for some years from the carriage of his produce.

6. *Mr. Escott.*] Is that guarantee in existence in writing?—I do not know. That was the arrangement. A certain rate was set and it was worked out at so-much per cent. on the money. An amount was allowed for depreciation, and then the haulage rate was worked out at so-much per ton on the coal going over the line. Mores stipulated somewhere in the neighbourhood of 10 or 15 per cent., and the whole of the people owning coal in the district had the list of rates submitted to them. As Mr. Rodger and Mr. McGregor say, these people wanted a charge of 5s. a ton, and they put it at 5s. a ton on the output of 100 tons a day. They had to charge that otherwise they would have been running at a loss, but as soon as the output got up to 250 or 300 tons it was put on a sliding scale and I think the charge then came down to somewhere about 1s. 9d. or 2s. a ton. That necessitated something like 90,000 tons a year going over the line. Now, if this Government railway goes in as suggested it means there will be practically no other result but the killing of this line at present there. I have not seen the signatures to the petition, but the petition was sent through the whole district and signed by a great number of residents. You all know what it is to get a petition signed. This petition was hawked about at every saleyard in Southland during the last month. At the Thornbury sale Mr. — had the petition. He is a big farmer in the district and I know he is interested in some of the coal at the back which the railway will serve. It was taken through Wyndham and other districts, and I will guarantee to say that dozens of people who signed the petition did not know where the coal was or anything about the line. They were asked to sign the petition and did so.

Mr. Rodger: You might stick to the facts.

Witness: That is a fact.

The Chairman: I do not think we need go into it. It is sufficient for us to know that the petition is signed, I think, and that argument is irrelevant altogether.

Witness: I have not the advantage of knowing what Mr. Rodger has put before the Committee or the Government. There have been several statements made outside, and one does not know how much truth there is in them, but I understand that these people were to put in the line and find the money and the Government would give them debentures or something of that sort and ultimately take over the line. Is that the case?

Mr. Escott: That has already been submitted to us.

Witness: I do not know that I need take up your time much further. The scheme is to put in a Government line. I might point out that the extension of the proposed Government line is about a mile beyond the present extension of More and Sons' line. I see something in the petition about carting coal over the roads. There would not need to be any carted over the roads provided they could link up about a mile with a light tramway. The Government trucks at the present time go to within about a mile or a mile and a quarter of this vast coal area and the coal owned by these petitioners. That cannot be such a very serious thing as the petitioners would try to make out. More and Sons have not only put the line into where they are at the present time, but they have mentioned, and practically promised, an extension of the line to where these pits are—where the proposed line will terminate—immediately they can see their way clear to go on with it; but they cannot do it in five minutes or a day. That coal has been known there no doubt for twenty-five or thirty years: coal has been coming out of there for twenty years.

7. *Hon. Mr. Fisher.*] You mean from Ohai?—From the Mount Linton coal-pits—the district that this line proposes to tap: the Morley Valley pits. Coal has been coming out of Mount Linton for the last twenty-five years, and the quality of this coal has been known for all this time. It seems a strange thing that they have left it to More and Sons, who are sawmilling people—they are not financial exploiters, or anything of that sort—to put in this railway up to a point—five miles—to relieve the roads and to allow these coal-mining people up there to get their coal to market. They have allowed that to go on. They allowed them to start, and gave them every assistance in starting; and when that has been done they turn round and say, "Put in a Government line." Let these people up there, if they desire a line into their place, put it in in the same way as this other line has been put in—there ought to be no difficulty about that—then they would be on a fair footing with More and Sons. If More and Sons have put that line in there under those conditions, with an arbitration clause as to what the rates are to be, surely they have done all that could be expected of them; and they have not endeavoured to reserve anything to themselves. One other point: there is no passenger traffic, I think, on More's line. There was some talk of getting passenger traffic on the line, but the Government regulations were such as to make it practically impossible. If they were compelled to carry passengers there would not be two passengers a day, on an average, going up the line, and it would mean that the extra cost rendered necessary to bring those passengers down would have to be put on to the coal, which would increase the price of the coal-haulage that they desire to keep down to as low a figure as possible. That is what More's people are charging—a matter of from 10 per cent. to 15 per cent. on the cost of their money—and they have not got any coal of their own: this is to assist those people. If a man who has a little money is able to come to the Government and say, "I want this scheme, or that scheme, carried out; I will put up the money in the meantime, but the Government must take over the work in the finish," that is the most insidious method, I think, of

political railway-construction, because at the present time nobody is worrying much about it, for it is not ours, but some day or other the country has to take the railway over: it may not be of any great importance at the present time, but it may mean that at some future time it is going to be of some importance; and in a scheme of this kind many things would be lost sight of, which, if the Government were making the line straight out, would not be lost sight of. A straight-out Government line cannot be asked for in there, because the whole of the coal district is being well served. It cannot be suggested that up to four years ago they were able to cart their coal out. That has been stopped; and now they have a railway-line into there within a mile and a half. It cannot be suggested that that country is not being well catered for and that they cannot get their stuff out over that. There must be thousands and thousands of people who have not got anything like that railway facility. They can easily either link up with More's line, or build a line out for themselves. I certainly think that you gentlemen would think twice before sanctioning a Government railway at Government railway rates in competition, practically, with the two railways that are in there at the present time and adequately serve the district.

8. Whom do you represent?—The Wairio Railway and Coal Company.

9. That is More Bros.?—Yes, More and Sons are big shareholders.

10. Who owns the Wairio Coal-mine?—It is owned by Mr. Samuel McMillan.

11. Mores have no interest at all in any of the coal-mines?—They have no interest in any of the coal-mines other than that Mr. McMillan is endeavouring to get Mores to purchase his coal at a certain price at the top of the line.

12. There has been no arrangement of that sort come to yet?—It has not actually been arranged yet, but it will be, and McMillan will dispose of his coal to More and Sons, in the same way as McKenzie—another mine-owner there—disposed of his coal to More and Sons. They found that it was much better to do it in that way and keep the coal in one channel, rather than allowing all the separate coal-holders to practically cut each other's throats. It comes over the one set of screens, which More and Sons have put up for these coal-mine owners at a cost of £600 or £700. They take the coal from the mine-owners, who fixed their own price, and then it is able to go over the one set of screens.

13. *Mr. Robertson.*] The working of the railway depends on the working of the Wairio Coal-mine?—No. You know that clause in the Order in Council: "The local authority shall run trains daily on the tramway hereby authorized (except at the option of the local authority on Sundays, Christmas Day, and Good Friday, and during such time or times when the Wairio Coal-mine is not working, but in no case for a longer period than three weeks at one time) commencing not later than 9 o'clock a.m. and ending not earlier than 5 o'clock p.m."

13A. Does not that put the Wairio Railway Company, in conjunction with the Wairio Mine, practically in a position to hold up the other owners if they wish?—I did not know that was in there. The document was prepared either by the Government authorities or—

14. By the Government, I understand?—There are a lot of things in it which, I may point out, really ought not to be in it. But it has not got anything to do with the Wairio Coal Company. The railway and the coal company are absolutely distinct. The coal company have only one of four or five different pits up there. McKenzie's pit has put out all the coal that has been turned out so far.

15. You will admit, however, that the existence of that clause in the Order in Council is detrimental to the other coalowners? Your argument is that this railway is there to serve all the coalowners equally, and that the other one is unnecessary. The existence of that clause is detrimental to them—it may threaten their interests?—It may threaten their interests, but that has to be taken in conjunction with the rest of the document as to the prices and running-rights and the deed of delegation, which allows any coalowner up there to apply to the Council for a tariff rate at once, and the local authority can then compel arbitration.

16. You see this scale of charges, which has been handed in to us?—Yes, that will be the scale.

17. In your statement you said that it depended on the amount of coal per day?—That is so.

18. The schedule, you will observe, gives the lowest rate at 2s. a ton. You said 1s. 9d. or 2s.? —Yes, I knew it was 2s. or 1s. 9d.

19. When the quantity goes up to about 300 tons a day, you said?—Yes. It went up in 50-ton rises, if I remember rightly.

20. It says 90,000 tons per annum. Allowing a six-day working-week, that is approximately 300 tons a day?—Yes.

21. You see this is a rebate, to be refunded at the end of the year, and that makes a difference to the possible rebates over a daily rate?—We could not make it a daily rate.

22. Your evidence would have conveyed the impression that the rebate was given on the daily rate of tonnage passing over the line: as a matter of fact it is an annual rate?—Yes. We could not make it a daily rate, because that would be chopping and changing about. We would never know where we were.

23. *Mr. Payne.*] Is this coal area being adequately served by the present line?—The present line extends to within a mile and a quarter of the terminus of the proposed line, and it is the terminus of the proposed line which will serve the coal area; and I think that a service that runs within a mile and a quarter of a coalfield is certainly an adequate service. Wherever you terminate your line on a coalfield, you will find that more than one mine will be more than a mile away.

24. Does the coal area lie between Wairio and the end of the present line?—It lies between McKenzie's pit and the end of the proposed line. The Wairio railway taps, naturally, the first of the coal, and the idea was to gradually push ahead until they got a mile or a mile and a half further on: but they cannot do it all in one day.

25. You said that this would be a branch line on a branch line: what logical argument have you to show that there would be any disability in that?—I have seen it in print dozens of times from the Government, as running the railways, that branch lines themselves do not pay—that small branch lines, at all events, are a heavy extra cost to keep up.

26. I understand that these people are prepared to guarantee that this line will pay?—Yes, so they will.

27. Is not More's line a branch line on a branch line?—That is not a Government line and we work our own line with our own engine.

28. Your argument was that there was some disability about a branch line being on a branch line?—Yes. As far as More's line is concerned the first thing the Government said was, "Pay us £600 to put in a siding to begin with."

29. *Hon. Mr. Fisher.*] The inference you convey is that if the State had it it would not pay?—No, I did not say that. I dare say that if the State had it it would pay. I am not suggesting for a moment that it will not be a payable line.

30. *Mr. Payne.*] What was in your mind when you used the argument that it was a branch line on a branch line?—In the first place, branch lines always cost more to operate than main lines.

31. But you have admitted that it is likely to pay?—Yes. My argument was simply that as a permanent Government line it would be a branch line on a branch line.

32. Then there is no disability about it?—There is this to be said—and it is a question of policy—that you must consider where your main line is going. Some people suggest that your main western line should go through at Tuatapara, and then on up to the lakes, in which case it would strike close to where this line is. Others are endeavouring to get the line through from Otautau.

33. There is no disability about this being a branch line on a branch line?—Not other than as I have stated.

34. So your argument falls through?—If I were running the railways it would be a disability to me; but it might not be to others.

35. With regard to Mr. Handyside's branch line, you make some inference that this new line would interfere with that. His main object was to get the Nightcaps coal into Wairio, I presume?—Yes.

36. If he has achieved his object by the money that he has expended on this line, he cannot be hurt by the proposed line, can he?—I am not appearing for Mr. Handyside, but he certainly would be hurt very much by this line. I think. If he has spent during the last twelve months £8,000 to £10,000 to cut down a grade, at the request of the Government, I should think the Government would be hurting him very much by putting in a line within 100 yards of his pit.

37. He has done that to get his own coal into Wairio?—He has done it because the Government compelled him to. The Government said, "Your line is not doing its work well enough for us: you must bring that grade down."

38. What do you anticipate would be the result of running this new line, as regards More and Sons' line: would not there be traffic for both of them?—There could not very well be traffic for both of them, I think. More's line is put in to serve a coal area and the coal-pits and the country surrounding. It just means this: whereas the Government can run a line at a certain cost and a certain percentage—4 per cent. or $4\frac{1}{2}$ per cent., or 5 per cent. possibly at the outside—that does not pay a private individual. The Government have had that coal there all these years and have not put a line in to assist anybody there, but left it to private enterprise—to More and Sons, who are not in any shape or form monopolists or anything of that sort, but merely business people, limited in their capacity to make anything like big dividends.

39. Your argument boils down to this: it is a question whether the settlers of this country shall be served by a $4\frac{1}{2}$ -per-cent. line or a 15-per-cent. line?—No, that is not a correct way to put it, either, because you can use that sort of argument all over the country.

40. It is the custom in the Old Country to grant, by Act of Parliament, running-rights to one company over another company's line. Do you think that More and Sons would be willing to grant these people running-rights over their line if they carried on the extension?—I should think so. More and Sons have been prepared to meet these people in every way they possibly could, and I do not see any reason why they should depart from that policy now.

41. *Mr. Escott.*] Can you tell me whether the Nightcaps Coal Company is a proprietary concern or a limited-liability company?—I think it is a limited-liability company, but I do not know.

42. Mr. Handyside is the managing director?—I think so.

43. When you speak of this line being Mr. Handyside's you mean the company's?—Yes.

44. Do you know whether the Nightcaps Coal Company are offering any objection to this petition?—I have no idea.

45. Can you tell me under what authority the Government have compelled them to spend £10,000?—I cannot tell you that, but I know they are doing it, and it is said they are doing it under compulsion from the Government.

46. Are the Government running the coal over that line? They are providing the rolling-stock and carrying the coal, are they not?—Yes. I believe the line is to all intents and purposes a Government line. The Government keep a Stationmaster there.

47. *Hon. Mr. Fisher.*] You suggest that if this railway were to go, as is proposed, within a quarter of a mile of the Nightcaps Mine, that would interfere with Mr. Handyside's business?—No, I did not say that. If the line goes within a quarter of a mile of Mr. Handyside's pit-mouth his private lines will be of absolutely no use.

48. Why?—He could run over the Government line much cheaper.

49. Are not the Government running over Mr. Handyside's line now?—If the Government are going to run a railway up that hill which there has been all this trouble about, and are also going to run a Government line to within a few hundred yards of his pit—another Government line—it seems strange to me: that is all.

50. Do you suggest that if the Government were to undertake the construction of this line within a quarter of a mile of Mr. Handyside's pit, Mr. Handyside's railway-line would carry one ton of coal less?—Yes; there is only a limited demand for brown coal.

51. As the Government carry for Mr. Handyside now, and as the Government would be building this line, why should they take it off one line and put it on the other?—I have not considered the matter from Mr. Handyside's point of view, but there is this: the new line would certainly save Mr. Handyside having to carry his coal up a hill. The Government would not run both lines.

52. Would this proposed line carry a single ton of coal that is being taken over More's line at the present time?—It could. I could not say whether it would, but it could. It depends upon the people mining the coal apart from the railway. There is no reason why it should not, and the chances are that all they would have to do is what they have been doing during the last ten years—take it up to the road, and put it on the Government line from there.

53. You said you considered More's line would serve all the mines and that you could not have a line for every mine?—It goes into the district and is close handy. Ultimately it will go round the side of the hill.

54. But when?—As soon as they can get something out of it for their past outlay.

55. But what are the people at the back to do in the meantime?—Wait a little longer, the same as others have done for the last ten years. They have a line five miles further on. They have only to run a light line a mile and a quarter further.

56. The Mores want to wait till they have made enough out of the business to extend the line?—They are prepared to accede to the request made by these people as soon as they can see their way clear.

57. You say the Mores have no interest in a pound of coal?—I said that the Mores have had no interest whatever in a pound of coal up there until quite recently. They put in an application for a small coal area lately. There was not enough coal being taken out and the coal people higher up failed to supply it. It was then they put in an application for a coal area so as to get some to run over the line.

58. How are these people at the back whose mines are a mile and a quarter from your line to put the coal on to your line?—If I had the coal it would not take me long to put it on to the line.

59. How are they to do it?—With a light railway-line.

60. You suggest they should build a railway?—They should connect with a light line.

61. The only difference between you is as to where the line should be. You would not have any objection to their building a railway of their own?—No, certainly not. Let every one build a railway wherever he wants to.

62. Your only objection is that the Government should give assistance to them?—Yes. I say the Government should not give assistance in that way to the prejudice of others.

63. You do not mind the railway being there?—No.

64. You think it is going to be a payable proposition?—I think the Government ought to do with this proposed railway as we did.

65. Did you ask the Government to help you?—No.

66. Your whole objection when boiled down comes to this: you object to the Government assisting. You do not mind them having the railway?—The whole point is that they should put their line in in the same way as we had to put ours in.

67. Although you did not ask for assistance?—Yes. Some mention was made about some letters, but I find that I have not got a letter from Mr. Rodger.

68. What bearing has the letter? You say that Mr. Rodger was in favour of the Wairio Railway being constructed?—Yes. Mr. Rodger and Mr. McGregor were very keen on the railway going that way, and now that they find there is a chance of getting the Government railway they have turned round on this enterprise after assisting it.

69. Have you been asked to extend your line?—I could not say for certain. I dare say we have. I had no notice of the Committee meeting to consider this matter till yesterday afternoon, and I have therefore had no opportunity of preparing myself.

70. To extend your line to get to the mines would be one and a half miles?—One and a quarter to one and a half miles.

71. What does it cost per mile to construct your line?—About £3,000. There are no cuttings or embankments on the first portion, and it would be £3,000 at the outside.

72. You said that your company did not propose to extend the line till they made enough money to be able to afford to do it?—No, I did not say that, but they have laid out all the money they can lay their fingers on, and they have to get some return before they can attempt to go further.

73. They cannot advance £4,000 additional?—No, not at the present time, until they see some hope of getting a return from the other.

74. How long will that take?—I do not think it will take long. From what I have heard from More and Sons they are prepared practically to go on with the matter at once. They have already taken a flying survey of the proposed line. They went over it some years ago with Mr. Rodger, and they decided they were easily able to get up to the top. All Mr. McGregor's letters show that there was an intention to go on. [Letters produced and put in.]

75. *Mr. Escott.*] Do you suggest that you have not had sufficient time to prepare your case?—I do not say that, but I did not know of this meeting coming on till half-past 4 on Tuesday afternoon, and I was then in Invercargill. I had not seen the petition and have not heard any of the evidence.

76. If you have not had sufficient time to prepare your case you can make application to the Committee to get the time?—I am certainly in the hands of the Committee. They know what has been said. I should like to have had the opportunity of running through the evidence that has been given in favour of the petition.

77. *Mr. Rodger.*] Mr. Armstead has been asked to put in some letters, and I desire to say that this letter I have here is the only one in which I have made any offer to Messrs. More and Sons. The letter is dated 13th October, 1910. [Letter read.] That is the only offer I made in writing to Messrs. More and Sons, and I got no reply. The railway has not been carried beyond McKenzie's.

You have stated, Mr. Armstead, that the idea was to put the tram-line in for carrying purposes only. Seeing that you or your firm had the conduct of this matter through the Public Works Department in order to get the Order in Council, why was it you made no provision in the Order in Council for carrying loose coal, seeing that coal was the principal product that would be carried over that railway?—I did not in any shape or form have anything to do with the Order in Council going through. Certainly my firm put the Order in Council through, but I had nothing personally to do with it. I knew nothing about it till it got to the Wallace County Council, and when it got to that office it was discovered there was no such thing in regard to loose coal. The coal was supposed to be in bags, and a rearrangement was made with the Wallace County Council to carry loose coal.

78. But there was no provision for it, and no coal was carried over the line in bags?—No, that is so, but the Order in Council was altered by the Wallace County Council.

79. If the object was carrying only, surely you should have had it as the primary point in the order and provided for that?—You know that More and Sons were open and *bona fide* in everything they did.

80. If it was to be a carrying company only, why was it that they did not provide for that?—I could not say that, but it was provided for when it came to the Wallace County Council. I never saw the Order in Council till it got to the Wallace County Council.

81. You have said that you had in view during the whole time the extension of your railway to Ohai where we are wanting our railway to go to?—Yes.

82. Why was it that you did not ask for permission to provide for such an extension in the Order in Council if that is so?—You know what trouble we have had to get that railway-line where it is. You know perfectly well that that was in the minds of More and Sons at the beginning. That was what your offer was made on.

83. It was not in the Order in Council?—There are a lot of things not in the Order in Council. We can always get a fresh Order in Council.

84. You say the intention was to be a carrying company only. You have taken no notice as to whether your terminus would be accessible, let alone convenient, for the settlers. It is an absolute impossibility for any wagon or vehicle to get into your terminus apart altogether from the line that goes down from the mines?—The terminus of the mine is designedly a quarter of a mile from where the coal company's pit is, and that was done so as to allow other connections to come down.

85. I am talking about access from the farmer's point of view. There are no means of getting to your terminus with a wagon or vehicle?—No road access.

86. And while you say you are a carrying company for the benefit of the settlers, yet you did not lay out your railway accordingly when you got the Order in Council?—Yes.

HORATIO JOHN HOOPER BLOW examined. (No. 6.)

1. *Hon. Mr. Fisher.*] I understand you have here a report from Mr. Furkert which has a bearing on this matter?—Yes.

2. Would you please read it to the Committee?—I have just got the report, which is a departmental record. It reads as follows:—

Hon. Minister of Public Works.

Public Works Department,
Wellington, New Zealand, 15th June, 1914

Wairio-Ohai Railway.

IN accordance with your telegraphed instructions, which reached me at Oamaru, I met Mr. Rodger and proceeded to Southland with him. I went over the country between Wairio and Birchwood, and examined the route proposed to be followed by the suggested extension of the railway from Wairio to Ohai. I also looked into the possibilities of reaching the same point by an extension of the Nightcaps line, and also by an extension of the Wairio-Birchwood tramway of Messrs. More Bros.

I found that a large number of coal leases have been taken up in the vicinity of the proposed terminus, the conditions of which leases require that the lessees shall turn out certain minimum quantities of coal in the first year, and thereafter increasing quantities up to a total of 33,000 tons. Two of these lessees are at present served by More's line, leaving 24,000 tons as a minimum output which must be maintained by the other companies.

In addition, boring operations are now in progress to ascertain whether further areas will prove carboniferous, and the indications are extremely favourable—in fact, I might say it has been established with certainty that the coal extends for some miles beyond the portions already taken up.

Although the lessees are bound to not less than 24,000 tons, this amount was based, no doubt, on the present facilities for transport, which consist of wagons on the road. I think I may here state that were the lessees to attempt to turn out this quantity of coal, even for a period of three months, the roads would become absolutely impassable unless a large amount of money were spent on them in entirely reconstructing them, and thereafter in carefully maintaining them. With railway facilities it is reasonable to expect that a very much greater output would be maintained. In view of the fact that the Nightcaps Mine, which has railway communication, turns out something like 70,000 tons per annum (rising in 1912-13 to 92,000 tons), the estimate of Mr. Rodger, of 100,000 tons to be obtained from the six projected mines, seems a safe one, always provided that a market can be found for this coal. From what I was told by some of the mine-owners interested, and also by More Bros. two years ago, when they were starting their tram, it is at present quite impossible to cope with the demand for this coal, it having been sent as far as Timaru, while Nightcaps coal goes as far north as Cheviot; and the fact that more coal is not turned out of these mines at present is simply accounted for by the absence of reasonable facilities. The road, once a metalled one, I am told, in very good order, is now in a state of extreme disrepair, no metal being visible for long distances.

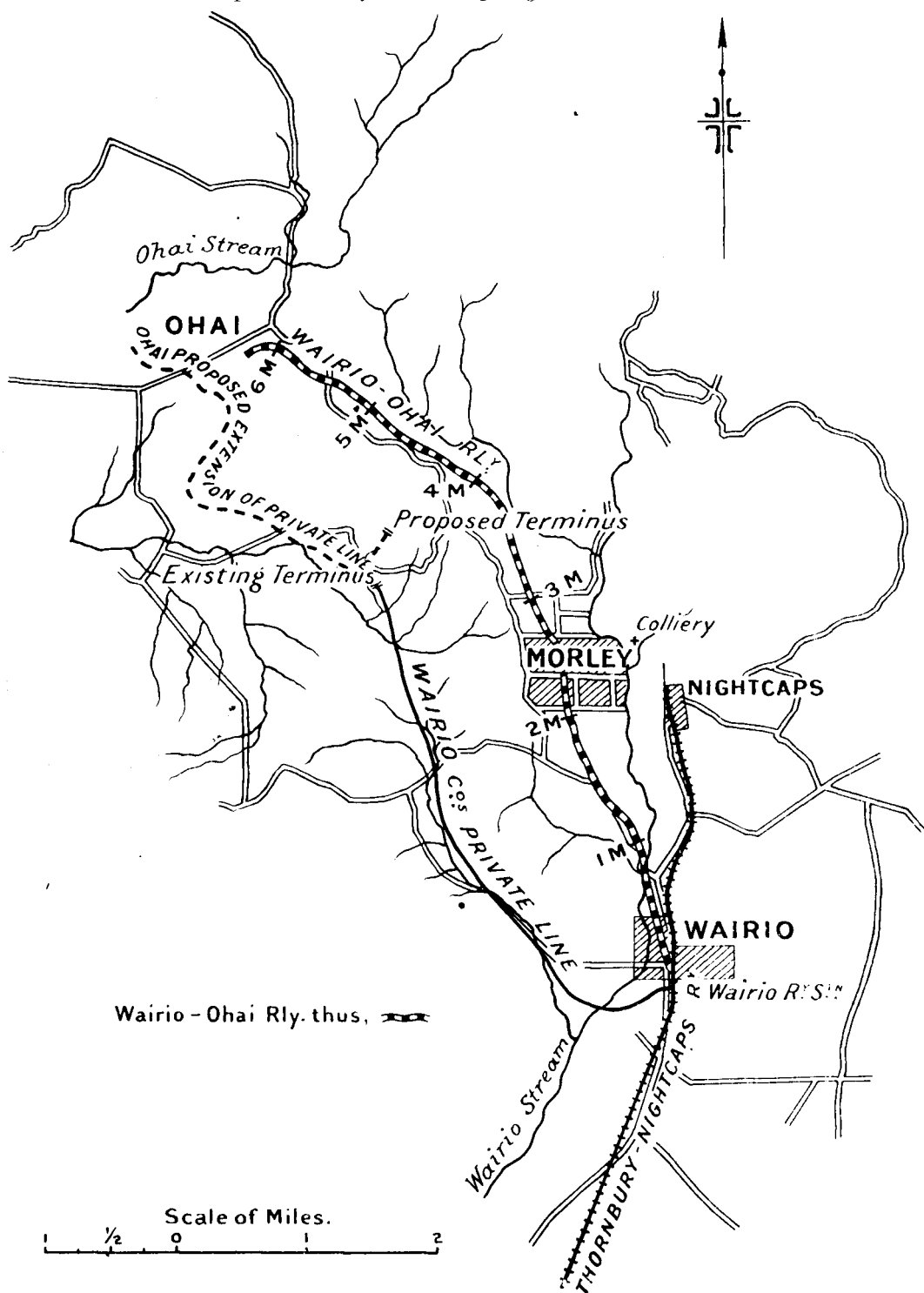
Besides the probable coal traffic, there would be, as an additional source of revenue, all the ordinary traffic which would arise from the settling at Ohai of the large number of miners and their families, together with the additional population which is required to supply the wants of the primary producers. There would also be the output of dairy-produce from the Birchwood Dairy Factory, and all the wool and fat sheep which would be derived from flocks of at least thirty thousand sheep, all of which would be trucked at Ohai, were the railway to reach that place.

The Wairaki Settlement, an old-established community, who in the past have carried out cropping (notably potatoes) with success, but have of late years been forced to abandon this by the almost utter impassability of the road, would no doubt resume the more agricultural and less pastoral mode of farming. Further, the advancement of the railway to Ohai would probably lead to further subdivision of both the Birchwood and the Mount Lynton estates.

To serve the country, both agricultural and mining, of which Ohai would be to some extent the centre, the proposed line shown by the black and white line on the map herewith would be a very suitable route.

It would be a very difficult matter to extend the Nightcaps line to take in this country, owing to the fact that it has run up a ridge all the way from Wairio, from which ridge it would require to again grade down and then rise again steeply in order to reach Ohai. Also, the grading would probably carry the line over the worked-out coal area, which is undesirable if it can be avoided.

The Wairio-Birchwood tramway of Messrs. More Bros. could be extended to approximately the same point; but it would not be so suitable, neither the grades nor the alignment being as favourable. There would be two grades, 1 in 50 and 1 in 40 approximately, both against the traffic; whereas on the black and white line, as at present surveyed, the steepest grade would be 1 in 60.



In order to make the extension from Mores' terminus to Ohai at a cheap rate, it would also probably be necessary to introduce a grade of 1 in 40. This, however, being favourable to the traffic, is not of so much moment, while by increasing the cost a fairly good grade can be obtained. Mores' line also joins the present line in such a way as to be unsuitable for through traffic, as is plainly shown on the map.

Considering the black and white line in detail, though the route as a whole is satisfactory, the line is capable of considerable cheapening without affecting its efficiency. The grades have not been laid out in such a way as to give the minimum of hauling-power required, nor so as to balance the quantities, or to reduce them to a minimum consistent with a line of workable curvature. However, the survey work done on it would not be wasted, as it would all be available as a basis from which to make a permanent location.

I am satisfied that the estimates suggested by Mr. Joseph Johnston, jun. (£16,000) and Mr. Cuthbertson (£18,000) are both much too low if the line is constructed in accordance with Government standards. Even assuming that 40 lb. rails are employed (which would be a doubtful policy in view of the heavy traffic anticipated), the cost would certainly not be under £4,000 per mile, and as the length to be constructed is six miles and a half, we get £26,000. (NOTE.—The plans as forwarded show no terminal station, which would be a necessity.)

As noted above, the line as surveyed is capable of considerable improvement, and therefore the cost can be somewhat reduced; but for the purpose of considering the payableness of the line, I do not think that a less figure than £30,000 should be adopted. On this basis, allowing for two trains each way per day, the annual expenditure would be: Interest, $4\frac{1}{2}$ per cent. on £30,000, £1,350; running costs, maintenance, and depreciation, £2,520: total, £3,870.

In arriving at the revenue I will assume that 24,000 tons produced here takes the place of a similar quantity from the Nightcaps Mine, and as such is only entitled to be credited with the extra length of haulage, amounting in this case to 7d. per ton, or £700. The balance, say 36,000 tons, will replace sea-borne coal or the poor lignites mined at Green Island, Gore, &c., and on this it would not be unreasonable to assume an average distance hauled of fifty miles. Assuming, further, that the sea-borne and other coal referred to would have been carried an average distance of thirty-five miles from port or mine, this gives an increased distance hauled of fifteen miles, equal to 1s. 3d. per ton, or £2,250. (NOTE.—It will be observed that the above estimates are based on a total output of 60,000 tons only, as against Mr. Rodger's estimate of 100,000 tons.)

From the Nightcaps Station there is a revenue of £2,300 from passenger traffic. It is reasonable to assume that one-third of this is due to the coal-mines, and that with an equal population mining at the new centre an equal amount would be received, say £700; wool, say 400 bales, at 3d. per bale, £10; sheep, say twenty trucks, at 4s. per truck, £4; cheese, 120 tons at 11d. per ton, £5 10s. The amount allowed for passenger traffic makes no allowance for returning halves on all single tickets, which are shown as receipts from other stations; but in the event of the new mines bringing extra population, this would be directly attributable to the extension. Further, we have all the provisions which would be consumed by the increased population; all the timber which would be required to build their houses and maintain them; the extra mileage on all the agricultural implements, manure, &c., and the thousand-and-one things which are carried by rail, both inwards and outwards, for the social and industrial existence of any community. It would probably be very moderate to allow for all this the sum of £1,000, showing a probable total revenue of £4,669 10s.

I think sufficient has been set down here to show that the line, if constructed, would pay handsomely.

The above figures take no account of the great saving which would accrue to the County Council, and also to the State, both directly and indirectly, by the removal of the heavy coal traffic from the roads.

Assuming that Mr. Rodger's figures, either as to the output of the coal or the construction of the line, are nearer the truth than mine, the prospects of the line would be so much better.

Another point that should have been mentioned in connection with the suggested extension of either Mores' line or the Nightcaps' line is that each of these companies has a right to make charges which would be a severe handicap on the owners of other mines, and also upon the general public.

It is against my inclinations to forward a hurried report upon such an important matter at such short notice, but in view of the urgency of the matter I have endeavoured to arrive at conclusions which will be safe.

F. W. FURKERT, Inspecting Engineer.

EDWARD RABBIDGE, Gas Engineer for Invercargill Borough Council, examined. (No. 7.)

1. *Mr. Rodger.*] I want you to give us your idea of our scheme, and whether it would benefit the business people of Invercargill and the general community?—I am probably a layman as far as the question of benefit to the community is concerned. I can only give you my views as an individual. A good coal-supply for any community is of course a desirable thing. The supply is not too good in Southland at the present time, and I can only say that further competition must be good for the community as a whole. I am more inclined to take an interest in Mr. Rodger's proposition from a gasmaker's point of view. I have been following it carefully. I have got all the information I can from Mr. Rodger and his friends with regard to his coal-boring operations, from a gasman's point of view, and it has been proved satisfactorily that certain seams of coal from which he has taken borings are a very good class of bituminous coal, possibly suitable for gasmaking purposes, though no sample up to test has yet been submitted. The boring-cores have been tested, I know, by various analysts and found to practically equal West Coast coal. From a gas department's point of view, if Mr.

Rodger could undertake to tender to supply coal suitable for our business it would, of course, be a very desirable thing. Our expenses in getting coal are very heavy. We have to bring it either from Newcastle or the West Coast, and pay railage and freight from those points, and the railage from the Bluff is seventeen miles. If Mr. Rodger could put himself in the field in competition for our business at the present time he would have an opportunity of supplying about 7,000 or 8,000 tons a year. That is our consumption of coal for gasmaking purposes, and it is continually increasing by 5 per cent. to 10 per cent. per annum. Further than that I do not think I can say much in support of Mr. Rodger's scheme. I know the country well. I have friends in the locality and go there very often, and during the last few years I have seen a great improvement in it. On the Birchwood Estate there is now a dairying community, and I should think that if a railway was accessible there it would mean a great deal to them, because the roads there are really horrible at the present time of the year—impassable in places. I have friends between Birchwood and Orawai, and they are practically locked in at this time of the year.

2. *Hon. Mr. Fisher.*] If the coal that Mr. Rodger is hopeful of getting shows on sample to be nearly as good as Westport, would that make it a most desirable coal for you?—We look at it purely from a commercial point of view, as to which coal at a price will show the best results for gasmaking purposes.

3. Which is the best at present—West Coast or Southland?—West Coast at the price.

4. If his coal is like the West Coast coal?—Then he would have that advantage; but one coal at 30s. per ton may be a cheaper coal than another at 5s. a ton, for gasmaking purposes.

5. *Mr. Robertson.*] You want bituminous coal?—Yes, the better the quality the better.

6. Mr. Rodger himself will not go so far as to make a positive statement that he has got bituminous coal?—He has a superior glance coal, at any rate—a semi-bituminous coal. I should say that it is quite possible Mr. Rodger may be able to supply coal that will be suitable for gasmaking purposes.

7. *Hon. Mr. Fisher.*] Do you look upon the possibility of such a supply as being important for the welfare of Invercargill?—Undoubtedly. It would create competition. We have practically no competition for our coal-supplies at the present time. Our experience is a general increase every year. They put a little on to us every year, and we are powerless.

8. *Mr. Webb.*] What coal are you using now from the West Coast?—Westport mostly—Denniston. Some State.

9. Have you used the Liverpool coal?—Yes. It is very good coal. I certainly think that anything that would give that part of the country reasonable access must send it ahead.

10. *Hon. Mr. Fisher.*] Do you know that part of the district very well?—Fairly well.

11. You own no property there, do you?—No.

12. From the point of view of settlement, would you look upon this railway as being of any value?—I should think that a railway of any kind there must be of great advantage to the district.

13. Do you think the land is worth it?—Undoubtedly. There is a lot of limestone land there. I have one friend there who runs about three thousand sheep and provides no winter feed. He carries a sheep to the acre and provides no winter feed. That shows you the general quality of the land in the district.

14. *Mr. Robertson.*] It would largely increase the value of that land, I suppose?—Yes.

15. Making it suitable for close settlement?—At Birchwood Mr. Rodger is now carrying on closer settlement. He is cutting up.

16. *Hon. Mr. Fisher* (to Mr. Rodger).] You have cut up a lot already, have you not?—The whole of my property is in the market at prices fixed three years ago and published in the newspapers from Auckland to the Bluff. I will not benefit to the extent of one penny.

17. Will you sell the land to the Crown at those prices?—I will sell it to any one: first come, first served.

JAMES ARMSTEAD further examined. (No. 8.)

1. *Mr. Rodger.*] Is Mr. McMillan interested in the Wairio Railway and Coal Company?—He is not.

2. Has he got shares in the Southland Coal Company?—He has.

3. And have Mr. More's family got shares in the Southland Coal Company?—Yes; Mr. Tom More and Mrs. More.

4. The Southland Coal Company get coal from the Wairio Railway and Coal Company, and they are intermixed?—That is hardly a fair thing to suggest. They have no connection whatever, although two shareholders in the railway are in the Southland Coal Company, but otherwise the shareholders are quite different.

ALEXANDER WYLLIE RODGER made a further statement and was examined. (No. 9.)

Witness: In September, 1909, I returned from a trip to the Old Country. When I got back here I was approached by More and Sons with regard to their proposed tramway. When I was in the Old Country I made financial arrangements that would enable me to improve Birchwood and put buildings on the several farms there—which I have done at a cost of £500 or more in each case—and to build a dairy factory and cut up Birchwood for closer settlement. When I returned I was met by More and Sons in regard to this railway. They had already fixed upon the route up the valley—the route that they have adopted. I endeavoured to divert that route to go more through Birchwood, and serve the settlers that I expected to be there better than the route they proposed. I failed in that object; and then

I suggested that they should extend their railway from McKenzie's pit right on to Ohai, where we want to go now, and I offered to finance them for that extension on this basis: I would find money up to £10,000, and would charge 5 per cent. on it; they could pay that money when they found it convenient, and I would take no interest whatever in their railway. They declined that offer. It went no further until More and Sons later on approached me again. They always had their eye upon Moss's coal, a sample of which you have before you now. It was at that time, I admit, their intention to come later on into that coalfield. But before I got back they had entered into an agreement with McKenzie Bros. to take their output at 7s. 6d. a ton on the trucks. That agreement was binding, and they had to take that coal willy-nilly if they put the railway in. If they had come further on and put the other coal in the market it meant that McKenzie's coal would be ousted altogether: they would simply kill their own trade. That was the sole reason for their not coming in; and induce them as I might to come in there they would not do it, as the letter I have read shows. That letter was written subsequently to my first offer, which was declined. That is the position now. The railway may come in by and by, but we have got to wait their time; and it would not be a suitable railway if it were brought in. To suggest that I fixed the route with them is an absolute fabrication.

1. *Mr. Armstead.*] You went over the route several times?—I have never been over it yet.

2. With me?—No.

3. Never driven over it?—No.

4. You did not drive across the White Cliffs?—Yes; but that is not the route you have taken.

5. It is within a quarter of a mile?—I have never been over that route. I have dealt with the suggestion that this railway that we ask for is going to benefit me personally. I certainly am working with the public interest in view, and I absolutely deny that so far as my land is concerned I shall derive one pennyworth of benefit from this railway, whether it goes in or whether it does not.

6. *Hon. Mr. Fisher.*] When you took up Birchwood it was a very large property, was it not?—There were 9,000 acres when I first took it up, and I acquired more, making the area 14,000 acres.

7. What do you own up there now?—6,000 acres.

8. And how much do you lease?—6,000 acres.

9. Is that Crown land?—Yes.

10. The Crown has some land in at the back?—Yes.

11. This proposed railway would increase the value of the Crown's land?—Yes, certainly.

12. What have you done with the balance of your property?—I have cut it up into farms ranging from 250 acres to 350, for dairying or mixed farming. I have sold two sheep-runs, and I have now got the homestead block, which is in the market. It consists of 3,000 acres, attached to which is 6,000 acres of grazing-country. I have about six other farms, which are all in the market. The prices were fixed three years ago, and were advertised in the papers right from Auckland to the Bluff. When the railway is finished I shall not alter these prices to the extent of one penny, except in this respect: that if I put up improvements, such as fencing or draining or buildings, I shall expect to get the net cost of these improvements added to the present prices.

13. *Mr. Robertson.*] Have you disposed of 5,000 acres that you originally held?—About 8,000 acres.

14. What is in the market now is part of the balance?—Yes, of the original estate.

15. *Hon. Mr. Fisher.*] What have you done with the pieces that you have cut up? Are they freeholds?—Every one of them. They are sold on easy terms. I think I have given these settlers better terms than the Government have ever done. They simply pay me 10 per cent. down. I carry them on after that for two or three years, and they are supposed to pay the full purchase-money within seven years. The cows and the milking-machines I give them on a 10-per-cent. deposit.

16. *Mr. Webb.*] And yet all these farms are not yet taken up?—We had in 1912 and 1913 two of the very worst seasons Southland has experienced since 1878, and that was the stumbling-block. A week ago I had six letters in my pocket from people asking to get on to these farms.

17. *Mr. Payne.*] How do the prices run?—They range from £4 an acre to £13.

18. *Mr. Robertson.*] When you say you hold 12,000 acres now, does that include the 3,000 acres leased?—Yes; I have 6,000 acres freehold and 6,000 leasehold.

19. *Mr. Payne.*] Would 2 acres carry a cow?—I have so arranged those farms that they have got from one-third to half of river-flat land, and they also have a terrace behind. So they are mixed farms. They can carry cows on the flat, and can grow the winter feed and grain on the terrace.

20. *Mr. Robertson.*] Farming up there is nearly all mixed farming like that, is it not?—It has been hitherto, but they are going in more for dairying.

21. *Hon. Mr. Fisher.*] You have a dairy there, have you not?—We have a cheese-factory, and the output has been steadily increasing until this year it has reached 121 tons.

22. *Mr. Payne.*] What will the flat carry?—You might put it at 2 acres to a cow. There are fourteen suppliers to the factory, and they are milking on an average about fifty cows each.

23. *Mr. Robertson.*] What is the value of the lands that you are cutting up?—£4 to £13 an acre.

24. *Hon. Mr. Fisher.*] Is there a school there?—Yes, and a post-office and other conveniences.

25. *Mr. Robertson.*] What is the attendance at that school now?—There are two schools. There was one originally, at which there were between thirty and forty children. Some reference has been made to the Wairaki Settlement. Owing to that settlement being old and the young people having grown up, the attendance at the school has been steadily reduced until there were very few there; and they built a new school, which was going to serve the eastern end of Birchwood and this Wairaki Settlement. So a certain number of the children have been taken away from the central school at Birchwood and put into the Wairaki School. There are now about twenty children, and there will be more during the coming season. There is another statement I should like to make. Mr. Armstead has suggested that this railway of ours will be a branch on a branch. I wish particularly to point out that ours is not a branch—it is an extension of the Government railway. Then there has been a suggestion

made that Mr. Handyside will be prejudiced. I am not going to say anything about that, because Mr. Furkert's report has dealt with it; but I want to say that the statement that Mr. Handyside—or the Nightcaps Coal Company—is spending upon this deviation £10,000, we are told, is quite hypothetical. No one can say what he is spending on it. And if he is spending £10,000 on two miles of railway, surely it is very stupid when he can take the line up the valley for something like £3,000 a mile. If he were pulling all the rails up, and putting them down on the flat, he could do it for £3,000 a mile at the very outside. Another point: these rights that were delegated by the county to the Wairio Railway and Coal Company were subject to arbitration. But you know what it is. When you want to alter something that has been fixed there is a tremendous lot of bother. We settlers, although we wanted it, could not get these rates reduced, and we would never ask for them to be reduced below a payable point to More and Sons or the Wairio Railway and Coal Company. We know perfectly well that these people cannot possibly run their branch at anything like the low cost that the Government can. We wish to get the benefit of Government haulage. I do not ask this in the interest of ourselves, but I am looking at it from a consumer's point of view. There are the consumers calling out for the coal, and I think it is an object that should be favourably considered by the Government—namely, giving these people that commodity on the best possible terms.

26. *Mr. Payne.*] Your contention is that More and Sons' line does not adequately serve the settlers?—I say emphatically that it does not serve the coal-mine owners: and we have got to abide their good time before we get the service further on. The position has altered since 1909, when this railway was first mooted. There have been these nine leases granted three miles further west. There was no talk of taking up these leases and putting the coal on the market in 1909. Probably I was the cause of it myself, because I got a boring plant and proved coal over the whole length of the valley; and that, I have no doubt, caused talk; and while I was in the Old Country there was a rush for these coalfields. That has altered the whole position. These people are wanting their conveniences now, and we cannot abide More and Sons' time. Mr. Armstead has made the point that if this arbitration clause had been known to the Wairio Railway and Coal Company before they started their railway it would never have gone in. I say without fear of contradiction that there was not a tool, a barrow, or a rail on the place when the deed of delegation was signed.

Mr. Armstead: That is wrong.

Witness: It is not wrong. Then he made the statement that this petition was offered to Tom, Dick, and Harry over the whole of the country.

The Chairman: We need not go into that.

27. *Mr. Robertson.*] What kind of company is this Southland Coal Company: have they mining properties?—I am not aware that they have.

28. You say that Mr. McMillan and the Mores are shareholders in that?—Yes.

29. Who are the other shareholders?—The names were shown to me.

30. Do you know the extent of their interest in it?—I have no idea.

31. What are their operations: are they just buying and selling coal?—Buying coal from producers and retailing it.

32. Where are they located?—In Invercargill.

33. Which coal do they principally operate on?—I think the Southland Coal Company has come into existence since the Wairio Railway and Coal Company was promoted.

34. Would you say that positively?—I think I am right in saying it.

35. In any case they are merely middlemen—they simply buy and sell?—So far as I understand that is so. I should just like to say this, Mr. Chairman: I do not think we can look upon More and Sons as public benefactors. They went there to make money, and we are all here to make money.

36. *Mr. T. W. Rhodes.*] Could you give the Committee an idea of the area of land likely to be served by the proposed railway?—The grazing-country in that district is carrying at the present time eighty-five thousand sheep, and the greater portion carrying sheep is owned by the Crown. The area likely to be served by the proposed railway would be somewhere about 44,000 acres agricultural land besides the sheep country.

ALEXANDER WYLLIE RODGER further examined. (No. 10.)

1. *The Chairman.*] Do you wish to say anything further?—Yes. Mr. Blow has referred to the line as a branch line. It is not a branch, but would be an extension of the Government railway.

2. *Mr. Blow.*] But the Government railway is a branch?—From Riverton to Nightcaps. This railway could be extended up as far as Lakes Te Anau and Manapouri.

3. Would that extension to the lakes interfere with the extension of the railway-line from Otautau to Orawia?—It might, and yet I do not see why it should. The proper extension of the line would be to Orawia. That could be done without any engineering difficulties.

4. *Hon. Mr. Fisher.*] If you were to stop on account of the Orawia railway proposal it would mean that the coal could not be tapped at all?—Yes. It is the desire of the Wairio Coal Company to block us for all time if they can unless we come to their terms. Looking at it from the point of view of settlement and as it affects coal-consumers in other districts, it is not right that that embargo should be imposed. The cost of living is going up all round, and the consumers having to pay 4s. 11d. per ton more for coal than they should will increase the cost of living still further.

5. *Mr. J. C. Thomson.*] Will you tell the Committee what you are prepared to sell the coal at per ton?—The lessees are bound under their leases not to charge more than 10s. per ton. They (the lessees) would have to pay a railage rate of 5s. 6d., and the Wairio Railway and Coal Company are, I understand, selling it at 13s. 2d. a ton at Wairio, and to the coal-merchants of Invercargill they charge 12s. 2d. a ton on the trucks at Wairio.

WILLIAM JAMES ANNAN MCGREGOR examined. (No. 11.)

1. *The Chairman.*] What are you?—A sheep-farmer at Mount Linton, Southland.
2. *Mr. Payne.*] In giving evidence Mr. Armstead said you would materially benefit if this proposed railway were made?—I would benefit perhaps with other settlers to a certain extent. At present we have been going to the bad on account of the way the roads have been wiped out and the heavy rates we have had to pay to endeavour to keep up impossible roads.
3. What amount of land do you own?—Over 10,000 acres. Some of it is good land, perhaps 2,000 acres, and a lot of it is rough country.
4. What do you value it at now?—Some of it at about 10s. an acre and some of it at about £8 or £10 an acre.
5. Do you consider that would be improved by the railway?—Not more than what it is now. It is sheep-country.
6. You have done nothing in the way of cutting up at present?—Only one block I have offered for sale—a block of 800 acres.
7. What did you offer that at?—£8 an acre.
8. Would you get more if the railway went through?—No, I do not think so.
9. You do not anticipate any great advance?—No, no great improvement from it. I am one of those interested in a coal company. I helped to take up some land in the first instance to encourage the railway to come in, and we built up hopes which proved to be false.
10. *Mr. Robertson.*] What is the company?—It is a company registered as the Linton Coal Company.
11. *Mr. Payne.*] Would you be in favour of adopting a betterment plan whereby you would pass over to the Crown half the increased value of the land which might be created by the putting-in of the railway?—We are offering to pay rates on our land if this railway is put in and it does not pay.
12. *Hon. Mr. Fisher.*] You have offered to put the Government in a position so that they will not be a loser?—Yes.
13. Are you willing to sell your land to the Crown?—Yes, at a price. I have been down in Southland for nine years. I started first as a Cheviot settler, and I have been pioneering all my days and have a family. I am struggling along, but I would sell to the Government or anybody else who came along.
14. Would you be prepared to make an upset price before the railway was put in?—Yes.
15. You have 10,000 acres, and it varies in value from 10s. to £8 and £10 per acre, but somewhere about the property there is a blister?—Yes, there is. I do not think there are many of us in Southland without one.
16. Is the land freehold?—No, some of it is Crown leasehold. There are 17,000 acres of pastoral land, and all Crown land.
17. *Mr. Robertson.*] The Linton Coal Company is not the name of the syndicate that has the coal leases?—No, the Linton Coal Company has simply the one lease. We have an area of 200 acres on the coal reserve in the Wairaki Survey District.
18. That is one of the coal companies that would be interested in the line going through?—Yes. There are three companies there that the railway would serve.
19. *Mr. Payne.*] How many individuals are interested?—There may be several more settlers. It is leasehold country, and the settlers hold rights from the Land Board to mine the coal for household purposes.
20. How many others would be affected by this railway if the coal was made available for sale?—Perhaps another three or four.
21. *Mr. Robertson.*] What are the size of your flocks now on the land?—I carry between eight thousand and ten thousand sheep.
22. *Mr. Payne.*] The railway would serve you in connection with the carriage of your wool and produce?—Yes, as far as the wool is concerned. There would be a decrease in our rates to the County Councils, and we would have better roads. It is shameful how the Government grants are mopped up in that part to keep the roads passable. I am one of those who signed the Order in Council to get this railway, as I thought it would do some good, but I can see that this private line is not worth a tinker's curse to the settlers in our quarter. The only prejudice to the line is the competition of a good class of coal coming into the market.
23. *Mr. Armstead.*] In the first instance you were very anxious that this line should go in?—Yes, because we were under false hopes.
24. Why were you under false hopes?—Because the railway never went to Ohai.
25. It was not said in the first instance that it was going to Ohai?—But we were led to believe it was going there.
26. You know it has taken them four years to get it to where it is with hard work?—I doubt it very much.
27. You said you had two of the worst seasons that have been experienced?—We had two bad seasons, but you could have had the railway in before those two seasons came along.
28. Do you know you had the biggest flood you ever had in that district?—Yes, one of the big floods.
29. Would you be surprised to know that after we had taken the level of the line and after submitting it to the Government, who assured us that no floods would touch it, we raised the level 18 in.?—Only here and there.
30. You say that this line would not benefit your land very much?—Not very much.
31. How much an acre in value do you think it would put on to your land?—I have not the slightest idea. There is not much of my land adjoining the railway. My homestead would be five miles off the proposed railway.

32. But what about your nearest section?—It might be two miles and a half off.

33. And how long would that railway be there before you would want it extended further to your homestead?—It would do for the rest of my time.

34. But you have been and would be anxious to see the line into your homestead?—No, I am not at all anxious for it.

35. Have you not got a lot of coal on your own land?—That has to be proved. I have not proved it. We have what we call the Old Homestead pit, which has supplied the district for a number of years. There is coal there, but we cannot say in what quantity.

36. But you know there is a lot of coal there, do you not?—No, I do not know that there is a lot.

37. Were you not very anxious to assist Mores in the first instance?—Yes; we thought it was going to be a boon to the district, but it turned out otherwise.

38. But it has not had an opportunity yet of taking the coal off the road?—It is going to be a long time before the opportunity comes.

39. Listen to some of your earlier letters: "I have just learned that you are considering the idea of putting in a light railway to tap the coal country west from Nightcaps. Unless you have definitely decided your route I think it would be a good plan if you could meet the settlers of this quarter for the benefit of considering the route and as to the possibility of the carriage of goods, &c., for those of us in these parts. I am sorry Mr. Rodger, of Birchwood, is away, but he would willingly have given the land free of cost for the line, besides other substantial assistance if the line was likely to touch in on Birchwood. I would be pleased to meet you and fetch you out to meet the settlers on a date that you could name.—Yours faithfully, W. J. A. MCGREGOR." Then, again, "I beg to thank you for your reply of 29th instant, received, and for offering to allow us to discuss your projected venture in these parts, to the benefit of all. I have to go north to-morrow and will not be back till about the 17th, when, if not too late, and we could arrange a date, I would be pleased to wait upon you on behalf of Mr. Rodger (in his absence) and others. Two points I wished to mention for comparison and consideration were the route (intended) and the feasibility of being able to use Government rolling-stock (*i.e.*, trucks), as in the tapping of the Morley Valley it would be no time before more coal would be going out than what goes out from Nightcaps, as the superior quality would run all other produced south of the West Coast off. I have been pointed out your intended route, which looks expensive through such uneven country. I would like to know if you were pointed out the possibility of a route up the Wairio Gorge, into Birchwood, and thence up an easy grade into the Morley Saddle and over into Moss's." "Up the Wairio Gorge:—that is the present route. It substantiates what I said in my opening remarks—that this line was put up the Wairio Gorge by Mr. McGregor. He is acting for Mr. Rodger, apparently, here. The letter goes on—"The special features of this route are, from a working point of view, cheapness of formation, less wear-and-tear on rolling-stock—a little longer, perhaps—but what I would point out is the standing worth of the line as an asset to the country later on as compared with the intended route." That was a route that was somewhat similar, at all events, to the route that is at present proposed?—Not at all.

40. It goes on, "It not only taps the better coal of the west, but good farming-land on Birchwood as well, where Mr. Rodger intends putting up a dairy factory on his return from Home." Here is another letter: "Owing to the uncertainty of obtaining sufficient Government trucks, as pointed out in your memo of March 20 duly received, and the expense we would be required to go to in erecting a line to reach your terminus, the offer as contained in our former memo of 8th instant must remain in abeyance." This is with reference to linking up at the present terminus. Now, here is a letter from Mr. McGregor also, which will speak for itself, dated 23rd March, 1911: "Referring to the offer of the concessions to mine coal on my property at Mount Linton, as contained in my letter to you of October 3rd, 1910, as such offer has never been accepted by you I hereby withdraw the same and make the following substituted offer in lieu thereof—namely, in consideration of your nominees extending your proposed railway from Wairio on to Mount Linton, with the object of mining for coal thereon, and removing the coal when mined by means of such railway, I hereby offer you the following concessions." Mind you, that is in face of the fact that Mr. McGregor says now there is no certainty of coal there. He is quite anxious that we should get the railway into there to take out the coal. "I hereby offer you the following concessions: (1.) If the railway is extended to Mount Linton I will grant you the right to mine for coal thereon on payment of the following royalties—namely, 9d. per ton on the first 50,000 tons, and 6d. per ton on all coal over and above the first 50,000 tons. . . . (3.) I also agree to transfer to you or your nominees any rights which I now have or may hereafter secure over the Government coal reserve, on refund of expenses to me in connection therewith. (4.) The railway-extension from Wairio to Mount Linton mentioned above shall be completed within a period of three years from this date, otherwise the above concessions will lapse and determine. Please signify to me in writing your acceptance of the above offer within one month from this date." That is the reason why, possibly, something was not done with it—because they could not guarantee that they would. These all go to show, Mr. McGregor, that you were much interested in this railway in the first instance?—I certainly was.

41. And that you thought you had a lot of coal on Mount Linton?—No. You could find out for yourselves if you think there is coal there.

42. I will put those letters in. [Letters handed in.] Is it only just lately that you have found, after giving all this assistance to Mores, that it is not going to do what you thought it was going to do; and will you tell the Committee why you cannot connect up with the end of Mores' line?—No, because we could never get a satisfactory answer from Mores.

43. Is not the answer given by Mores a fairly satisfactory one?—I believe that has been withdrawn.

Mr. Escott (to *Mr. Armstead*): Is that the best offer that has been submitted?

Mr. Armstead: Yes, at the time I dare say it was.

Mr. Escott: And no better offer has been since submitted?

Mr. Armstead: No; it has been almost impossible to make an offer until one could get the thing in running-order and know what it will cost. It is all very well for *Mr. McGregor* to ask us for an offer, but eighteen months or two years before the thing was completed we had no idea what it would cost.

FRIDAY, 24TH JULY, 1914.

JAMES ARMSTEAD further examined. (No. 12.)

1. *The Chairman.*] The meeting was adjourned yesterday until this morning in order to give *Mr. Armstead* an opportunity of perusing the evidence and making a further statement. We are ready to hear you now, *Mr. Armstead*?—There are one or two points that have struck me in looking over the evidence, and I should like to put them before the Committee. Clauses (4) and (5) of the petition are as follow: "That the development and settlement of such minerals and lands are matters of the utmost moment and interest, not only to this district but to the whole of the Dominion. (5.) That the coal in the field referred to is of excellent quality, all of it equal to and some of it better than *Kaitangata*." "The development and settlement of such lands and minerals are matters of the utmost moment to the whole Dominion." That statement is put forward in a petition by these gentlemen whose whole interest in that coal has been taken up practically within the last few months—at all events, within the last year or two—men who have had interests up there and might have developed these areas years and years ago, because it was well known to all the people up there that the coal was there; but it has suddenly become "of the utmost moment and interest" to the district. If there is any credit due for the opening-up of this field and the development of this coal it is due to *McKenzie* the miner, to *Smith* the miner, and to *More and Sons*, the people who put in the line. It may be that it is "of the utmost moment to the district," although it seems difficult to believe that it is of such vital importance, seeing that at present a line is constructed and the Government trucks are actually within a mile and a quarter of the whole of these pits. Is it of the utmost importance? Surely the petitioners are asking you to accept something which is not according to fact. As I say, the coal is now coming out of that district. *Wairio* coal has been coming out of there for the last month or six weeks now. The *Invercargill* waterworks are using *Wairio* coal. There are about 100 tons a day coming out. The output has averaged for the last month or six weeks 60 or 70 tons a day, at all events. *Mores'* railway is capable of taking out 300 or 400 tons a day. It is surely only a matter for these people to link up with *Mores'* line. There are the Government trucks taken in five miles for them. Surely it is for them to bring the railway along that other mile and a quarter. Clause 6 reads, "That your petitioners and our fellow citizens and countrymen are deprived of the benefits of this gift of nature." That gift of nature has been known there for the last thirty years. They may have been deprived of it; but the only people who were game enough to endeavour to put it on to the market and make it available to the public are not the petitioners, but *More and Sons*, and they are the people to whom credit is due. As I said before, some credit is due to *McKenzie*, and some to the people who owned and hold the *Wairio* line.

2. *Mr. Robertson.*] You wish to argue, I take it, that the people who pioneered the getting of the coal out of the deposits are going to be injured if this petition is granted?—They are going to be smashed.

3. *Hon. Mr. Fisher.*] Will *McKenzie* be smashed?—Yes, I should think so. It is before the Committee that it is of the utmost importance that there should be a line in there, for some reason or other, and in connection with that I wish to point out that everything has been done that could reasonably have been done towards it, and that those people who have pioneered the work and have lost their money in it would be smashed now by a Government railway going in. That is the position in a nutshell.

4. You say that *Mores'* line people would be smashed by this proposition?—Yes.

5. Are *Mores'* line people carrying a single ton of coal out of the area which this line proposes to serve?—Not at the present moment.

6. Are they likely to?—Yes, immediately these people avail themselves of the opportunity they have of getting coal to *Mores'* terminus.

7. You want them to cart the coal over places where there are no roads, to the end of your line, but you will not extend your line up to their pit?—Certainly we will extend our line up to their pit.

8. You have not the power?—We can surely get it.

9. You told us yesterday that you had not the money, even if you had the power?—We may even get the money. If these gentlemen have all the money that they say they have and are able to offer to the Government, why should they not give a little of that money towards helping *Mores* to complete the line?—It would not cost, perhaps, more than £3,000 or £5,000 to run the line to the point where the Government line goes. It could be put in in twelve months—certainly in much less time than it would take to put a Government line through.

10. Is not the fact of the matter that you do not want these people to come into competition with you in the selling-market?—Certainly not. The *Wairio* Railway Company have absolutely no selling-rights in any shape or form. They are a carrying company pure and simple. They confined themselves to carrying, and never took up a yard of coal land in the district, although the whole of this coal area was open to them and known to them. I think it is right that the Committee should know that *McKenzie* will be smashed and the railway company will be smashed by this proposed line;

yet they are the people who have pioneered the district and opened up the coal. Now that the coal is available for the market another proposition comes along. I want to know why in all these years what is now proposed could not have been done. Mr. Rodger, Mr. McGregor—all these people knew of this coal being there. Why could not this same proposition have been advanced three or four years ago? I will tell you why. Because, as these gentlemen say, they consider that as the Government would reap a great benefit they should take half the risk. Who has taken all the risk? Who has opened up the whole concern? Not these gentlemen here. Those who are asking you to put in a Government railway have very little actual capital sunk in the place. They have just taken up their leases in the last two or three years—since the railway was initiated—and have practically sat on them: they have done possibly a certain amount of development-work in the meantime, waiting for the Government line. So much so that Smith, the original holder of the land which now belongs to the Mount Linton Company—Mr. McGregor's company—Smith at a meeting said that the original idea was to link up with Mores' line, and that if they were going to have any of this business with the Government and were not going to do what they originally proposed he was going to get out of it, and out of it he got.

11. *The Chairman.*] Is not this an extension of an existing Government line? They are not asking the Government to build a new line, are they?—They are asking for an extension of a Government line; but the Governor in Council has given these people the right to build a line, and if it had been a line to serve these pits alone it would have been a line which would have carried their own trucks, possibly—the original idea was to carry their own trucks—and been made at a cost of about £6,000 or £7,000 for the line. That would have gone to these pits alone; but to serve the whole district, and because of products which Mr. Rodger and Mr. McGregor represented would likely come out of there, the line was made a Government line, fit to carry Government trucks.

12. *Mr. Webb.*] Is this McKenzie connected in any way with the Nightcaps Coal Company?—Not that I know of.

13. *Hon. Mr. Fisher.*] Is he a member of the Southland Coal Company?—No. He is a miner, and has been taking coal out of there for the last ten years. He paid 5s. and 6s. a ton to have it carted over the roads. He was blocked altogether by the County Council taking action against him and having him fined £100 for damaging the roads. This nearly ruined him. At the finish of that he got this line in, and has been working his coal with that line.

14. Are not these other people in the same position now if they begin to cart?—No.

15. How can they get to your railway?—They can lay down a line to it.

16. *Mr. Robertson.*] That extension that is marked on the map as an extension of Mores' line was it originally intended that that should be the line, right up there?—Of course.

17. *Hon. Mr. Fisher.*] Then why was it not inserted in the Order in Council?—Because they had not the money at that time to go on with it.

18. But it would not have cost them anything to get the power?—No.

19. Your office prepared the Order in Council?—The Order in Council was prepared partly by my office, but principally by the Government office and by Mr. McAlister, solicitor for the Borough Council. Though my firm's name appears there the Borough Council solicitors were the solicitors who really had charge of the concern, because it was a county matter. The Order in Council was prepared by the Government people, and prepared, I think, on the lines of the Taupo private line's Order: I fancy you will find that the clauses are somewhat similar. It has been suggested—very unfairly suggested—that there is some reason why some particular clause should have been left out or put in. I want to give that an emphatic denial. It is not a fair suggestion to make, after three or four years: it is not fair now, with an entirely different set of circumstances, to view that Order in Council at the present time in the light of the present circumstances and suggest that there was some ulterior motive in putting in or leaving out any particular clause.

20. If you were arguing the case for the other side would you not regard it as an absence of intention to extend the line any further when you find that no provision is made in the Order in Council?—No, certainly not. There are many things I can explain to you, but the first is this: the terminus of this line does not go within half a mile of the Wairio pit and McKenzie's.

21. *Mr. Robertson.*] What do you mean by that: that instead of the railway being taken up to the Wairio and McKenzie's mines, it was purposely taken to a point away from there, so that it could be extended?—Of course. There is the extension straight on, as shown in the sketch-plan.

22. If it had been the intention of the promoters of the line merely to serve, say, McKenzie's mine and the Wairio Mine, could they have carried the terminus right to the mines?—Certainly.

23. How far have they to go now from the Wairio Mine to meet the railway?—About half a mile.

24. The Wairio coal has got to be carted that distance now?—Yes. They have put down a line to connect up, and so has McKenzie.

25. You mean a tram-line?—Yes.

26. A wooden line?—No, an iron one.

27. *Hon. Mr. Fisher.*] If it had been intended only to serve McKenzie's mine would this tramway of yours have followed a different route?—Oh, no. What I said was that it would go to a certain point. It has gone to a certain point. Had it been intended to serve these mines alone it would have gone to them.

28. Can you show it on the plan?—Yes. [Position explained on plan.]

29. Did you get your Order in Council on the understanding that you were to get it extended?

—No, I do not think so.

30. *Mr. Robertson.*] How long ago is it since the Order in Council was granted?—Three or four years.

Mr. Rodger: It is dated 18th October, 1911.

31. *Hon. Mr. Fisher.*] There is nothing to show that you ever, when you asked for the Order in Council, intended to extend the line, and you have no power to extend it?—We could get the same power as we got then.

32. You might get it. I mean that you have never applied for it?—No. I would like to point this out: The Committee are evidently prepared to deal with this petition and recommend the refusal or granting of the request. Assuming that Mores' line is in the wrong place, what guarantee is there that this proposed line is in the right place: is there any at all?

Mr. Rodger: The Engineer's report.

Witness: The Engineer has not been asked to report on this route or the other route down here [indicated]. I heard his report read. Was he asked to inspect this route down here?

33. *Mr. Robertson.*] Why was the railway not continued there [place indicated]?—The company had not the capital. If the company had had £50,000 at its back it would have run the railway down here [indicated] and finished up there [indicated]; but it had not. And even then it had to go to the bank, and is now overdrawn some £4,000.

34. How long have you been connected with the Wairio Railway and Coal Company?—Since its inception.

35. How long ago is that?—I have been connected with it since the first mooted of a railway, some eight or nine years ago.

36. How long have they been taking coal out of the Wairio Mine or McKenzie's mine? Which is the older of the two?—I think that McKenzie's is the older of the two by possibly some years. McKenzie must have been taking coal out of there for the last ten or twelve years.

37. How did McKenzie get his coal out of there before? By road?—Yes.

38. He carted it all the way down to Wairio?—Yes. It cost him 5s. 6d. to 6s. a ton for carting. The Wairio Company endeavoured to do the same thing, and it broke them, and the company are in liquidation now. The mine has been purchased by Mr. McMillan to try and save the money he put into it.

39. How did the Mores become connected with this proposition? You say they have no interest in the Wairio Mine or the McKenzie Mine. Where did they come into the proposition at all?—They came into it, speaking from memory, about four or five years ago. I carried the railway proposal all over the place. I carried it to Dunedin and to the Westport Coal Company, and there was no result. I finally took it to Mores.

40. Where were they?—They are sawmillers in Riverton: that is what they are.

41. Did Mores undertake just to put in a railway?—As a carrying company, pure and simple.

42. You say they were induced to put in this railway because they believed they were going to tap the properties behind?—Certainly. That route was gone over. Mr. Rodger and Mr. McGregor drove both Mr. Tom Moore and myself over the ground and up on to the road, and we thought then that a grade could be got to the top of the hill. That was four years ago.

43. You mean that Mores were encouraged to go on with their proposal for the railway, believing they were going to be supported by Mr. Rodger and Mr. McGregor?—Certainly, and by the owners of the coal-pits up in the Morley Valley and the district. That is shown by the letters I have put in from Mr. Rodger and Mr. McGregor. More and Sons naturally anticipated support from them.

44. What does that coal sell at at the pit-mouth—at Wairio or McKenzie's?—Seven shillings a ton at the railway-head.

45. That includes the cost of carting to the railway-head?—Yes.

46. Approximately half a mile?—Yes; from a quarter to half a mile.

47. What you mean is that it is delivered at the rail-head at 7s. a ton now from the Wairio and McKenzie's mines?—Yes.

48. Do you know if Mores would be agreeable to a fresh Order in Council being issued containing provision for Government resumption of the line?—I could not say that. I do not know that Mores have ever seen the Order in Council, as far as that is concerned. All they know is that it gives them power to take a line up in there to tap this district: and as long as that power is reserved to them, I think that is all they are worrying about. If the Government think it should be taken over in some way I do not suppose Mores' people will stand in the road, provided they get what money they have expended on it, and something towards their enterprise.

49. You state emphatically that they have no interest in that clause in the Order in Council which makes the working of the railway depend on the working of the Wairio Mine?—Certainly: they have absolutely no interest. The Wairio Coal Company is at present in liquidation, and is under reconstruction. It was repurchased by Mr. McMillan.

50. Who purchases the output now from the two mines?—The railway company purchases McKenzie's, and McMillan makes his own arrangements so far for his coal; but coal has only been coming out of McMillan's pit the last week or two. That does not come before your Committee, but I could tell you all the reasons why that should be.

51. I think you had better state those reasons?—It would take me too long, and would be outside the scope of this inquiry, but there are reasons. McKenzies put their own price on the coal.

52. You see there is a suggestion that there is practically a little "combine" with the railway company and the mine-owners—that the railway company have control of the supply of coal from that district, and are keeping control of the supply of coal from those two mines; and it is therefore not to their interest to assist in the development of any other mining properties there. That is the suggestion; and in view of it, I will leave it to you as to whether you think it advisable or not to state the reasons why that arrangement has been made for the selling of the coal to the railway company?—With regard to any suggestion like that, I have endeavoured to show as far as I can that that cannot be so. I have endeavoured to show that if there had been any suggestion of a combine they would have taken the coal themselves. They could have taken all the coal in the district at the time they first put the railway there: they could have taken it up to within the last twelve months.

53. The Mores could have got the leases?—Of course. Nine new leases have been issued lately—so it says in the petition—and when Mores' railway was first started there was only one small lease of 20 acres. Mores could have taken up the whole of the coal area but would not do it. I think that Mores' people and McKenzie should have had some opportunity given to them of appearing here when this petition was before the Committee. I think it likely that Mr. More would like to give evidence. As he is the man who has put up the money and carried this thing through, it would be a pity if his evidence was not heard.

54. *Mr. Robertson.*] You mean to say that he is vitally affected?—Yes.

55. I assume he is as much affected as you are?—More so.

56. *Hon. Mr. Fisher.*] He knows there is a petition, does he not?—Yes. I may say that four Ministers have been in Invercargill, and on each occasion Mores' people have taken just the one answer from those Ministers.

57. What was the answer?—That nothing would be done affecting this line without due notice being given to the Wairio Railway.

58. *The Chairman.*] Has due notice been given? Were they aware that this petition was coming before this Committee?—On Tuesday night at half past 4 they got a wire to say, "Coming on on Wednesday. You had better be here on Thursday morning." More lives thirty miles away. I suppose that by motor we could have got him in.

59. Are you not here representing More yourself?—Yes. I am also a shareholder in the company, as far as that is concerned.

60. Then More is represented by you?—Without instructions from More, because I have not seen him.

61. If you want any witnesses you have a right to call them?—For McKenzie I cannot speak, but I think he would like to be heard before the Committee.

[It was subsequently decided to sit to hear further evidence on Wednesday, 4th August.]

62. *Hon. Mr. Fisher.*] What additional light can be thrown upon the petition by Mr. More?—I do not know from your point of view whether he can throw much additional light on it; but he is the man who went up first and took the route lines, and that sort of thing. He is the man who has put his money into it and supervised the construction of the line; and he is the man who is able to tell you that it certainly would not have gone in at all had it gone in to serve only the Wairio and McKenzie's pit.

63. *Mr. Payne.*] When you are bringing witnesses I would personally like to have some knowledge of that Southland Coal Company, too?—Certainly. If you knew the Southland Coal Company, you would know that any suggestion of Mr. More being connected with it for various railway purposes is almost contemptible.

64. *The Chairman.*] You have stated that this line of Mores' cannot be extended on account of your want of capital, and you have also stated, I think, that even now the company are working on an overdraft. Looking at the matter from a public point of view, would not the public interest be better served by this proposed line managed by the Government?—I should like to give you the whole history of the moral aspect of the concern; but the Committee has told me that is not what you have to deal with, and that what you are concerned with is the practical question of whether or not this line should go in.

65. In the public interest?—They had to cart all their coal; for years they had to do so. Can it be suggested that it is not in the public interest when now a line, with Government trucks on it, is brought within a mile; whereas before they had six miles—has that line not been in the public interest, solely and entirely?

66. There is a liberal offer being made with regard to this suggested line. On the other hand, as far as I can see, you are in difficulties at the start. You have not the means of extension; and I do not know whether you are prepared to offer the same terms to get your line extended as they are offering on this proposed line, and we have to consider what is best in the public interest?—If you have to consider it in that way—from the point of view of the public interest—I should like to say this: after what Mr. More has done, no man is safe to put his money into anything.

67. *Mr. Payne.*] It is often urged in the House that the Government should not come into competition with private people. I think your argument is along those lines?—My argument is not along that line. It is this: if the Government or anybody else had taken this up in the first instance, then I should have said, "Put a line in, without a doubt. It is a paying proposition." But the Government did not do it, nor anybody else, until Mores did it. And then when Mores have done it and proved the value of the field and what can be done in it, people come and say, "Put a Government line in."

68. *Hon. Mr. Fisher.*] But is it a very payable proposition?—It is a paying proposition, which they were prepared to risk £15,000 in—prepared to risk all they had got; and I was prepared to risk all I had got and a little more; and I expect to get something out of it.

69. *Mr. Payne.*] Would they be prepared to sell to the Crown?—I should think so, given a fair thing.

70. You would rather sell out than come into competition and be ruined?—Certainly. But from the point of view of economics, I dare say they are prepared to say to the Crown, "You recognize that we have opened up this district, and take over our railway." They want to be given the credit for it.

71. Would they be prepared to sell to the Crown if it were thought better for the Crown to take it over and make the extension?—I should think so. All the Crown have got to recognize, in my opinion, is that Mores' people are the pioneers of that district, and Mores' people have opened it up; and if the Crown were to come along now and say, "You More people have had foresight and energy and have done your level best for the place; we are going to take over your line," that would be a fair proposition.

72. *Mr. Robertson.*] The question of capital to carry on that extension which would serve the other properties has been raised. You have already indicated, I think, that when Mores promoted that line they were given to believe that they would get assistance from Mr. Rodger, Mr. McGregor, and others who were going to be served by the line—assistance in the way of constructing it to their properties?—I do not know that that is quite correct. There was a proposition of some sort by Mr. Rodger whereby the ground was to be given free, I think, and a guarantee was to be given, I think, of £250 a year for an extension from there in through to Birchwood way.

73. Here, for instance, is Mr. McGregor's letter: "I am sorry that Mr. Rodger, of Birchwood, is away, but he would willingly have given the land free of cost for the line, besides other substantial assistance"?—Yes. There was a guarantee of £250. But I do not say that that line was to go in up to these present coal-pits. It was to go round, I think, to terminate at the Peat Bog.

Mr Rodger: The proposition was to go in, and I offered them the sum of £10,000 to finance their railway, as I stated yesterday. That offer was declined, as also was the offer which I made in writing.

Witness: There was never any offer of £10,000.

74. *Mr. Robertson.*] Mr. McGregor, writing on the 1st June, 1909, suggests the railway being put up the route through the Wairio Gorge?—Yes; I think there was something of that sort. He says, "I have been pointed out your intended route, which looks expensive through such uneven country. I would like to know if you were pointed out the possibility of a route up the Wairio Gorge into Birchwood, and thence up an easy grade into the Morley Saddle and over into Moss's"?—Moss's, by the way, is the centre of the present coal areas that they are talking so much about. Moss was the first man. He took up 20 acres in the Morley Valley, and that is the centre of the Ohai Coalfield.

75. You have not got your reply to that letter, have you?—No.

76. He goes on, "I would point out that this route is worth considering, as Mr. Rodger would give the land free of cost for this access, as well as take a share in the undertaking." Would it be right to assume that your argument and Mr. More's argument is this: that if those gentlemen who wish their properties served by a railway would assist More in developing the existing line the whole of their interests would be properly served by it?—Certainly they would.

77. Would More be prepared to enter into a reasonable arrangement with them?—Undoubtedly, from my knowledge of More. I cannot actually speak for him, as that question has not been put to him.

78. Your argument is that instead of working to get a new railway put in round another route the existing railway should be properly developed, and if they would give assistance to develop it, by putting in, say, part of the capital which they are proposing to put into the new line, their interests would be properly served: is that a fair statement of your argument?—Certainly, that is a fair statement of it.

79. *Mr. T. W. Rhodes.*] Did you say that the interests of the coalowners would be properly served by the extension of Mores' line, and suggest that they should link up at your rail-head?—Yes.

80. You suggest that they should link up with Mores' railway, effecting the connection themselves, while Mores would charge a maximum of 5s. 6d. and a minimum of 2s. a ton, whereas by the proposed Government line the cost would be 7d.?—That may be so.

81. Are they adequately served when they could get so much better service otherwise?—Certainly. It would take me some time to go into that, and I am asked particularly by the Committee not to go into this question. It is perfectly obvious that a private undertaking like that, with the line put in as it has been put, cannot compete with the Government. One of the reasons is that the Government would get the whole of that coal over their line, and if they take it up to Dunedin and other places they will get all the revenue and benefit of the through rate.

82. *Hon. Mr. Fisher.*] After you get a "whack"?—I mean if it is taken over the proposed line. That will be an extension of four or five miles on a line of one hundred miles. It works out, possibly, at a few pence between Wairio and the head of the proposed line.

83. *Mr. T. W. Rhodes.*] Would not that be an advantage to the consuming public? Are not the public being penalized under present conditions?—No.

84. *Hon. Mr. Fisher.*] What are you charging now for the coal?—The price of the coal at Wairio is 12s. 2d., I think, to coal-merchants, and 13s. 2d. to outsiders, per ton.

85. *Mr. T. W. Rhodes.*] Then you are charging 5s. or 6s. a ton for haulage?—Let me explain. The Government charge us a considerable sum of money in the first instance. They charge us a running-right over that: I am not sure how much it is. We are under an agreement with the Government with regard to the running of their trucks. For instance, just the other day we got in a claim for £40 for some demurrage because the trucks had been kept there a few hours over the time specified in the agreement. That claim was to be paid by the railway company. Whatever profit there would have been that would have taken. It is not a fair thing at all to suggest that the railway company are making anything like 5s. a ton, because they are not. The difference between their buying-price at the top and their selling-price is 5s. a ton, but that is for a small quantity—a matter of 60 or 70 tons a day. That charge is necessary. The company are not making anything out of it at that, even if they get the whole 5s. 6d. When this Order in Council was first brought up the rates were fixed by the Government here, and they were fixed on a scale—not on what the traffic has turned out to be four years after, but on what it was prospectively at that time; and the amount of capital put into it was £15,000. Then there is the cost of upkeep to be considered. You gentlemen perhaps know as well as I what allowance has to be made for depreciation in a concern of that sort.

86. My point was simply this: that the public at present are being penalized to that extent and they would be relieved by a Government line?—Is there any guarantee that the price of the coal would be any less?

87. You also stated that Mores were a carrying company pure and simple?—Yes.

88. You also stated that they had purchased coal at 7s. a ton?—Yes.

89. How are they a carrying company if they purchase the coal? They are not purely a carrying company?—They purchase the coal from McKenzie's because McKenzie is a struggling miner. He cannot afford to let his money stand out. His position is this: "I must have my money to pay wages. I cannot let my coal go all over the country and have to wait and collect the money in five or six months' time." So he says to the company, "7s. will pay me for the coal. Will you take it?" And we say "Yes," and we take it, and take the risk of bad debts and the money standing out in the meantime.

90. But that does not alter the fact that it is being done, and by so doing the company are not simply a carrying company?—That is the position.

91. The company purchase from these two other companies?—They have not yet entered into an agreement with McMillan, who holds the Wairio Mine; but the probability is that McMillan will want the same arrangement as McKenzie has got.

92. If that is so, Mores will practically control the output of the area served by the railway?—Three other pits have been taken up alongside Wairio, and I think others are being taken up. A man named Ferguson and another man—two working miners in the Nightcaps Mine—have come across and taken up a pit. They propose to put out about 20 tons a day, and if they could get 7s. a ton for it that would satisfy them.

93. *Mr. Webb.*] Where is Ferguson's mine?—Adjoining the Wairio pits.

94. And will they depend upon your line?—Yes. None of these had been opened until the line was in.

95. *Mr. T. W. Rhodes.*] You are a shareholder in the company?—Yes.

96. Would you be willing, if it were thought advisable, that this line should be taken over at a price determined by arbitration?—Certainly. I am prepared to put that before the Committee quite confidently—that we would be prepared to allow the line to be taken over at a price to be fixed by arbitration.

97. This is in the Wallace County?—It is in the Wallace County.

98. Can you tell me the valuation placed upon it by the Government for county purposes?—I have no idea what it is.

99. You said that Mores anticipated support from these other coalowners?—In the beginning, yes.

100. And, in a certain sense, are anticipating that now?—They certainly anticipated that until this agitation was on foot. Only very recently I fancy one of the companies up there purchased some rails from More with the intention of laying down a connecting line to the line-head.

101. At the same time, Mores are still unable to extend the line: they have not the right or the capital?—The company has not the right, and I do not think it has the capital, though I dare say it may be forthcoming. If these coalowners are prepared to guarantee a certain quantity of coal over that line I am prepared to give an assurance that the line will go into that district and that there will be a graduated scale of charges, which I will leave to this Committee to settle, if they desire to settle it; or I will leave it to be settled in any fair and reasonable manner that will allow of interest on the money invested and a certain interest for profit, so that we should get the ordinary rate of interest on the money invested in the concern and a certain small percentage for profit. Or I am prepared to do it in this way: to say that we will take the running-expenses and all the expenses at the end of the year, and on top of that a certain sum for interest on our money and for depreciation, and then find what the amount of coal that goes over the line works out at, and whack it up at that. I am prepared to do anything that is fair and reasonable, provided More's people get interest on their money and a fair return for enterprise and risk.

102. *Mr. Robertson.*] You would be prepared to submit the question of charges to arbitration?—We are compelled to do that any how.

103. *Mr. T. W. Rhodes.*] I gathered that you would have no objection to this proposed line being constructed if it were done by the owners of the coal leases up there themselves on similar lines to the Nightcaps line?—I did not say that. What I said was, provided they do it in the same way as Mores have got to do it, or provided they do it under the law or in the same way as Mores. The Nightcaps agreement is one that I do not approve of, because it provides for a super tax and various other things. That is what killed the Birchwood Road—that they had to pay 2s. 6d. to the Nightcaps Company. But for that the road would not have been so bad.

104. Was not your principal objection the undertaking being guaranteed—guaranteed to recoup them the cost?—No.

105. You are opposed to the construction of the line at all?—I am opposed to the construction of a Government line which will crush private enterprise immediately it has got to a starting-point.

106. You do not think it is fair competition?—It is not even a question of competition. I do not mind that. If the State were to purchase the whole of that coal area, and were to run in their own line, and were to say to More's people, "You have developed it, we will take over your line," it would be a fair thing. But it would not be a fair thing for the State to put it in to coalfields owned by people who have spent practically no money on them. There is a 60-ft. vein of coal up there, and it could be mined at about 3s. or 4s. a ton. There is any quantity of coal there. If the Government are prepared to take it up in that way, well and good; pay out those people who are in the coal areas now; pay them what money they have actually put into it; pay out Mores' railway what money they have actually put into it, and take the whole lot over. That is a fair proposition for the Government.

107. *Mr. Payne.*] Suppose this proposed line went into Wairio, and coal were coming down your people's line: do you think there would be any gain to the public at Wairio if the second line went in?—If the second line goes in there will then be no other.

108. The question is raised as to whether the public are best served by there being only one line—this line of Mores. I suppose there is nothing to guarantee that the public are going to benefit by the second line, so far as the price of coal to the consumer is concerned?—No, certainly there is not.

109. There is no distinct understanding that the public will benefit by the lessened price of coal at Wairio, is there?—No, certainly not.

110. Suppose these people were prepared themselves to extend your line on so as to fulfil their requirements: do you think that your company would be prepared to grant them running-powers over your line?—Certainly, provided they pay for them.

111. Provided they pay for depreciation and use and wear-and-tear of the line?—Yes. There are people who work these things out, and if it is worked out on that basis that is all we ask for.

112. That is to say that so far as your line is concerned it would serve the pits along it, and then they would extend it to Ohai, and have running-powers over their extension and over your line into Wairio?—Yes.

113. Do you think that More and Sons would be prepared to grant them?—I dare say they would. I cannot speak for them, but I should think they would, provided they were paid for it.

114. Do you pay for the use of the Government trucks?—Oh, yes.

115. You pay McKenzie 7s. a ton for his coal, and it is suggested that McMillan is going to sell to you at 7s. a ton. Do I understand that if there are any areas opened up between those two points you are quite willing to carry the coal at schedule rates?—Certainly. That is what we are—common carriers.

116. And this matter of paying the owners so-much a ton is purely for their convenience?—Yes.

117. Now, with regard to an Order in Council giving power to extend your line, do you anticipate any difficulty in connection with that?—None whatever; in fact, after this has come before us there ought to be no difficulty whatever. The Government ought to give every assistance. It is a very difficult thing to get these matters through, with one thing and another. It took us four years to build a line which we had thought would take not more than two.

118. Would your company be prepared to extend the line?—If we got encouragement.

119. If you were guaranteed a revenue from your expenditure your company could go on with it right away, could they not?—Yes, and they would be prepared to do that; but they cannot do that sort of thing if they are going to be subjected next year to this same treatment.

120. It has been suggested that you are not prepared to extend, and that the public have to wait indefinitely before this further area of coal is tapped. Do you give us to understand that your company are prepared to make an extension, so long as you are guaranteed a fair return and something like security of tenure?—Certainly, provided we get security of tenure and some sort of guarantee that the produce up there will come down the line.

121. It was suggested in your evidence yesterday that your company had not the money and that the public would have to wait?—That is so—without something definite. In the face of what we have had to meet you could not ask us to go on.

122. But suppose you were guaranteed?—Then we would be prepared to go on at once.

123. And the area would be as well served by your line as the other line, so far as facility is concerned?—Certainly. The only difference is possibly a small one in cost.

124. What you maintain now is that inasmuch as you have only just opened the line you should be given a fair chance to get a fair return out of it before you come into competition with a State line?—That is so: you have hit it exactly.

125. Could you make your line serve the purposes of the settlers as well as a State line—so far as taking wool, butter, &c., is concerned? It would tap the same country as the other line is intended to do?—Exactly. Mr. McGregor says in his letter that a route can be taken right down into the Morley Valley; but I do not know whether that is correct.

126. So long as your company can see a fair return they are prepared to meet the wants of the district?—Yes.

127. *Mr. Webb.*] A statement was made to the effect that McKenzie is managing a concern for your company—that he is absolutely at your mercy and must agree to practically whatever rate you like to pay for his coal; would that statement be true?—It would be absolutely false, and the man who said it is not prepared to say it outside here. It has no truth in it, in any shape or form. The Wairio Railway Company have not in any way whatever, as far as I know—and I am a director of it—nor has any member of it, as far as I know, advanced McKenzie one threepenny-piece, or had any interest in any shape or form in McKenzie's pit.

128. *The Chairman.*] Is it not a fact that the proposal in the petition is to supply coal at a lower rate than is at present charged and to haul it at a lower rate than the present rate on your line?—Obviously Mores' line cannot carry the coal to Wairio at the same rate as a Government line.

129. Then, as a public proposition this other is the better?—If you are going to put it so baldly as that I say that as a public proposition it is not, because there is no guarantee that the public are going to get the difference; but as a proposition for Mr. McGregor and the coalowners it certainly is. Unless there is some proof that the public are going to get the difference, then it cannot be to the public advantage.

130. You told Mr. Payne just now that you are prepared to do with your line all that these people have offered to do. Have you gone into the question of how you are going to finance it? These petitioners have already prepared a scheme of financing the whole thing. You are making an offer now. Have you gone into the question of finance?—No.

131. You have stated that you are now in difficulties and are working on an overdraft?—No, I did not say that we were in difficulties. I said we had invested all our money.

132. And that you have no more capital for further extension?—I did not say that we cannot get it.

133. But you have not gone into the question yet?—No. We certainly have not got the money in our pockets at the present moment.

134. *Mr. Escott.*] I would suggest that when you come before the Committee again and probably have Mr. More with you you endeavour to put before us a concrete proposal for extending the line, also the best offer which you can make for hauling the coal?—I will take a note of that. If the Committee will give me any indication of what they would like I will see as far as I can that that information is before the Committee.

ALEXANDER WYLLIE RODGER further examined. (No. 13.)

1. *Hon. Mr. Fisher.*] Let us suppose that the State by Act takes over Mores' railway at an arbitration value, and then decides to extend that red route on the plan over whatever way is necessary to Birchwood: would that meet your requirements?—It certainly would meet the case, inasmuch as it would serve that country and take out the produce—the coal and the other produce; but there would be this disadvantage: that it would then be a branch line on a branch, of which Mr. Armstead made such a strong point yesterday. It would be at least two miles longer, and that disadvantage would be there for all time.

2. But you would only require to construct two miles instead of six and a half, would you not?—No; you would have to construct approximately four miles. If you are going to work the thing satisfactorily the line should be taken down to Woodlaw, and it is very doubtful whether you have a sufficiently easy grade to get up to Ohai from the present terminus. The main reason for asking the Nightcaps Coal Company now to deviate their line and spend the money which they are spending at the present time is because of the grade and the very high rate of depreciation of the rolling-stock. And the grades on the line in question are worse than anything they ever had on the Nightcaps line.

3. I see the Engineer's report is against it?—Certainly. Any one going over the country cannot but arrive at the conclusion that it is the wrong place for the railway to go in, if it is intended to extend it.

4. *Mr. Webb.*] I take it that both parties are practically in the same boat—that unless you can get assistance from the Government to construct this line over the proposed route your company will not be in a position to construct the line: you have got to depend on Government assistance?—No. I have never intimated that at all. To begin with, we are not going to construct another private line there, because I personally would never have anything to do with it. It would not serve the public. The objection to the present line is that it is not giving the public the benefit that the Government are there to provide. The Government are there to provide these facilities and to give the people the cheapest possible railway rates. That is the point with me. I am here on the condition that whatever is done will be done under Government control, and I will have nothing to do with any private enterprise in connection with a railway going into that coalfield.

5. *Mr. Robertson.*] You are proposing in your petition to form a company with a capital of £12,500?—Yes.

6. *Mr. Furkert's* estimate of the cost of construction of your line is £30,000?—Yes. When I heard that report read it was the first intimation I had of the cost. I had put it down at £20,000, and we had fixed our capital at £12,500 in order to have something to come and go upon.

7. You said in your evidence on Wednesday that those coal lessees were bound to charge not more than 10s. a ton for the coal at the mine—I take it it is at the mine. Now, this Wairio coal at the present time, after paying the high cost of haulage over the Wairio Company's railway, finds, I presume, a ready market at the prices?—I understand it does. But there is a very considerable difference in the quality of the two coals. I should like to put before the Committee documentary evidence as to that.

Analysis of Coal.

	Ohai Coal. Per Cent.	McKenzie's Coal. Per Cent.	Nightcaps Coal. Per Cent.	Westport Coal. Per Cent.	Kaitangata Coal. Per Cent.
Volatile carbonaceous matter ..	41.91	41.95	42.16	39.72	41.91
Fixed carbonaceous matter ..	55.29	52.28	48.58	58.50	49.44
Ash	2.80	5.77	9.26	1.78	8.65
	100.00	100.00	100.00	100.00	100.00
Sulphur	0.83	0.97	1.49	1.19	1.13
Moisture	17.77	23.42	23.84	..	..
Coke	58.09	58.05	57.84	..	..
Calories per pound of coal ..	7,382	7,299	6,790	7,449	7,262

8. Assuming the quality is the same, for the sake of argument, if they were charging at the other coal-mines that you are proposing to tap 10s. a ton as against 7s. now at the Wairio Mine, would that counteract any gain in freight charges by having a Government railway as against a private one?—I do not think it would sufficiently; but you must remember that the same conditions apply to these leases that are being granted as to those that are served by Mores' railway. In order to come into competition with them they would necessarily have to come down in price.

9. You could operate over the new railway without necessarily giving the public any benefit in the way of a reduced price—merely by the lessees charging to the extent to which they are allowed to charge under the conditions of their lease—namely, 10s. a ton?—Yes.

10. And the public might not gain anything so far as that is concerned?—That is so. But mind you, although they were charging the full rate of 10s. a ton, and adding to that the cost of 7d. down to Wairio, the coal would certainly be cheaper than if they charged 7s. a ton and railed it over Mores' line at 5s. 6d.

11. You saw Mores' rebates?—Yes.

12. It is not fair to assume that the coal could all be charged at 5s. ?—That is so : but take, say, 3s. 6d. as a fair average between 2s. and 5s. 6d. ; we will say the average cost over the whole twelve months is 3s. 6d., and if we add that to the 7s. there is 10s. 6d. right away to get it to Wairio, whereas by the other route it comes down for 10s. 7d.—only a penny difference.

13. *Mr. Payne.*] On what do you base your figures?—On the schedule rates paid by the Government, and taking Invercargill as the mean distance for which the coal will be hauled.

14. *Mr. T. W. Rhodes.*] If the amount required in connection with the undertaking exceeded the £12,500, would the petitioners be prepared to find it?—I am willing to undertake to raise the capital of our company to a little more than half of what the actual cost of the extension may be. I had assumed that we were already allowing £2,500 more than we should be called upon to pay.

15. *Mr. Payne.*] This argument about a branch line on a branch : why do you use that?—It was made such a point of yesterday by Mr. Armstead that I wished to meet him with his own argument.

16. But you admit there is nothing in it?—No, because I have it from the new General Manager of Railways that branch lines are to be discouraged as much as possible, because of their increased cost. It means that there must be a separate plant, a separate engine, separate men to work these branches, and the cost must necessarily be much greater—that is to say, the cost of running. Our scheme would be very materially affected if it were a branch—in fact, I would not submit the offer that we have submitted.

17. But yours is a branch line, is it not?—No. You may take it as a branch line from Riverton to Wairio, but it is an extension of the Government line. The Government railway at present ends at Wairio, and this is a natural extension.

18. *Hon. Mr. Fisher.*] If you were to ask the Government to extend that line in order to open up the country at the back for settlement—leaving coal out of it altogether—which route would the Government Engineer go by?—By the way we propose. It is in the report.

19. *Mr. Payne.*] Are the grades with the coal coming down?—No, on the present line they are against the coal coming down.

20. Do you consider that the More people are asking for unfair rates on their expenditure?—Certainly I do.

21. Their rates are more than would cover fair interest on their capital, plus charges and a small margin of profit?—Yes, and I know a little about finance.

WILLIAM CRAWFORD, Builder, Gore, examined. (No. 14.)

1. *Mr. Rodger.*] You are a shareholder in the Mossbank Coal Company?—I am.

2. The Moss Bros., who were the lessees of the 20 acres to which Mr. Armstead has referred in his evidence, were the promoters of the company of which you are a shareholder?—Yes.

3. As a shareholder of the company you have approached the Wairio Railway and Coal Company for connection from your mine down to their present terminus?—Yes; I approached Mr. More, the General Manager of the Wairio Railway Company, shortly after we took up the lease. I was not very well acquainted with the laws in connection with coal areas. I asked Mr. More if there would be any chance, after my taking up this area, of linking up. He said No, there was no provision made for linking up. I said, "Are you prepared to cart our output?" He said, "We are not compelled to cart your output."

4. It would be better, I think, if you just answered my questions. You did approach them with a view to linking up your mine with their terminus?—Yes.

5. You considered the rates that they proposed to charge—5s. 6d. a ton, with a sliding scale down to 2s.—exorbitant?—I did.

6. You made them an offer, did you not, provided they would grant you the right to connect, to give them 3s. a ton for all the coal that you were prepared to put upon their railway?—Yes.

7. So long as they would carry it from their terminus to Wairio?—Yes; from the terminus of their railway to Wairio; we had to pull it down by trolley two miles.

8. You offered to guarantee them at that rate—3s.—an output of 100 tons a day?—Yes.

9. That offer was declined?—Yes.

10. Absolutely?—Yes.

11. You asked the secretary then; and you have a letter, as a matter of fact, which you are prepared to post to the clerk of this Committee, in which he states that the company did not want to haul coal, but to purchase it?—Yes. I have the correspondence.

12. You undertake to produce that letter or to post it to the clerk of this Committee?—Yes.

13. Then you had an offer from the secretary of that company to purchase your coal at 7s. a ton, so long as it was delivered at the terminus of their railway?—Yes.

14. They limited such purchases to a maximum of 25 tons a day for the first three months?—Yes.

15. But they said they could possibly take 50 tons a day after that period?—Yes, they thought they might be in a position to take 50 tons.

16. It was not certain?—No.

17. Did Mr. Thomas More, the managing director of the Wairio Railway Company (Limited), state to you that there was nothing in the Order in Council which required them to carry coal for any party or parties?—Yes. He has stated that it is simply a matter of obliging on his part—that we could not compel him to cart our coal.

18. *Mr. Webb.*] You were offered 7s. a ton by this company?—Yes.

19. Have you any knowledge as to the price of coal per ton in Invercargill?—We were selling it on the trucks at Wairio at 14s. 6d., and we were paying 5s. 9d. to haul it by traction-engine last summer. We were selling it at the tip-head to settlers at 8s. cash and 9s. booked.

20. Do you know the price of coal per ton at Invercargill from those mines?—What are the Southland Company charging per ton?—I do not know.

21. *Hon. Mr. Fisher.*] What have you done with your mine: are you working it?—Yes, when the weather permits. We closed down at the end of April. We were hauling it by traction, under a bond that we would not damage the roads.

22. Has the refusal of the More Syndicate impeded your coal-development?—Certainly. If they had been in a position to take our coal at the time we offered it—

23. You would have been able to put coal out in winter and summer?—Yes; and the winter-time is the very time we want to put it out.

24. Do you think that if you agreed to their terms, to let them have all the coal at the price that they offered, they would be able to carry the coal then?—I do not know whether they would or not. We have a considerable outlet if we can supply it.

25. Are you in a position to say that they will not carry your coal because you will not come to their terms, or because they have not the carrying-capacity on the line?—They would carry it, but they fixed a limit of 25 tons a day at 5s. 6d. I think they would be able to haul all our output.

26. *Mr. Robertson.*] Did they give any reason for limiting the quantity that they would take over the line to 25 tons a day? Was it owing to their lack of capacity to haul, or did they give any other reason?—I cannot say just now what was the reason for it. They ridiculed the idea of my offering 100 tons. He said, "Where are you going to sell it?" I said, "I can produce evidence that I can sell it if you can haul it." He cut it down to 25 tons a day.

27. After three months they were prepared to take up to 50 tons?—They thought they might be able to take 50.

28. What was your own opinion as to the reason: did you think that they had not got the line into sufficiently good running-order, that they could not guarantee to take more than that?—I do not know. I thought they wanted me to sign for twelve months at that rate. I mentioned the arbitration clause under the Order in Council. He told us that we had power under the Order in Council to dispute the rates; but on that condition he wanted me to sign for twelve months, so that we would be in a position to dispute the rates at that time. He reckoned it would take twelve months before we could prove that the railway was charging too much.

29. You do all your haulage now by traction-engine—that is, when you are working?—Yes, traction-engine and wagons.

30. How many miles would you have had to take it by road to reach the rail-head under their offer?—It is practically through a swamp and over a very steep hill. We could not cart it by horse to their terminus at the present time.

31. So their terms were impossible?—Impossible.

32. *Mr. Armstead.*] Would it cost very much to lay down some sort of road or line to the head of the line?—We have considered that. It was estimated that it might cost about £2,000 or £3,000. I had a surveyor looking out a route for a tramway, and it was estimated that it would cost that amount.

33. Do you know how many coal leases there are in that district?—I understand there are eight or nine.

34. You were suggesting 100 tons a day—that Mores should contract to take that. Is not this the position: that they refused to take any definite output of yours to start with until they had given a fair opportunity to all the other coalowners to put out a fair quantity of coal?—Yes; but if they were confining us to 25 tons a day they were not encouraging the coalfield.

35. Does not that show clearly that Mores' people were not a monopoly, but were a carrying company, and were endeavouring to the best of their ability to give every coalowner in the district a show?—I did not consider it in that way.

36. No; because you wanted your particular mine developed?—Yes.

Hon. Mr. Fisher: Is there anybody else restricted to 25 tons a day?

Mr. Armstead: I do not know. I did not know that these people were. I am accepting what Mr. Crawford says. This is the first time I have heard of it.

37. *Mr. Armstead* (to witness).] Would that be so—that Mr. More or the secretary was endeavouring as far as possible to preserve all the coalowners' rights?—I do not know. He was endeavouring to confine our output.

38. Do you know that Mores' people are obliged to take a considerable quantity per day from McKenzie?—Yes.

39. And a considerable quantity per day from the Wairio Company?—That may be.

Hon. Mr. Fisher: How much?

Mr. Armstead: I think at least 50 tons a day from each. I am not sure whether they are not bound to take McKenzie's output altogether. When they made the agreement with McKenzie he wanted a certain price, and it was agreed that Mores' people should give him a certain price for his coal, and should take the output estimated at 50 tons a day.

40. *Mr. Armstead* (to witness).] In the first instance, when the line was projected, practically the only pits putting out coal were McKenzie's and the Wairio: those were the principal ones, were they not?—I was not acquainted with the district.

41. If that was then the immediate source of supply for the Wairio coal, and the Mores were calculating on that, would it not be a fair thing for Mores to go fairly easy with eight or nine projected pits round them?—Yes; but are you aware that the secretary of the Wairio Railway Company

(Limited) told me that the Mossbank coal is worth 2s. a ton more than the Wairio Coal Company's? For that reason Mores were inclined to confine us, to get the cheaper quality of coal sold. I understand that that had a lot to do with the 25-ton limit.

42. Anyhow, had you got in with 100 tons a day to Mores' line, what were the rest—the remaining eight—going to do? Where were they going to get their market?—I was not worrying about them.

43. You got a schedule of rates?—Our secretary did.

44. Do you know what that schedule was?—It ranged from 5s. 6d. down to 2s. I think the limit was 90,000 tons.

45. Did it not come down to 1s. 9d.?—I do not know.

46. *Mr. Payne.*] What do you suggest would be the reason for limiting the coal hauled over the line: would it be the lack of trucks, or the lack of capacity, or what?—At that time they had not arranged with the Government as regards the railway-trucks. They said they were handicapped in that way, and had had no reply to their application for use of the Government rolling-stock. But the quality of the coal had something to do with it.

47. You admit now that there was trouble about being able to get trucks?—The secretary mentioned it to me.

48. If there were trouble about being able to get trucks, would it be a fair thing to allocate the trucks as evenly as possible over the contracts the company had entered into with other suppliers? It would be a fair proposition, would it not?—Yes, I think so.

49. They would have to serve everybody as well as they could?—Yes.

50. As far as the line itself is concerned, provided they could get the rolling-stock it could take any quantity of coal in reason, could it?—I could not say.

51. Then we can boil it down practically to the lack of rolling-stock on that point?—I do not know that we could do that altogether.

52. You have admitted that there was trouble about getting rolling-stock from the Government?—Yes.

53. That was one of the reasons for limiting you to 25 tons a day?—Yes, that was one suggestion.

54. Is there plenty of rolling-stock available now?—I do not know.

55. *Mr. T. W. Rhodes.*] How many mines were working when you made this offer, in addition to McKenzie's and the Wairio?—There was Moss's and McKenzie's and the Mount Linton—three that I know of.

56. If you were each limited to 50 tons a day, that would be 150 tons a day over the line?—Yes.

57. *Mr. Rodger.*] In regard to Mr. Payne's question, were these offers that were made to you not subject to Government railway-trucks being available?—I believe, when you put it in that way, there was something of the sort. I could not say for certain.

JAMES ARMSTEAD further examined. (No. 15.)

1. *Mr. Rodger.*] You are a shareholder in the Wairio Railway and Coal Company (Limited)?—Yes.

2. You are also a shareholder in the Southland Coal Company?—I am.

3. Can you say from your own knowledge that Mr. Tom More is a shareholder in the Wairio Railway and Coal Company (Limited)?—I can.

4. And that he is also a shareholder in the Southland Coal Company?—Yes.

5. Can you tell me whether Mrs. Jean Ann Armstead is any relation of yours?—She is my wife.

6. And is Mabel More any relation to Mr. Thomas More?—I believe she is his wife.

7. Would you be good enough to tell me what the object of the Southland Coal Company is?—The object of the company is to sell coal in a retail way, exactly the same as any other coal-merchant in any other town.

8. If I were to suggest that the Southland Coal Company was formed with the object of taking at Wairio any coal that might be brought down over the Wairio Railway and Coal Company's line and marketing that coal in Invercargill or elsewhere, would you say that I was wrong?—Yes, quite wrong.

9. They would not take that coal?—They would not have the opportunity. The Southland Coal Company have to put in their application exactly the same as any other coal-merchant. I believe that if you could get the evidence you would find that the Southland Coal Company are not treated perhaps quite so well as the other coal-merchants in Invercargill.

10. If I were to suggest to you that the coal that is at present being brought down over that length of railway belonging to the Wairio Railway and Coal Company is being purchased—or a portion of it—by the Southland Coal Company, would you say I was wrong?—No; a portion of it is. In the ordinary course of their business they purchase Wairio coal, the same as they purchase Nightcaps, Kaitangata, or other coal.

Mr. Rodger. I should like to intimate to the Committee that in answer to a wire which I sent to my solicitor in Invercargill yesterday I got the reply that the Wairio Railway and Coal Company (Limited) was registered on the 14th September, 1911, and that the shareholders are James More, sen., James More, jun., Thomas More, Albert More, James Armstead, Anthony Ronalds, James Hunter; and that the Southland Coal Company was registered on the 22nd May, 1912—about eight months subsequent to the formation of the Wairio Railway and Coal Company (Limited)—and the shareholders are Thomas More, Jean Ann Armstead, James Armstead, James Moye McMeekin, Samuel McNatty McMillan—who, by the by, Mr. Armstead intimated yesterday was the lessee of the ground that is at present being mined and was formerly called the Wairio Coal-mine. It has not been made known to

the Committee that Mr. McMillan has sublet that lease to two gentlemen named Timpany and Smith, and that these are the people who are putting out the coal, and they are under contract to put that coal on Messrs. Mores' railway.

Mr. Armstead : That is not correct either. There is no arrangement whatever to take McMillan's coal.

Mr. Robertson (to *Mr. Rodger*) : Is that the full list of the Southland Coal Company's shareholders ?

Mr. Rodger : There are also David Air Warden and Mabel More. I will put this telegram on the table as documentary evidence. [Telegram put in.]

11. *Mr. Rodger* (to witness).] Yesterday the Hon. Mr. Fisher asked you a question—that the railway that is proposed and is the subject of this petition is necessary, and that railway facilities are needed—and you replied that your only objection to that railway is that the syndicate or company are asking for Government assistance ?—Did I say that ?

12. That was your reply ?—Then it is not quite correct.

13. That is what Mr. Fisher was able to elicit from you yesterday ?—I shall have an opportunity, I hope, of going through my evidence. What I say is that the public and the coal-pits up there are adequately served and can be adequately served through Mores' line.

14. *Mr. Payne*.] The Southland Coal Company are in Invercargill : are they anywhere else ?—No.

15. In Invercargill they are in competition with other coal-merchants, are they not ?—Yes.

16. Wairio coal is upon the market for all and sundry ?—Yes.

17. There is no monopoly there ?—No.

18. Even the coal that you are paying 7s. a ton for they can buy ?—That goes to all coal-merchants as Wairio coal.

19. The Southland Coal Company do not take all that you pay McKenzie for ?—No ; they do not get any more than they can really sell, and they put in their order, the same as anybody else.

20. *Mr. Robertson*.] This is what the company says in regard to rebates : " These rebates, which can only be given if we get the use of Government trucks at usual rates, to be given to all consignors of coal alike and to be based on the total haulage of loose coal for all parties." Is that the company's attitude in regard to treating the different consignors of coal ?—Yes.

21. Would you say that that is the explanation of the treatment they offered Crawford—that they desired to treat all consignors alike ?—I can only say that that is their object. Whatever they have said to Crawford I do not know, but it has been with that in view—that all should be treated alike, and that everybody should be given a fair chance, and that no one man should get in and want to put 100 tons over the line to the detriment of the others.

22. *Mr. Rodger*.] Are you aware that in August of last year there was a petition presented to Parliament praying the Government to take over the Wairio Railway Company's line and extend it to Ohai ?—I believe there was.

23. Would I be right in saying that your people—More and Sons, or the Wairio Railway Company—did everything they could to block that project ?—No, I do not think you would.

24. You did a considerable deal to block it ?—We put before what authority we could this fact : that, seeing that More and Sons had struggled with this railway for three years and a half and it was now coming to completion, they did not think it was a fair thing for the Government to take it over at that date, but to wait until the railway was completed and in running-order, and then they would be prepared to deal with the Government, and let the Government take it over. Something to that effect, I believe, was put before the Government.

WILLIAM JAMES ANNAN MCGREGOR further examined. (No. 16.)

1. *Mr. Robertson*.] You were a member of the Wallace County Council in 1911 ?—Yes.

2. You signed the deed of delegation delegating the powers of the Council to the Wairio Railway Company ?—Yes. I objected to the charges which came down in the Order from Wellington. They were 8s. 6d. for the maximum.

3. You knew at that time that the Order in Council only gave power to take the line up to where it is now ?—Yes ; but we had been led to believe that this was to be extended.

4. Did you know that at the time ?—Yes.

5. You were quite in favour of the deed of delegation being signed at that time ?—We all were, in that quarter. I was in favour of it at the time. The only thing that I objected to was the charges in the Order. When it came down with those charges I saw there was something behind it all.

6. But you signed it ?—Yes.

7. And you had in your mind at the time the probability of extension to tap the properties that you are now wanting to tap by this new line ?—We understood it would come on. They had always said to us that that would be their final point.

8. *Mr. Rodger*.] At the time the deed of delegation was signed was there the least hint that any one wished to take up leases in the Ohai district, other than the 20-acre one that was held by More and Sons ?—Not at that time. The country had not been opened up. It was never suspected to be such a coal-bearing country.

9. At the time you signed that deed of delegation was there any hint that these leases were going to be granted ?—No, there was no hint.

10. Then the granting of these eight leases changed the condition of affairs, as far as the Ohai district is concerned, so materially as to alter our outlook upon Mores' tramway very materially ?—Completely.

11. It has altered the whole position of affairs ?—Yes.

12. *Mr. Robertson.*] You say that at that time you believed the line was going to be extended. For what purpose was it to be extended ?—We knew of the good pit Mosses had and were working. They were working that, and there was no other working.

13. *Hon. Mr. Fisher.*] Were you not keen on it from a settlement point of view ?—Certainly : we all looked upon it as going to be beneficial to us, because we were hemmed in owing to the way in which our roads were destroyed by coal traffic.

14. *Mr. Robertson.*] You knew of the coal-deposits back there ?—We knew they were there, but they had not been proved at the time.

WEDNESDAY, 5TH AUGUST, 1914.

THOMAS MORE, Sawmiller, Riverton, examined. (No. 17.)

1. *Mr. Armstead.*] You are a member of the firm of More and Sons, sawmillers, of Riverton ?—Yes.

2. You have mills back in Longwood ?—Yes.

3. You have put in a tramway from the Longwood Station to those mills ?—Yes.

4. How far ?—Twelve miles.

5. And you are carrying out the produce of all the other mills that are in that district ?—Yes.

6. How long ago is it since you first became acquainted with the Wairio district with reference to putting a tramway in there ?—About four years and a half, I think.

7. What proposition was put to you then with reference to putting a tramway in from Wairio ?—The haulage of the coal out from McKenzie's pit. We went and had a look at it ; we traversed the district all over, and had a good look round to see if we thought it a payable thing. We thought it was all right, and we went into it. After we had a good survey of the district and the different routes we thought the way we picked was the best, and we started.

8. Was it your intention to go into McKenzie's alone ?—No ; we intended to go right on if it was necessary.

9. Did you, before you commenced your railway, survey your route further on—did you make a flying survey of it further on ?—Yes ; we looked at the country right on, where the other coal was.

10. Up the Morley Valley ?—Yes.

11. How does the coal lie in that district ? How does your railway go into it ? And what makes you say that it is a better route up that valley to tap that coal ?—The coal lies, as it were, down to the railway. If the railway were on the top of the hill you would have to haul the coal up to the top ; whereas by the other route you get the natural fall down to the railway.

12. How far have you constructed the line ?—About five miles.

13. Do you know anything at all about the Order in Council or the deed of delegation ?—No, nothing whatever. We left that to our solicitor.

14. You saw Mr. Rodger and Mr. McGregor before this line was put in ?—Yes.

15. Were Mr. Rodger and Mr. McGregor favourable to the line going in in that way ?—Yes.

16. Were representations made to you then as to going on further ?—Yes. They promised to help us—or Mr. Rodger did—if the line went on. We expected all through the piece that we would get his assistance. It was largely because of the promises we had from Mr. Rodger that the line was started. It was not only the coal that we were going to bring out—it was the produce and everything.

17. Supposing you extend your line from where it is at present, do you think you can get to the top of the hill overlooking the Morley Valley or down into the Morley Valley ?—Yes. Mr. Rodger, Mr. McGregor, and I went over the route, and we were satisfied that it could go there.

18. And you are still satisfied it can go there ?—Yes.

19. If sufficient inducement offers are you prepared to put it there ?—Yes.

20. If it goes there will your railway then tap the whole district that the proposed Government railway would tap ?—Yes, exactly the same district : it will go to exactly the same point.

21. If you had been going into McKenzie's pit and the Wairio pit alone would you have stopped your railway at its present terminus ?—No ; we could have got it nearer the pits.

22. Have you any coal up in that district, or has the company ?—Yes, that which they have taken up recently.

23. When ?—About a month ago—three weeks or a month ago it was granted to them.

Hon. Mr. Fisher : How much ?

Mr. Armstead : 100 acres.

24. *Mr. Armstead.*] That adjoins the present Wairio Coal Company ?—It adjoins Ferguson's.

25. Otherwise you have no interest whatever in any coal leases or rights ?—No.

26. Have you advanced any money in any shape or form to assist any of the coalowners ?—No, none whatever.

27. Nor has any of your brothers ?—No, not that I know of.

28. The railway company purchases McKenzie's coal ?—Yes.

29. Will you please tell these gentlemen how the company came to purchase it, and what they give for it, and all about it ?—McKenzie is only a small working miner, and now he has got £500 on his books, I think, from the mining he has done, and he cannot get his money in. He said it was no good to him to work in that way, and he asked us to take his coal. We wanted to know what he asked for it. He told us, and we gave him that. He seemed satisfied. That was the reason why we took his coal : otherwise we did not want it. We put the line in purely and simply as a carrying concern. We did not want to purchase coal.

30. Do you know what the charges are under the deed of delegation—5s. or 5s. 6d. a ton?—Yes.

31. Are they reasonable charges?—Up to a certain point they are. It depends on the output. If we get a big output passing over the line we can carry it cheaper. If we do not we have to charge higher rates. It depends on the output.

32. How long has the line been running?—About two months—barely two months.

33. The screens and things are not completed yet?—No, not quite completed.

34. Do you know what has been going over the line on an average during the last two months?—It averages about 50 to 60 tons a day.

35. I suppose you have had several conversations with the people up Morley way with regard to extending your line or carrying their coal. Will you tell the Committee as shortly as you can of any conversations, or what your ideas are with reference to extending—what you think you would like to do, or what you think you could do with reference to meeting these people and getting the coal over your line?—They approached us, and we could not give them anything definite about the charges. We told them that it just depended on the output of the mines. We could not go right into it and tell them at once. We should need to have a scale of rates that would vary with the quantity of stuff that came out. And the demand for the coal is only limited. We could not buy the coal right out, because it would be a hard matter to get rid of it supposing we did buy it in big quantities.

36. Mr. Crawford has suggested that you said something about taking only 25 tons for the first three months and 50 tons a day after that—or something of that sort. Do you know whether that is correct?—No, I did not say that. I know nothing about that.

37. I have a letter here showing the position, and I will put in a copy of it later. Now, if the proposed Government line goes in, what effect will it have upon your company's line?—It will knock it right out. We cannot compete with a Government line: that is a certain thing.

38. *Hon. Mr. Fisher.*] Would the Government line carry any of the coal that your line is now carrying?—It would carry it all. It would take all the coal that we are getting.

Mr. Armstead: I have here copies of letters that have been sent to different people. They can be verified. I have not got a verification of them. It would have been very awkward to bring the company's books up with me. [Copies of letters handed in.]

The Chairman: You wish to put these in as evidence?

Mr. Armstead: Yes.

39. *Mr. Armstead.*] Is it your firm conviction, Mr. More, that if the proposed Government line goes in it will have the effect of taking the whole of the produce—coal and what not—from your line?—Yes, it certainly will. It is impossible for a private line to compete with a Government line.

40. It has been suggested that there is some flaw in the Order in Council which does not allow the Government to take advantage of the resumption of the line. Would you be prepared to allow the Government to take the line if they feel inclined?—Yes.

41. Would you be prepared to allow coalowners in the Morley Valley to link up with your line?—Yes.

42. Would you be prepared to extend your line up to the top of the hill above the Morley pit?—If we could get reasonable inducement we would, certainly.

43. You see this map here?—Yes.

44. You have an ugly curve coming into Wairio here [place indicated], up a fairly steep hill?—Yes.

45. Is that the better route into Wairio?—It is the shorter route. It is not much trouble when you have an engine on the track. If this were connected with a main line it would have to go to Woodlaw. That is not a very big proposition. It is good country all the way upthere [indicated]—in fact, the easiest part of all the route.

46. You see all these coal-pits here marked red?—Yes.

47. Those have all been taken up since your line was undertaken, excepting McKenzie's and the Wairio Coal Company's?—Yes.

48. You have an interest in the Southland Coal Company—have you?—Yes.

49. It has been suggested that there is some deep-laid scheme by which the Southland Coal Company are going to wreck the coal people up there, somehow or other. Tell us exactly what the Southland Coal Company is, and what your interest in it is, and all about it?—The interest that I have in it is not very much. The way we got into it was this: The Westport Coal Company wanted to get out, and the manager of that company got the offer of the business. That is how I got into it. The turnover of the Southland Coal Company is very small—7 to 10 tons a day, I suppose. It is a very small retail business.

50. Is it in any shape or form connected with the railway company?—None whatever.

51. Have you any interest in any shape or form in the Wairio Coal Company?—None whatever.

52. Have you ever had?—No.

53. *Mr. Rodger.*] You said it was four years and a half ago that you first went up there?—About four years and a half.

54. I think it is fully five years, if I may suggest it. It was certainly before this time in 1909?—Yes.

55. You were asked whether you were intending to extend to our quarter when you first thought of this railway, and your answer was that you would if necessary. What did that "if necessary" mean?—It just depended on the inducement we got.

56. Yet you say that we offered every possible inducement to you before your railway was put in, and you did not see fit to accept it?—We could not accept it until we had seen what the railway was going to do. We wanted to get the first part of the railway in, to see how we would get on. You promised us every inducement before you went to the Old Country.

57. No; I had returned from the Old Country. I suggest to you that the offer of inducement that I made to you was with the object of assisting me to cut up Birchwood: is not that so?—That was the first time, was it?

58. I have never made you any offers excepting at one particular time in 1909?—We did not accept the offer simply because we did not know how we were going to get on.

59. Is it not a fact that the object I had in view in offering you assistance at all was to assist me in cutting up Birchwood?—I do not know.

60. In view of that, I asked you to come round by the White Hills, so that there would be a greater length of railway go through my property?—It was both ways: you put it in that way, and you put it in the other way too. We went up to the top of the Morley Hill, and you thought it would be all right—that we could get up there. Mr. McGregor was with you that time.

61. I asked you the question, "Will you come in if I give you this inducement?" and it was declined?—You gave an inducement in both ways.

62. I have admitted that; but that was the object I had in view—the cutting-up of Birchwood, because I had made financial arrangements at Home to enable me to do that?—Yes.

63. When Mr. Armstead asked you whether this railway of yours could take all the coal in that district, you said Yes, that it all fell down into your terminus?—That is the main coalfield right there, and that has been proved. Sutherland and Mosses sunk a shaft on the top of the hill there, and it is exactly the same coal that we are working now.

64. I suggest to you that the leases that have been granted by the Government would not be served by your railway, because they would have to haul the coal up from the Morley Valley on to the ridge, and put it down again on to your terminus—a distance in some cases of something like three miles and a half to four miles?—I said before that if we got inducement we would be quite willing to put the line on to that.

65. Your answer to the question was, Yes; it had all to fall down into your railway. I ask you, in view of what I have said, is that right or is it wrong?—I have not quite got a grasp of what you mean.

66. You know where the Linton Coal Company's area is now?—Yes, I have an idea.

67. It is on the other side of the Morley Valley, over from Moss's pit?—Yes.

68. The coal from that pit would have to be hauled up on to the ridge?—Yes; but it would have to be hauled there in any case.

69. I want to point out to you that the coal is not falling down on to your railway now—that it has got to be hauled up the hill and then pitched down again on to your railway?—Yes; it comes to our terminus now.

70. You have nothing in writing from me binding me to give you assistance?—Nothing whatever. It was a verbal promise.

71. For that time only, and that promise was declined?—That promise was withdrawn before we got a chance—before we got our line in.

72. When did you ask me not to withdraw the promise?—You did not say that you withdrew it.

73. The promise was made on the spur of the moment, and declined on the spur of the moment?—No.

Mr. Robertson: Had that promise a time-limit?

Mr. Rodger: No, there was no time-limit. It was not in writing. It was made while we were on the ground, and it was declined. The only offer I made was in writing, the letter being in the evidence.

74. *Mr. Rodger:* With regard to possible extension, you say, Mr. More, that it is possible to extend your railway satisfactorily from your present terminus to Ohai?—Where is Ohai?

75. Exactly on the right above Moss's pit?—That is so.

Mr. Rodger: I wish to put in evidence to the contrary. The only surveyor who has actually surveyed the work is Mr. Leonard Webb, who did so on behalf of the Mossbank Coal Company, with the idea of extending the railway, or getting a connection to this particular point—Ohai—where their coal-mine is. He says, "I recently made a"

The Chairman: You are out of order now. You must question the witness, and you can put that document in afterwards.

76. *Mr. Rodger:* Very well. Mr. Armstead asked you whether your present terminus could be utilized for the extension of the railway to this point—Ohai—that we refer to. You say it can?—It would have to go off where it comes round to the screens.

77. As a matter of fact, there are from 20 to 25 chains of the present railway that are absolutely useless for extension purposes?—I do not think there would be that much.

78. I stepped it the other day?—I did not think it would be that far up to the screens.

79. The present terminus cannot be utilized at all for extension. There is a certain length of it, you admit, that would be useless for that purpose?—There would be about 20 chains. We had to turn round there to get in to the screens. That is the reason why we went up there.

80. You said that you, or the Wairio Railway and Coal Company (Limited), had no interest whatever in coal in that district until within about a month ago, when the Wairio Railway and Coal Company (Limited) took an area over?—That is so.

81. In November, 1912, you agreed to take over from Mr. Gavin Brighton Section 206, Wairio Survey District, did you not?—Yes.

82. With what object did you agree to purchase that section?—For one thing, the terminus of the railway goes up into it. We cut through it at the bottom end. We take an acre or two of the bottom end, and the screens go up into the other end; the screens and the buildings are erected there; and the right-of-way comes down through it.

83. Are you prepared to say that you had no idea of securing the coal-rights within the area of Section 206?—I do not think we had. It was more for the reason I have given than any other. The coal was no benefit to us—McKenzie had it.

84. If I were to say that you undertook to bear part of the expenses of Mr. Gavin Brighton in his case against the Crown in order to secure these coal-rights, would I be wrong?—It was not for that. It was to get a building-right more than that, as far as I know.

85. The freehold that you had already got through the purchase of the lease in perpetuity gave you all these building-rights—it was only the mineral-rights that you were deprived of: and yet you undertook to bear a portion of the legal expenses in order to secure the coal-rights which the Government had declined to give you? It was only for the coal-rights that Mr. Brighton sued, was it not?—I think so.

86. And you agreed to bear part of these expenses?—It was not that altogether.

87. I do not see what it could be if he was only fighting for the coal-rights?—We have no right to the coal; McKenzie has all the coal on the section you refer to.

88. I am asking you if your object in offering to bear part of that expense was not to secure the coal-rights only within that area?—It was to get the land for huts, and screens, and yard more than for coal.

89. I wish to ask you again what the object was in you securing the grazing-rights over Section 37, Wairio Survey District?—That was to get the right-of-way and the right to go over the land. That land went with the other land when we bought it: that was put in with it.

90. It cannot possibly be so, inasmuch as one is a High School Board reserve and the other a lease in perpetuity?—Both were one transaction.

91. At any rate, it was your object to secure the surface rights over Section 37?—It went with the other section.

92. As a matter of fact, you have now got the surface rights of the whole of Section 37, and you have also got the freehold of Section 206, Wairio Survey District?—Yes—on which there is very little coal.

93. I want you to say now whether all the leases that are now held by people to whom you are bound for coal-carrying capacity are not within the boundaries of these two sections to which I have referred: they are within the boundary of Section 37?—Yes.

94. Every area that has been leased by the Crown or the High School Board is within these areas?—I do not quite grasp what you mean.

Mr. Armstead: That is so. It is only the High School Board lease that is in question: there are no leases on the other area at all, except those that were pre-existent.

95. *Mr. Rodger* (to witness).] You are perfectly aware that the surface rights that you retain over Section 37 give you the power to decline to give access to any of these mines, either by tram-line or by putting up buildings, or you can even decline the sanction by the High School Board of a lease of that ground?—I do not know what the regulations of the High School Board are. I think they can take the power out of my hand. I understand they can grant these leases independent of me.

96. The fact remains that every lease that has been granted since you obtained the rights over that ground has been made subject to your consent?—Yes.

97. You have endorsed every lease with your consent thereto?—Yes.

98. That shows that the High School Board regards your sanction as necessary?—Yes; but I understand that it would not matter.

99. Is it within your knowledge that two coal leases have been applied for recently, one in the name of Guise and the other in the name of Arthur?—Yes.

100. Is it within your knowledge that these two leases were deposited by the secretary of the Wairio Railway and Coal Company (Limited)?—I do not know for certain.

101. You would not deny it if I said it was so?—No. I could not say for certain.

102. Can you tell the Committee who Mr. Guise is?—I do not know him for certain.

103. He is an engine-driver, if that will assist you. He does not live near your sawmilling property, does he?—No.

104. He has no house there?—No.

105. Do you know Mr. Arthur?—No.

106. He is a traveller. Does that assist you?—No.

107. I believe he is travelling for the Government Insurance Department at present?—I do not know him.

108. If I were to suggest that he was related to Mr. Hunter, the secretary of the Wairio Railway and Coal Company (Limited), could you say if that was so or otherwise?—I could not say. I do not know at all.

109. McKenzie, the coal-miner: is he bound in any way to the Wairio Railway and Coal Company (Limited), or to you?—No.

110. He has no agreement?—No.

111. None whatever?—No.

112. The agreement that I was told existed in 1909, under which you were bound to take the coal at 7s. 6d. a ton on the railway, does not exist?—There was no agreement to that effect. I do not know whether we have got it in writing even. I am not certain about that.

113. Have you asked Mr. David McKenzie to be here to-day?—No, I did not.

114. I have his statement that there is an agreement in existence between you, and I know as a matter of fact that there was an agreement in 1909?—There is none that I know of.

115. In view of the statement I have made and the position you hold, having all the country at your disposal—that is to say, the freehold and the surface rights, with powers of rejection—is it possible that these men who have taken up leases around your rail-head now—and there are a considerable

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 lessees 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)?

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,

and Good Friday, and during such time or times when the Wairio Coal-mine is not working, but in no case for a longer period than three weeks at one time) commencing not later than 9 o'clock a.m. and ending not earlier than 5 o'clock p.m." Does not that really place you in a position to regulate the quantity carried over the line?—Yes.

179. If you worked one day you could then let it lie idle for three weeks if you wished?—It is not our intention to do anything like that.

180. It is what you have power to do?—Yes. It would not pay us to do that when we have the capital locked up there. We want to get as much as we can out, and keep things going.

181. The fact remains that you can regulate the output, and it depends on you as to whether you will carry it—under that rule?—Yes, it appears so.

182. You stated that you would be willing that the Government should take over your line?—Yes.

183. Would you be willing that the value should be determined by arbitration?—Yes.

184. Which in your opinion would be the better of the two routes—yours or the one suggested by the petitioners?—I think the route that we have taken is the right route for a railway. I went over the other route before we put this line in, and we thought this was the better.

185. You know that a Government Engineer has been over that other route?—So I believe.

186. Do you know what his report is?—I have not heard definitely.

187. If he says he has an infinitely better grade, you would not be prepared to contradict that?—No. He ought to know, if he has taken the levels.

188. What is your real objection to the prayer of the petitioners being granted?—Simply that the Government line would take all the coal from us and our line would be no good.

189. You think it would be unfair competition?—Yes.

190. Supposing these people were granted the right to construct a line themselves, do you think that that would be a fair proposition?—Yes, if they have to do what we had—it would be fair proposition then: otherwise it would not.

191. With regard to Section 37, over which you have all surface rights, is it not a condition precedent to the grant of any of these licenses that the consent of the occupier of the surface should be obtained?—I could not say for certain.

192. But is it not so in connection with all—is it not a general rule?—I could not say.

193. With regard to the Southland Coal Company and the Wairio Railway Company, would it not be quite practicable for the Southland Coal Company to enter into an agreement with the Wairio Railway Company to handle all the coal that comes over that line?—I do not think it would be.

194. In view of your previous answer that the desire of your company was to carry as much as possible and in that way to make it a paying proposition, would it not be good business on the part of the Wairio Coal Company to have some one individual or company who would take the whole output?—No; it would pay us better the other way, I think—to distribute it among the different merchants ourselves, as we are doing at present.

195. Will you explain how it would be better from the Wairio Coal Company's point of view?—We get the profit that the Southland Coal Company would be getting.

196. There is no likelihood of a monopoly being created in this way?—No.

197. If all these coal leases that have been granted recently were to become coal-mines with a considerable output, would your line, even if extended, be able to carry the whole output?—Yes.

198. What is the total quantity that you could carry over your line under the most favourable conditions?—With the present weight of engine that we have there we could shift 350 tons a day. With a heavier engine we could do double that.

199. Unless the output exceeded 700 tons you could cope with it all?—Yes.

200. *Mr. Campbell.*] You said that you would be prepared to extend this line provided sufficient inducement were forthcoming?—Yes.

201. Would you be prepared to tell the Committee what you consider sufficient inducement, or, in other words, what rate of interest you are earning in the Wairio Railway Company at the present time? If you do not care to answer the question I will not press it?—It would be a hard thing to judge that just now, the way things are working. We have only got a start, and we do not know what we can do. We have only been running about eight weeks.

202. *Mr. Escott.*] When you first took up this proposal to put in the line did you contemplate extending it beyond the present terminus?—Yes; we had an idea of going right on up to the top of the hill.

203. That being so, how do you propose to extend it, seeing there is no power in your Order in Council to extend the line beyond the present terminus?—We would have to get it, the same as we got power before. We should have to get another Order in Council.

204. Would it not have been more reasonable on your part if you had got those powers in the first Order in Council?—Perhaps it would; but we did not.

205. Are you prepared to offer any better terms for carrying freight over your line than you have put in this schedule?—No.

206. Is that the best you can offer at present?—Yes.

207. You stated in answer to a question that you are prepared to haul all kinds of freight over your railway?—Everything: Yes.

208. Yet is it not a fact that under your Order in Council you have not the power to carry passengers?—That is so, I believe.

209. Then you never contemplated that your railway would take the place of, and perform the same services as, a public railway?—No: it was more for freight.

210. *Hon. Mr. Fisher.*] If you intended extending your railway, why was no provision made in the Order in Council for such extension?—I cannot tell you that. We just surveyed the district and had a look at it to see if it was possible to get there: that was all.

211. You ran a trial survey over to the Morley Valley?—Yes, over to the top—on to the top of the hill.

212. But you never took the precaution of securing an Order in Council that gave you the rights?—No.

213. Why not?—I suppose that one reason for that is this: it is on the High School Board's ground, and I suppose there would not be so much trouble getting through there as through the private property we had to get through.

214. You say that the opening-up of this proposed new Government line would interfere seriously with your business?—Yes.

215. Would it carry any of the coal that you are carrying now?—Yes, all of it.

216. How would you get the coal from the mines from which you are getting it now to the new line?—By pulling it up, as they did before we went there.

217. That would be cheaper than sending it down your line?—Yes.

218. Then your line is built in the wrong place, after all?—No. It taps the coal at the foot of the hill. It saves that hauling.

219. But even with the cost of hauling it up the hill the Government line would be cheaper?—Yes.

220. Why is that?—The Government rates—we cannot compete against the Government. The Government can run a line like that cheaper than a private individual, I take it.

221. The Wairio Railway Company wrote a letter on the 4th March of last year to Mr. Hunter, representing Moss's syndicate, and you said, "We will be in a position three months after the opening of the line to take coal from you at the rate of 25 tons a day, and three months later at the rate of 50 tons a day, the price to be 7s. a ton"?—Yes.

222. What is the length of your line?—Five miles.

223. Would you charge 7s. a ton over the line?—That includes the buying-price.

224. I want to get the difference between the purchase price of the coal and the railway freight. What do you estimate is the cost per ton freight?—We get 5s. 5s. and 6s. We get 12s. 2d. and 13s. 2d. for the coal on the trucks at Wairio.

225. That is 5s. 2d. freight?—Yes.

226. What is the freight from Wairio to Invercargill on the Government line?—I could not tell you.

Mr. Armstead: 4s. 9d.

Hon. Mr. Fisher: What is the distance?

Mr. Rodger: Forty-four miles.

Hon. Mr. Fisher: Forty-four miles for 4s. 9d., and five miles for 5s. 2d.

Mr. Armstead: Is that a fair way to put it? You know it is not.

Hon. Mr. Fisher: I do not want to put the position unfairly. If you think that is an unfair statement you can put it round the right way.

Witness: That is not a good comparison, I think, because one is a Government line and the other a private line. What we are getting now on that coal the mine-owners will get when the Government railway goes there. They were paying 6s. 6d. and 7s. a ton for dragging the coal over the road before we went there.

227. *Hon. Mr. Fisher.*] What prospect do you hold out, so far as the Wairio Railway is concerned, of opening the country at the back—the Morley Valley country?—It would open the country just as much as a Government line would.

228. When do you propose to extend your line?—We could extend it pretty well at once.

229. But when do you intend to do it?—Whenever we get an assurance from them that we are going to get a reasonable percentage on the money that we lay out. If they can assure us of that the line will be extended at once.

230. If you opened up the coal-mines at the back in the Morley Valley which are said to contain a better quality of coal than your own, what would the effect be upon the selling-price of your coal? Supposing new mines came into competition with yours with a superior coal, what will the effect be on your mines?—I do not think there would be any competition. The rate on the coal would be the only thing that the competition would be in: it would not be in the quality of the coal.

231. It has been suggested that your reason for not extending your line is to lock up the mines at the back and to let you have free access to the railway with the coal that you are at present carrying: is there anything in that?—No, nothing in it that I know of.

232. Have you any capital to extend the line?—Yes.

233. You can if you want to?—Yes.

234. So that does not stand in the way?—No.

FREDERICK WILLIAM FURKERT, Inspecting Engineer, Public Works Department, examined. (No. 18.)

1. *Hon. Mr. Fisher.*] You have been over the route of this proposed railway, have you not?—Yes.

2. What would be the effect upon the Wairio Railway Company if the proposed Government line were constructed?—It is very hard to say. If, as I have heard stated here to-day, the tramway was put in there because it was considered that that was the best place from which to serve those mines that are now served by Mores' tramway, it seems hardly reasonable to suppose that those mines will abandon Mores' line, unless there is an outrageous charge on that line.

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.

Witness: In view of what you say, that Mores' rate would be 2s. a ton, I do not think that any of the coal that now goes over Mores' line would go up the hill. I do not think that the making of the line would make any difference to Mores' line.

27. *Mr. Armstead.*] That would be the rate if you could get 90,000 tons over the line. If the coal at the back is better, and if the coal people at the back get the advantage of the through rate to Dunedin or Christchurch, is it not perfectly feasible that the other mine-owners will not be able to compete—that is, McKenzie and these people?—I could not say anything about the value of the coal. I have not gone into that.

28. I am speaking as far as the rate and the drawing-power are concerned. McKenzie's must start from Wairio—that is, on the Government line?—Yes.

29. And whatever the rate is to get the coal to Wairio, that is a tax over and above what the charge would be if it were a Government railway: is not that so?—Yes.

30. You recognize that Mores' people have gone in there, and the chances are that there would be no talk of a Government railway had Mores not pushed their railway in to start?—I cannot say anything about that.

31. Have you gone over the route extending from the proposed terminus at Ohai?—I have been down as far as Birchwood.

32. If the railway were extended, is that the way it would go—down that road that carries right on to Birchwood?—It could not follow the road.

33. It would run down into one of those valleys?—It must.

34. But if there were an extension there it would have to go right down past Mount Linton and Birchwood anyhow?—Yes.

35. How far is Mount Linton from the present proposed terminus of the Government railway—I mean, the Mount Linton and Birchwood homesteads?—Five miles, probably: six by the way the railway would go.

36. The line was put in by Mores' people to carry Government trucks, but it was not put in to carry a Government engine. Is that the difference between it and a Government line when you say it is not up to Government standard?—I understood that it was not considered satisfactory for passenger traffic.

37. We never applied for passenger traffic on it—it would have been too much altogether for us. If it had been laid down for passenger traffic, and there had been very few passengers travelling over it, would it not have meant that the freight on produce would have had to be increased to make up the difference in cost occasioned by making it up to passenger-traffic standard?—If there were no passengers, naturally you would not make it for passengers.

38. Very few passengers, I said?—If there were not enough passengers to pay interest, it would not be good business to make it to carry passengers.

39. If the principal idea was to put it in for haulage from the district as cheaply as possible, it was perhaps a good business idea to leave the passengers out of it altogether?—It is primarily a coal railway, and you perhaps do not want a passenger railway.

40. If you were putting in a railway to serve all the coal people in the district would you not think that up the Wairio Valley would perhaps be the better route—the way Mores have gone?—I never went into it from that point of view. I am doubtful about that, now you come to mention it, because there is a lot of jumbled-up country just beyond Mores' line which is not favourable to making railways.

41. Is there not any quantity of such country the other way?—Not so much.

42. I suppose that in your estimate of the cost of the line you have taken into consideration all ordinary contingencies?—Yes, I think I have.

43. Of course, when the line leaves the control of the Public Works Department it goes to the Railway Department, and it is their picnic to see how it works from then on?—Yes.

44. *Mr. Rodger.*] A very serious disability in regard to Mores' railway is that just at Wairio there is a back shunt to begin, and a grade from Wairio down to the valley?—Yes, I have heard that said by the Railway Engineer—in fact, there is a joint report by him and our Engineer to the effect that if it were made a Government line that part would have to be altered.

45. If Mores' line were acquired by the Government and extended, it would be a branch line, would it not?—Yes.

46. In your view a branch line is to be avoided if possible?—I do not know. That is rather too general a statement.

47. It is more costly to work—a branch line would be more costly to work?—That does not follow either. As a general rule short branch lines are to be avoided if you can tap the country by an extension of a main line. But that does not necessarily follow.

48. As a general rule branch lines are not looked upon with favour?—No, not short branches.

49. The extension of the line that is proposed by the petitioners is really an extension of the Government railway?—Yes.

50. And there are no engineering difficulties whatever in its further extension, if that should be found necessary?—No; it is an ordinary kind of line.

51. So far as you know the coal-bearing land is all on the line of that extension?—I saw a lot of coal-bearing land on the line, but there may be lots of other that I do not know of. So far as I understand, and so far as the land has been taken up for coal leases, it runs pretty well through the middle.

52. There are serious objections from an engineering point of view to the extension of the railway from Nightcaps, are there not?—Yes; it is not a good place at all to extend from.

53. There is, of course, the fact that it is a privately owned line for two miles from Wairio to Nightcaps?—Yes.

(No. 19.)

The Chairman: We have a letter from Nightcaps residents, which I think the clerk ought to read. [Letter read, as follows:]

Objection from the Residents of Nightcaps to the Wairio-Ohai Proposed Railway.

We, the undersigned, in support of Mr. Donald Sinclair's letter of objection to the proposed railway, do hereby send the following further objections supported by this petition:—

1. There is no bituminous coal in the district, and no expert evidence of the quality of the Birchwood coal. The market for brown coal is oversupplied: the open mines at Kaitangata and Nightcaps and Green Island are only working four days per week.

2. The Wairio-Nightcaps Railway, although built and owned by a private company, is leased and worked by the Government, and is recognized as the terminus of the main railway. Five to six hundred people have made their homes here, built on freehold sections, and the prosperity of the township has been increasing until this agitation for a Government railway by speculators has even held up a grant for a post-office in the township.

3. There was only one survey of the route, and the Government Engineer only inspected Mr. Rodger's route. The people of Nightcaps were never given any consideration when the route was fixed.

4. The granting of this railway would be a serious injustice to the Nightcaps Coal Company (Limited) and the Wairio Railway and Coal Company, who have built private railways in the district. The Government railway would run between these railways, about half a mile from each.

5. If the Petitions Committee seriously consider granting this railway to a few people who have huge tracts of lands to sell, and benefit by the increased value it would put on their lands, we pray that we be given an opportunity to send a witness from Nightcaps to safeguard our interests, and show the Committee how our homes and sections in Nightcaps Township would be almost unsaleable.

WILLIAM BARCLAY, Mining-manager.

THOMAS TODDS, Mine-manager.

1st August, 1914.

(Enclosure.—Extract from *Western Star*, 31st July, 1914.)

NIGHTCAPS WANTS.

On various occasions the member has urged the Postmaster-General to make provision for the better postal, telegraph, and money-order facilities at Nightcaps, but replies have not been satisfactory so far. Residents have a real grievance against the Postal Department over this matter, and if they have not a Board to voice their wants, they at least have prominent townspeople who have done their best to supply facts in favour of the applications which have been made from time to time. In his last reply the Postmaster-General said, in view of railway developments at Wairio, it would not be wise to make any change. It may be said that any developments at Wairio will not prejudice Nightcaps, which is now thoroughly established with a population of seven hundred, and has numerous indications that it has not yet by any means reached its limits of expansion. The utmost dissatisfaction exists at Nightcaps with the present unsatisfactory arrangements. For instance, there is no officer to register births, deaths, and marriages, and money business is not transacted after 4 p.m., which is certainly very inconvenient to the mine-workers, who make up the bulk of the population. One distinct grievance is that in withdrawing money there is no privacy. Lumsden and Edendale, both smaller populations, have post-offices with their postal staffs, and as it is the general wish of the residents that some improvement is necessary, it is sincerely to be hoped that further representations to the Postmaster-General will result in the favourable reconsideration of the application.

Mr. Rodger: I wish to put in several letters from Nightcaps gentlemen, and should like them to be read. [Letters put in, and read, as follow:]

At a public meeting of the residents of Nightcaps, held in the Coronation Hall, Nightcaps, on Wednesday evening, the 29th July, 1914, at 8 o'clock, at which 103 ladies and gentlemen were present, and at which Mr. A. W. Rodger, jun., of Birchwood, spoke at length on railway matters, the following resolution, moved by Mr. Peter Grant and seconded by Mr. Donald Sinclair, jun., was passed almost unanimously: "That in the event of the Government finding it inexpedient to extend the railway from Nightcaps Township it is the opinion of this meeting that the scheme of the Wairio-Ohai Railway Extension Syndicate, for the extension of the Government railway from Wairio to Ohai through the Morley Village, should be adopted."

An amendment moved by Mr. Barclay, Manager of the Nightcaps Coal Company (Limited), and seconded by Mr. Hunter, "That the railway should be extended only from the Nightcaps Township," was supported by six of those present, including the mover and seconder.

A further amendment, moved by Mr. Buchanan and seconded by Mr. J. Brazier, "That the railway should be extended to Ohai only in the event of Mr. Rodger finding bituminous coal in that district," found only one supporter in addition to the mover and seconder.

ROBERT DUNN, Chairman.

SIR,—

Nightcaps, July, 1914.

We, the undersigned property-owners and householders in the Township of Nightcaps, Wallace County, beg to state as follows:—

1. We are not signatories to the petition to Parliament praying the Government to adopt the scheme of the Wairio-Ohai Railway Extension Syndicate for the extension of the Government railway from Wairio to Ohai.

2. The adoption of such scheme, we submit, would militate against our interests, in that it would depreciate the value of our properties owing to the future prospect of the present railway-station being removed from Nightcaps to the Morley Village, a distance of, say, 65 chains.

3. The extension of the railway from Nightcaps to Ohai would be in our interests, and we would urge the adoption of that route.

4. We strongly protest against a branch line being put in to Ohai either from Wairio or Woodlaw, by taking over the Wairio Railway and Coal Company's tramway, as such route would cut out entirely the Nightcaps-Morley Township, and if the alternative route above suggested be not approved we would prefer and would concur in the adoption of the scheme of the Wairio-Ohai Railway Extension Syndicate hereinbefore referred to.

ROBERT JAMES IRWIN and sixty-five others.

The Chairman, Public Petitions A to L Committee.

Mr. Rodger.] Attached to the latter communication is a list of the property-owners in Nightcaps, taken from the valuation roll in Invercargill, so that the two can be compared if necessary.

Mr. Armstead.] There are two points I desired to mention. One is the through rate, and the other is the Order in Council, of which a point is made. I want to point out that under the Order in Council we were compelled to prosecute the work and complete it within a given time. Mr. More knows nothing whatever about the Order in Council. Had we taken the Order in Council out, as is suggested, up to the terminus, we should have been compelled to carry that work out and finish it within a given time. Under the Order in Council the work has to be completed within a certain time, and that is a reason why the Order in Council was not taken out further. It reads, "The company . . . will (1) to the satisfaction in all things of the engineer of the local authority substantially commence the construction of the works authorized by the said Order before the 1st day of January, 1912, and carry on and prosecute the said works with vigour and dispatch; (2) complete and finish the said works and open the same for public traffic to the full intent of the said Order within the period of two years from the 18th day of October, 1911." As a matter of fact I do not think it was done in time, but it was very close to it. There was also some other mention with regard to the Order in Council. These Orders in Council are not matters that come before solicitors every day, I may say, and this Order was taken from one of Findlay, Dalziel, and Co., of Wellington, and is practically on the same lines as that. The deed of delegation is here. I also brought my draft so that you can see the alterations made by the county solicitors, if you are so inclined. You already have a copy of the Order in Council, I think.

Hon. Mr. Fisher: Yes. You had better keep the deed: you might not get it again.

Mr. Armstead: Very well.

THURSDAY, 6TH AUGUST, 1914.

JAMES ARMSTEAD addressed the Committee. (No. 20.)

Mr. Chairman and gentlemen,—I desire to make it plain at the outset that I do not appear here as counsel for the Wairio Railway Company, but as one of the shareholders. I will endeavour to be as brief as I possibly can. I will put the points that I wish to make as baldly and as concisely as I can. In the first place, personalities I do not intend to touch. If the Committee desire any information at all on any of the personal matters raised I shall be very pleased to give it; but if I attempted to go into all the matters that have been raised it would take me far more than the time allotted to me. Secondly, there are many statements in the petition which we do not admit, and those statements have yet to be proved. Thirdly, the district was opened up by Mores, who, I submit, are entitled to every consideration. Fourthly, no coal leases were granted beyond the Wairio pit when this line was commenced, and this line would not have gone on except for the assistance which was promised by both Mr. Rodger and Mr. McGregor. Mores' line was designed to take the whole of the traffic from that district; and it was designed to take the traffic off the roads; and that, I submit, it has done or is doing. And this point I wish to make with reference to that: Irrespective of any railway there must be a considerable amount of coal traffic on the road—the traffic, for instance, into Birchwood. All the Feldwick people bring their coal out through there. There must be a considerable amount of traffic on that road anyhow, and the principal damage has been done to the road by the farming people in the district carting their own coal, and that will still continue. Fifthly, it has been contended that if the Crown grants leases, then facilities should be given to the lessees to comply with the conditions of those leases. I submit that is not a sound contention. That obligation does not exist: it has not existed on any coalfield or on any timberfield yet in New Zealand. Any man taking up either coal or timber rights, wheresoever he may take them up, does so at his own risk, having provided in his own mind before he takes them up his own facilities for getting the coal or timber out. The Taupo Totara Timber Company can be instanced, which company constructed a line sixty miles into their timber country, and never thought of approaching the Government for assistance. Now, with reference to the Order in Council, the point seems to be insisted upon that there was no extension provided for in the Order in Council. The reason for that is this: a time for completion is stipulated in that Order, and the line had to be completed within that time. Had we applied for permission for an extension, then naturally we should have been compelled to give a guarantee that the extension would go in within a certain definite time. And when we first took up this proposition of putting in that line there were no coal-pits further on at all; and though we then saw that the probability was there would be a considerable quantity of traffic coming from that district, there was nothing in any shape or form

definite; and it would have been absurd then to have contemplated immediately putting in a line to the Morley pits. Mr. McGregor in his evidence said that it was always intended that the line should go on to Morley. So the point that is endeavoured to be made—that these people were limiting their line designedly for some reason or other—is surely contradicted by that evidence alone. Secondly, with reference to the Order in Council, clause (18), which may or may not have been justified at that time—that is the clause which allows the company or the local authority, at its option, not to run on Sundays, holidays, and such times as the Wairio Coal Company may not be working: at the time that railway was projected the authorities here who perused the Order in Council pointed out that some such regulation as that was necessary to give some little elasticity; that we were compelled to run a train not earlier than 9 o'clock in the morning, and not later than 5 at night under certain rules and regulations; that these were hard and fast; and that the Order in Council had to be complied with: it was suggested then that some little elasticity might be given to the Order in Council, and that is the reason why that clause was put in—so that if there was nothing coming out over the line, and nothing to come out, the railway would not be compelled to run; or, if they did not run because of that reason, it would not be a violation of the Order in Council. Thirdly, with reference to the power of resumption: it has been suggested, and strongly suggested, that for some reason or other this power of resumption was designedly left out. I confidently say that, irrespective of the Order in Council altogether, the Government have the power of resumption. I say that I do not think the power of resumption is necessary in any Order in Council. I am not sure, but I think the Government have full powers. I will say this with reference to clause 18: that the company are prepared to delete it altogether or to substitute therefor any other reasonable clause that this Committee or the Government officials or anybody else may suggest as being a fair and reasonable clause; and, further, that if the Government has not the power of resumption, then we are quite prepared to grant it to them. The next point is with reference to rates. The rates were fixed by the Government; and I wish particularly to distinguish “through” rates. You had “through” rates mentioned yesterday, and I think the point I desired to make is perfectly clear to all the members of the Committee, and I will not labour that further. Next, the local authority has power to review the rates at any time, and, if not satisfied, to go to arbitration. Mores’ people have advanced a scale of rates on a sliding basis, contingent on the amount of traffic going over the line, and further than that they cannot go. I would point this out: that with 50 or 60 tons a ton coming over the line at the maximum rate chargeable under the Order in Council the railway people are losing money. I give that with all assurance. It is an absolute fact. Whatever the rate may be, Mores’ people have endeavoured, as far as they possibly could—seeing that the railway has only been running some six weeks—to fix a reasonable rate for drawing out that coal. Now, I will admit that Mr. Rodger’s scheme is an attractive one, but there are one or two points which I think I might just casually mention. The syndicate proposed to be formed will be a limited-liability company with a capital of £12,500, all of which will be called up and expended—at all events, practically all of it will be expended, anyhow. The company then give a guarantee with reference to loss on the line, and they also give a guarantee as to interest on the money. If that company is a limited-liability company, and if the whole of their capital is called up, it just means that the guarantee is not worth anything at all. Then the company, I see, is to share its profits, if any, with the Government—for five years, anyway, and possibly for ten. These promoters and the Government are to run this railway in copartnership. Again, they seem to anticipate that there may be a loss, and they provide that in case there is a loss there shall be a surcharge on all the traffic going over the line, to meet that loss. What is that surcharge going to be? Is the surcharge going to be sufficient to cover the loss? If it is, then it is perfectly obvious, I think, that Mores’ people are only doing that; they are only charging a running rate which will give them a fair interest on their money, and a little over; and these people are proposing to do practically the same thing. There has been a lot of talk as to what the Government rate would be, yet we do not know what, under this scheme, the conveyance of the coal will cost at the bottom. It says “a small surcharge,” which may mean 3d. or 6d. or 1s. It may be a surcharge to cover the loss. There may not be anything like the amount of coal coming out that they think there is going to be, and it may mean at the finish that it is going to cost more under that surcharge than it is going to cost over Mores’ line. Next, I want to point this out: the Government have granted a charter to Mores’ people to construct this line, and I submit with all confidence that they are morally bound not to compete with Mores’ people. I will instance the case of the Auckland Corporation and the Auckland Tramway Company. You gentlemen are probably aware that last year the Auckland Corporation delegated its powers to the Auckland Tramway Company to run cars; subsequently they wished to get a charter and to delegate to a bus company the right to run buses practically in competition with those cars; but the Government here, recognizing that that was not a fair thing, passed legislation by which they limited that and limited competition. One person having a charter, they limit that person then, and will not allow competition as against that person; but have made provision by which any feeders to the prime undertaking may be granted. Now, I confidently submit that our proposition is practically on the same footing as that, and that we are entitled to the same consideration. We say that if the local authority were approached by other people who wished to put in a line, then it might reasonably apply to our case. But we are not saying that: we do not object to these people applying to the local authority to put in another line. But I do say that after that action by the Government as indicating their policy, if this proposed line is put in it will be a direct contradiction of what they have laid down and practically passed into law; and, further, that our equity is much stronger than that of the Auckland Tramway Company. Now, as to the result of putting in the proposed line, I submit confidently, and it is borne out by a considerable amount of evidence, that it will absolutely cripple Mores’ enterprise. I wish you to recall, in discussing this, that if Mores’ line goes in there it takes the whole output of that district,

and can bring it down at a fairly reasonable price, but every pound of coal that is taken away from it means that the balance going over the line has to bear a proportionately higher rate; and it ultimately means that Mores' line must be wiped out, and they lose the whole of the money they have put into it. Now, we are prepared to assist the coal companies in any way possible. We are prepared to assist the settlers in any way possible. Firstly, we are prepared to extend the line to Ohai, provided we have a guaranteed security of tenure and a guaranteed quantity of freight. We cannot say anything better than that; or, secondly, we are prepared to do this: we will sell the line to the Government at a valuation to be fixed by arbitration. The next point I wish just to touch on is that of public benefit and policy, which has been made a great point, it being suggested that the proposed line is going to greatly benefit the public. Firstly, the line will go in to serve the interests of the promoters primarily; as they say, they have £300,000 worth of property which the line will serve. Secondly, it must benefit very considerably the holdings of Messrs. McGregor and Rodger—large holdings in the district—which must be considerably enhanced in value even by Mores' line going in there, let alone the increase in value which will be brought about if the Government line goes in. If there is an extension of that line—and it is suggested that there may be an extension—it will have to run six or seven miles before it touches any other ground than Mount Linton and Birchwood. A point has been made of the lime-deposits in the district. If you will look at the map you will notice there is a lime reserve of some 30 acres. That is entirely on the left-hand side of our line, and entirely away from the Ohai portion of the line. There may be—I believe there is—some lime further down, but it is some miles away—I think I am correct—from the termination of this line. Another point: If this Government line goes in it sets the seal for all time on any competition. It sets the seal for all time on the whole of the coal district round there. Now, there is known coal—any amount of it—beyond Nightcaps. For instance, in Mr. Ritchie's property there is any amount. This line does not serve that. If people wished to come in and take up Ritchie's coal-land, or any other coal-bearing land and wished to develop it, would the Government then be prepared to assist them by putting in a Government line to that place? If not, then it is prejudicing the whole of that country; and if there is anything in the nature of a monopoly at all, this line is going to set the seal on the monopoly of the Morley coal-pits. It is centring the whole of that coal upon the Morley coal-pits, and anybody outside of that coterie cannot possibly compete, for the Government cannot put a line in in any more places. The next point is with reference to the public benefit and utility. Is there any guarantee whatever that the public will get cheaper coal? Absolutely none. There have been statements made, but there has been nothing shown that the public are going to get any cheaper coal. The coal lessees are entitled to charge 10s. for the coal. The railage, according to Mr. Furkert, from there to Wairio is going to be 1s. 9d. That makes it 11s. 9d. at Wairio. Hundreds and hundreds of tons of coal are carted away from that district by the farmers surrounding, and those farmers will have to pay at Wairio 11s. 9d. a ton for the coal. Presupposing, as has always been suggested by the promoters of this proposed line, that there will be 70,000 to 90,000 tons of coal coming over there, if that amount comes over Mores' line they have set the charge at 2s. McKenzie's people are mining the coal at 7s., and putting it on the trucks and making a profit out of it at 7s. It will land in Wairio at 9s. a ton, as against 11s. 9d. over the Government line. Now, take the "through" rate. Then it is 10s. 7d. a ton. That is not for coal going to Wairio alone to supply the surrounding district, but coal going away from the district. The 7d. from Ohai to Wairio and 10s.—the cost of the coal—makes it 10s. 7d., on its way through to Invercargill or elsewhere, at Wairio; while the coal going over the Wairio line will be there at 9s. a ton. If that be so, it shows clearly that there is no guarantee that the public will get cheaper coal. The surrounding district will suffer very considerably. The long-distance people will not suffer quite so much, but they will suffer. Another point: if McKenzie can mine this coal for 7s. a ton, and put it on the trucks and make a profit out of it at that, McGregor's people or the Mount Linton people can do the same thing—they can mine it for 7s. a ton, and make a profit out of it. But under their conditions they are allowed to charge 10s. for it. A great point has been made of the fact that the Wairio Railway Company are charging rates up to 5s. 6d. a ton. Here these people are allowed to make a profit up to 4s. a ton on every ton that comes out from there, and their capital is a matter of £5,000, against the other people's capital of £15,000 to £20,000. If there is likely to be any exploitation of the public, it certainly is not from the point of view of the railway people. I submit that, being enabled to charge 10s. a ton, as they are, that is a more exorbitant rate than the railway people's maximum of 5s. 6d. for carriage, high as it may seem. Finally, Mores' people, with the approval of the whole district, have honourably and honestly done what they considered to be in the best interests of the district—the best interests of all parties concerned there, and the best they could to open up and serve and develop the whole of that locality; and I confidently submit to you that it is not an equitable proposition to judge either actions or proceedings commenced four or five years ago in the light of present developments. They are entitled to this consideration: that in reviewing their actions and what they have done the Committee should as nearly as possible place themselves in the position Mores were in when they first took this up, and view the proposition from that point of view. If we could look into the future for three or four years, how differently most of our works would be done; and I do not say but that this railway of Mores' might have been put in differently. It may have been—I cannot say; but I certainly say that at that time—at the time it was put in—it was put in to the best of their judgment; it was put in with the approval of the whole of the people in the district; it was put in with the expressed approval of the Wallace County Council, and to save their roads. I submit that that it has done. It has taken Government trucks five miles into that district. It is prepared to carry them a little further, and to serve anybody likely to come in; and I submit that having done that it has done all that any reasonable person could expect. I submit, sir, that Mores' people are entitled to every consideration at your hands. My allotted time has expired, and I thank you for the courtesy and consideration extended to me.

CORRESPONDENCE HANDED IN BY MR. ARMSTEAD.

DEAR SIR,—

Mount Linton, 3rd October, 1910.

In consideration of you or your nominees extending your proposed railway from Wairio on to Mount Linton, with the object of working the coal thereon, I hereby offer you the following concessions :—

If the railway is extended to Mount Linton, to grant you the right to mine the coal thereon on payment of the following royalties on the coal mined—viz., 9d. per ton on the first 50,000 tons, 6d. per ton on the second 50,000 tons, and 3d. per ton on all coal mined over 100,000 tons—excepting the area of 20 acres being mined by William Smith.

Yours faithfully,

W. J. A. MCGREGOR.

P.S.—I agree also to transfer any rights I may secure over the Government coal reserve on Mount Linton to Messrs. More and Sons (Limited) or their nominees.— W. J. A. McG.

Messrs. More and Sons (Limited), Riverton.

DEAR SIR,—

Mount Linton, Southland, N.Z., 22nd May, 1909.

I have just learnt that you are considering the idea of putting in a light railway to tap the coal country west from Nightcaps. Unless you have definitely decided your route I think it would be a good plan if you could meet the settlers of this quarter for the benefit of considering the route, and as to the possibility of the carriage of goods, &c., for those of us in these parts. I am sorry Mr. Rodger, of Birchwood, is away, but he would willingly have given the land free of cost for the line besides other substantial assistance if the line was likely to touch in on Birchwood. Any night or day between now and 1st June that would suit you I would be pleased to meet you and fetch you out to meet the settlers on a date that you could name.

Yours faithfully,

W. J. A. MCGREGOR.

W. More, Esq., Riverton.

DEAR SIR,—

Mount Linton, Southland, N.Z., 1st June, 1909.

I beg to thank you for your reply of 29th instant received, and for offering to allow us to discuss your projected venture in these parts to the benefit of all. I have to go north to-morrow, and will not be back till about the 17th, when, if not too late, and we could arrange a date, I would be pleased to wait upon you on behalf of Mr. Rodger (in his absence) and others. Two points I wished to mention for comparison and consideration were the route (intended) and the feasibility of being able to use Government rolling-stock (*i.e.*, trucks), as in the tapping of this Morley Valley it would be no time before more coal would be going out than what goes out from Nightcaps, as the superior quality would run all other produced south of the West Coast off.

I have been pointed out your intended route, which looks expensive through such uneven country. I would like to know if you were pointed out the possibility of a route up the Wairio Gorge into Birchwood, and thence up an easy grade into the Morley Saddle and over into Moss's. The special features of this route are, from a working point of view, cheapness of formation, less wear-and-tear on rolling-stock—a little longer perhaps; but what I would point out is the standing worth of the line as an asset to the country later on, as compared with the intended route, as it not only taps the better coal of the west, but good farming land on Birchwood as well, where Mr. Rodger intends putting up a dairy factory on his return from Home. The other pits in the Manuka Hills could be tapped as well by this line. I would be glad to point out that this route is worth considering, as Mr. Rodger would give the land free of cost for its access, as well as take a share in the undertaking. The development of this line in this manner would mean a great expense of handling saved in coal or other goods, as besides Birchwood, Mount Linton, Rannoch, and the settlers, Beaumont Station would also benefit.

Yours faithfully,

W. J. A. MCGREGOR.

Thomas More, Esq., Manager, Messrs. More and Sons, Riverton.

DEAR SIR,—

Mount Linton, Southland, N.Z., 23rd March, 1911.

Referring to the offer of the concessions to mine coal on my property at Mount Linton, as contained in my letter to you of the 3rd October, 1910, as such offer has never been accepted by you, I hereby withdraw the same, and make the following substituted offer in lieu thereof—namely :—

In consideration of your nominees extending your proposed railway from Wairio on to Mount Linton, with the object of mining for coal thereon, and removing the coal when mined by means of such railway, I hereby offer you the following concessions :—

1. If the railway is extended to Mount Linton I will grant you the right to mine for coal thereon on payment of the following royalties—namely, 9d. per ton on the first 50,000 tons, and 6d. per ton on all coal over and above the first 50,000 tons.

2. There shall be excepted from the area to be mined the following sections: Section 15, Block 5, 102 acres, Wairaki Survey District; Section 6, Block 26, 640 acres, Wairaki Survey District; Section 26, Block 26, 248 acres, Wairaki Survey District.

3. I also agree to transfer to you or your nominees any rights which I now have or may hereafter secure over the Government coal reserve, on refund of expenses to me in connection therewith.

4. The railway extension from Wairio to Mount Linton mentioned above shall be completed within a period of three years from this date, otherwise the above concessions will lapse and determine.

Please signify to me, in writing, your acceptance of the above offer within one month from this date, for failing your acceptance in that time the same will lapse.

Messrs. More and Sons (Limited), Riverton.

Yours faithfully,
W. J. A. MCGREGOR.

DEAR SIR,—

Birchwood, Southland, 3rd October, 1910.

In consideration of you or your nominees extending your proposed railway from Wairio to either of the following points—viz., on to Section 182, Wairio district, or on to Section 89, Wairio district—with the object of working the coal thereon, I hereby offer you the following concessions:—

1. If the railway is extended to Section 182, to grant you one-third of the coal on such section, or to grant you the right to mine the whole of the coal on the said section on payment of the following royalties on the coal mined—viz., 9d. per ton on the first 50,000 tons, 6d. per ton on the second 50,000 tons, and 3d. per ton on all coal mined over 100,000 tons.

2. If the railway is extended to Section 89, to grant you the mining rights over such section subject to the royalties above named.

3. To grant you free of cost any land necessary for such extensions, provided the railway is not more than 33 ft. wide.

Irrespective of any extension of the permanent railway beyond Mackenzie's, I hereby agree to allow you to lay down a temporary railway through my property for the purpose of conveying ballast, and to grant you free of cost all ballast required for your Wairio Railway.

It is understood that the concessions above named are offered subject to your accepting the same within two months, and that the railway extension will be carried out immediately the line to McKenzie's pit is completed.

Messrs. More and Sons (Limited), Riverton.

Yours faithfully,
A. W. RODGER, Jun.

DEAR SIR,—

Invercargill, 4th March, 1913.

Your letter *re* purchase of coal was submitted to a meeting of the Wairio Railway and Coal Company (Limited) on Saturday evening, and, subject to our having no difficulties with the Railway Department, we think that we will be in a position three months after the opening of the line to take coal from you at the rate of 25 tons per day, and three months later at the rate of 50 tons per day, the price to be seven shillings (7s.) per ton for first-class coal, and 3s. for nuts, delivered into trucks at our terminus.

Yours faithfully,

JAMES HUNTER,

Secretary, Wairio Railway and Coal Company (Limited).

Mr. J. T. Hunter, representing Moss's Syndicate, Wairio.

DEAR SIR,—

Invercargill, 20th March, 1913.

Replying to your letter of the 8th instant addressed to Mr. Thomas More, we have to say that we will be pleased to arrange with you to take your coal as soon as possible. How much we could take would depend on the facilities given by the Government Railway Department in supplying plenty of trucks. We think it would be possible for us to take 25 tons a day three months after the opening of the railway, and up to 50 tons a day three months later. For this we would be willing to pay 8s. per ton on trucks at our terminus if the coal is equal to the quality Mr. Moss is mining alongside the Morley Creek. For nuts we would pay 3s. on trucks. The proposal that this company should join with you in laying a small line from your lease to our terminus would have to be considered by all the shareholders. I will bring it up at the first meeting.

Yours faithfully,

JAMES HUNTER,

Secretary, Wairio Railway and Coal Company (Limited).

Messrs. Smith and McGregor, Mount Linton.

DEAR SIR,—

Invercargill, 27th March, 1913.

Replying to yours of the 26th instant, I have to say that the matter of quoting for carriage of your coal would have to be considered by a full meeting of shareholders. As you no doubt know, we are entitled under the Order in Council to charge 5s. 6d. a ton, and I assume that your request for a quotation may be regarded as an indication that you wish a lower rate. As a matter of fact, we do not know what it would cost us to carry the coal. I will get a meeting together as early as I can to consider the matter.

Yours faithfully,

JAMES HUNTER,

Secretary, Wairio Railway and Coal Company (Limited).

Messrs. Smith and McGregor, Mount Linton.

DEAR SIR,—

Invercargill, 29th April, 1913.

Replying to your letter of the 26th instant, received to-day, I have to say that the questions you ask as to (1) your clients connecting their extension with our terminus, and (2) the matter of selling the railway to your clients, would have to be referred to a full meeting of shareholders. Unfortunately, two of the shareholders are absent from Southland at present, and it will not be possible to get them all together for at least three weeks. However, I will call a meeting as soon as there is a chance of getting them together. The idea of selling the line has never, so far as I am aware, occurred to any of our members, and I think it very unlikely that they will want to sell. If your client wishes to buy,

it might be well, in view of the difficulty of bringing our members together, for him to make a definite offer for the line, and I will submit it.

Yours faithfully,

JAMES HUNTER,

Secretary, Wairio Railway and Coal Company (Limited).

Messrs. Watson and Haggitt, Solicitors, Esk Street.

DEAR SIR,—

Invercargill, 17th June, 1913.

Replying now to your letter of the 29th April, I have to say that your questions were submitted to a recent meeting of shareholders of this company, and I was instructed to reply—

(1.) That, owing to various uncertainties, many of them arising out of an agitation for the Government to take over our line, we are quite unable at present to come to any definite decision regarding the matter referred to by you. When, however, these uncertainties are settled we shall welcome an opportunity of discussing the matter of an extension with your clients.

(2.) The shareholders of this company have no desire to sell the railway.

Yours faithfully,

JAMES HUNTER,

Secretary, Wairio Railway and Coal Company (Limited).

Messrs. Watson and Haggitt, Solicitors, Esk Street.

DEAR SIR,—

Invercargill, 18th October, 1913.

In course of your interview with the Minister of Railways at Nightcaps on the 21st April you are reported as having asked the Minister, *inter alia*, to decline to let our company have the use of Government coal-trucks unless we charged Government haulage rates. Up to that time no question as to the withholding of trucks had arisen, but although we have made several applications to the Department for an assurance that we would have the use of the trucks when our line was finished, we have not so far got a definite answer, although, as mentioned by Mr. More to Mr. Rodger, they have granted us the use of ballast-trucks and M wagons during the construction of the line. We believe that the action of the Government in withholding the use of trucks for the railway haulage is due to your representation, and our object in now writing to you is to ask that you will kindly write the Minister of Railways withdrawing your request that the trucks should be withheld, as until we know whether we are going to get them it is impossible for us to deal with the matter of rates for carrying coal or of linking up with our line. An early reply will oblige.

Yours faithfully,

JAMES HUNTER,

Secretary, Wairio Railway and Coal Company (Limited).

W. J. A. McGregor, Esq., Mount Linton, Nightcaps.

DEAR SIR,—

Invercargill, 13th December, 1913.

With reference to our conversation regarding rates for carrying coal on our railway when it is completed: We propose to regard the authorized rate of 5s. 6d. per ton as the carrying-rate, but propose to give rebates depending on the total amount of coal carried over the line in each year. These I am now working out to submit to a meeting of our directors on Saturday night next, 20th instant, and I hope to send you the figures on Monday, the 22nd.

Yours faithfully,

JAMES HUNTER,

Secretary, Wairio Railway and Coal Company (Limited).

Mr. Joseph Johnston, Leet Street.

DEAR SIR,—

Invercargill, 22nd December, 1913.

Re haulage rates for loose coal on Wairio Railway: I have been instructed to reply to your inquiry that our rate is 5s. 6d. per ton for truck lots, but we are prepared to make rebates depending on the total quantity of coal carried in each year. I enclosed list of rebates, and have to point out that these rebates will only be given if we get the use of Government trucks at ordinary rates. If we have to supply trucks ourselves the rebate will in each case be 6d. per ton less.

Yours faithfully,

JAMES HUNTER,

Secretary, Wairio Railway and Coal Company (Limited).

Mr. Joseph Johnston, Vulcan Foundry, Leet Street.

DEAR SIR,—

Invercargill, 4th March, 1914.

Re haulage rates for loose coal on Wairio Railway: I have been instructed to reply to your inquiry that our rate is 5s. 6d. per ton for truck lots, but we are prepared to make rebates depending on the total quantity of coal carried in each year. I enclose list of rebates, and have to point out that these rebates will only be given if we get the use of Government trucks at ordinary rates. If we have to supply trucks ourselves the rebate will in each case be 6d. per ton less.

Yours faithfully,

JAMES HUNTER,

Secretary, Wairio Railway and Coal Company (Limited).

Mr. Joseph Johnston, Vulcan Foundry, Invercargill.

The Wairio Railway and Coal Company (Limited).

SCHEDULE OF REBATES to be allowed off the authorized rate of 5s. 6d. per ton on loose coal in truck lots carried over the railway in each year. These rebates, which can only be given if we get the use of Government trucks at usual rates, to be given to all consignors of coal alike, and to be based on the total haulage of loose coal for all parties. If we do not get the use of Government trucks at usual rates these rebates to be reduced by 6d. per ton in each lease.

If Total Coal hauled in Year amounts to				Rebate to be refunded at End of Year.		Practically making Haulage Rate per Ton	
Tons.				s.	d.	s.	d.
30,000	..	..	..	0	6	5	0
37,500	..	..	..	1	0	4	6
45,000	..	..	..	1	9	3	9
52,500	..	..	..	2	3	3	3
60,000	..	..	..	2	6	3	0
67,500	..	..	..	2	9	2	9
75,000	..	..	..	3	0	2	6
82,500	..	..	..	3	3	2	3
90,000 and over	..	..	..	3	6	2	0

ALEXANDER WYLLIE RODGER addressed the Committee. (No. 21.)

Mr. Chairman and gentlemen,—I will deal first with the evidence that has been brought before you by Mr. More and Mr. Armstead. Before going on I want to make one or two points regarding what Mr. Armstead has been saying this morning. Lime has not been mentioned before, and I just want to say that the lime reserve to which he has made reference is only a small thing of 20 acres. I have had lime from it analysed, and it is not suitable for agricultural purposes. But there are unlimited quantities of lime beyond Birchwood homestead—there are millions of tons of it, and it is very high-grade lime indeed. I have been using it myself on Birchwood for the last eight years, and it has given most favourable results. It is simply crushed, not burnt at all. I think that any one who sees Birchwood to-day and who knew it eight or ten years ago will admit that the lime has worked wonders on that land. Mr. Armstead said that this railway would not tap Mr. Ritchie's country. This country has not been referred to at all, and I must admit that it escaped my notice that Mr. Ritchie has a coal-bearing field there contiguous to the Nightcaps coal area. Now, this railway will go within a quarter of a mile of the old workings on Mr. Ritchie's property, and it will be most beneficial to the Nightcaps people, inasmuch as when Nightcaps becomes worked out—and there are rumours that that is very near at hand—they can simply go into Mr. Ritchie's property and work it out; and there are known to be very large deposits of the same class of coal as Nightcaps in that vicinity. Mr. Armstead has also made reference to the fact that the coal lessees in our district are entitled to charge 10s. a ton, and there is no guarantee that the consumers will benefit by this railway going in and the lower rates that will be chargeable. I wish to state that there are already six different interests there. They will all be coming into competition in the same market, and that competition itself ought to warrant the best possible being done in the interests of the consumers, so far as cost is concerned. Mr. Armstead in the early part of his evidence admitted the need for this extension that we pray for, or the facilities that we want in our district. He also admitted that it would be a payable proposition. And I wish to point out that during the whole of our evidence not one of our statements has been refuted by the evidence of Mr. Armstead and Mr. More or by the cross-examination. A great deal has been said by Mr. Armstead and Mr. More in regard to the offers that we were supposed to put before these gentlemen in order to induce them to come into our district in the early stages. We admit that entirely, and I submit that it is in our favour, inasmuch as their refusal to accept these offers is conclusive evidence that it was not their intention to come into Ohai at that time. The absence of any provision in the Order in Council for the extension of that railway is further evidence that it was not their intention to come in until it suited them to do so. The statement that Mr. Armstead has brought forward yesterday and to-day is a new one to me, and I think it will also be to you—that a time-limit was in their minds when they did not provide for that extension. I beg to say that neither the Public Works Department nor any public body would have asked them to put a time-limit upon any possible extension. If there had been any doubt as to that the public body (the Wallace County Council) could have been made the authority in that respect. It could have been left to their discretion to do what was necessary in that direction. It has been repeatedly stated in the evidence that this railway was put in with the idea of becoming a carrying proposition pure and simple. Why, then, was there no provision made for the carriage of loose coal, which was going to be the mainstay of that railway? The coal was the idea all through—to get that coal was the idea—yet there was no provision made for its haulage in bulk. If it was going to be a public benefit and for carrying purposes only, why was it that they did not provide at their terminus for access to the railway by the farmers through their wagons or their drays? There is no such provision at their terminus, and there never has been any idea of it, if you will look at the map. The high rates for produce which have been fixed in the Order in Council are absolutely prohibitive

so far as farm-produce and requirements are concerned. It is far cheaper for these people to cart their requirements to and from Wairio than to send them over this railway. It is quite evident from these facts that the settlers in our district and the coal in that district were looked upon as a future prospect, and that there was no idea of serving us until it suited the promoters of that railway to do so. All the overtures that have been made by the coal lessees with the idea of getting their coal hauled over the line have met with the same answer—that is to say, these people did not want to haul the coal; they preferred to buy it, and that only in limited quantities of 25 tons a day for the first three months, and possibly, but not assuredly, 50 tons a day later. Now, a lot has been said about the rate—the scale sliding down to 2s. Mr. Armstead has been comparing the rate with 1s. 9d. on the Government railway added to 10s., the authorized price of the coal at Ohai, delivered at Nightcaps at 11s. 9d., and he says he can deliver it down there at 11s. a ton. Well, there is no possibility of Wairio being able to dispose of 90,000 tons of coal, and it is only then that the 2s. rate will come into force. There is one big point that I want to make in regard to this 2s. rate—that it is only as and when 90,000 tons have been hauled over that railway that it operates, and then the rebate is only given at the end of twelve months. Who is going to benefit by the rebate? It certainly is not the consumer. These people are not going to put a low rate on coal in anticipation of 90,000 tons being hauled over in one year; they are charging the consumers on the 5s. 6d. basis, and they pocket the difference when it is handed over at the end of the twelve months. I do not think that is in the interests of the public. With regard to clause 18, making the Wairio Coal Company the governing power in regard to the running of the railway, according to the witnesses, until to-day it grew there: they did not know anything about it.

Mr. Armstead: We do not know yet.

Mr. Rodger: They do not know yet. Well, I think it can be safely said that the Public Works Department did not put it there; the Wallace County Council certainly did not put it there. Messrs. Armstead, Hunter, and Tate were the solicitors for the company, and I can only conclude that it was at their instigation that it was put there. There are two gentlemen whom I had every reason to expect would be here. Mr. Armstead had promised that he would ask Mr. David McKenzie to come, and I had given notice in writing to Mr. Hunter, the secretary of the Wairio Railway and Coal Company (Limited), to be here; but they are not here. Now, I wish to state that I know for a fact that Mr. Smith, of Timpany and Smith, was entertained on Thursday evening of last week by Mr. Hunter, the secretary of the Wairio Coal Company (Limited), and was asked to come here and give evidence. He would not do so, because he could not give the evidence that was required of him.

Mr. Armstead: I do not like to interrupt, but has Mr. Rodger any right to make any such statement? He has not led it in any way in evidence, and I am not given any opportunity of contradicting this. I let McKenzie go. A lot might be said about McKenzie, but it is only raising contentious matter again. It is not fair.

Mr. Escott: This matter Mr. Rodger mentioned in his evidence, and in that case it is not new matter.

Mr. Robertson: I am not aware of Mr. Rodger having made statements to the effect that certain men were entertained by other men, and I do not think that should be allowed to pass. I do not think it is fair, seeing there is no chance of bringing rebutting evidence.

Mr. Rodger: Well, I will leave it alone. I do not want to press the point. But these things were mentioned yesterday and I simply recapitulate them. However, it is the case that I had given notice to Mr. Hunter to come here, and he is not here. We had expected Mr. McKenzie to be here, and he is not here. If those two gentlemen had been here for cross-examination we should have been able to get evidence that would have had very great bearing upon this case. Mr. More's evidence goes to show that he owns 181½ acres of freehold, being Section 206, and that he acquired it with the idea of securing the coal there. The Government blocked that scheme; but Mr. More supported the famous Brighton case, and gave monetary assistance towards the expense of bringing that case, with the idea of securing these coal-rights. They failed, but he has still got the freehold surface rights. He also has a surface lease of 616½ acres, being Section 37 of the Wairio Survey District, and it is evident, from the fact that every one of the leases that have been granted within that area since Mr. More acquired the rights there has had to be sanctioned by him, that his consent is necessary in regard to the leases taken up within that area. I have seen in the Land Office two applications which were referred to yesterday—one by Mr. Arthur, a traveller, and one by Mr. Guise, an engine-driver—and both of these leases, as was stated yesterday, were deposited there by the secretary of the Wairio Railway and Coal Company (Limited). Now, it does not strike you, I think, that either of these two men is acquainted with coal-mining, from their professions, one being a traveller and the other an engine-driver; and I am forced to the conclusion that these men are simply the nominees of the Wairio Railway and Coal Company (Limited). The fact that Mr. Hunter is not here to be cross-examined puts me at a disadvantage in that respect, though at the same time it lends colour to my supposition. A very large proportion—something over 500 out of 800 acres—of the area over which Mr. More holds sway has been taken up for coal-mining purposes; and these gentlemen are all bound, I submit, to either the Wairio Railway and Coal Company (Limited), or to Mr. S. M. McMillan, who is a shareholder and the manager of the Southland Coal Company (Limited). Mr. More and Mr. Armstead dropped into the Southland Coal Company by accident. It was never their intention to take any interest in coal at all. They simply wanted to go into that coal country there and carry the coal for the poor miners who were not able to make ends meet. Well, they have got into this coal company, as I say. The Wairio Railway and Coal Company (Limited) was registered in September, 1911. It has 10,000 shares, and the Mores and the Armsteads between them hold 7,143 of the 10,000. The Southland Coal Company was registered in May, 1912—eight months later, while the railway was

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

kind way in which you have listened to our representations, and I leave the matter in your hands confidently believing that you will do what is right in the matter.

Mr. Armstead: I wish to make one remark, and it is this—

The Chairman: I cannot allow that. The evidence is closed.

Mr. Armstead: Surely I am entitled—

The Chairman: If it is a matter of misrepresentation I am prepared to hear you. Have you been misrepresented?

Mr. Armstead: Yes, in so far that a statement was made, and I wish to make an objection to that statement. It is not true, and is not according to fact. I am surely entitled to the courtesy of being heard on the objection.

The Chairman: In what part of Mr. Rodger's statement has he misrepresented you?

Mr. Armstead: He said that the railway company had all that coal bound to it in some way. The fact is that the railway company has not.

The Chairman: You are making another speech. We have had the evidence regarding that, and we can weigh the pros and cons. I rule that the inquiry on this petition is ended.

CORRESPONDENCE FROM MR. RODGER.

SIR,—

Wellington, 11th August, 1914.

Wairio-Ohai Railway Extension.

On the 24th July, while evidence was being taken by your Committee in the above matter, and during my cross-examination of Mr. James Armstead, I made the following statement: "Mr. Armstead stated yesterday that Mr. S. M. McMillan was the lessee of the ground that is at present being mined and was formerly called the Wairio Coal-mine. It has not been made known to the Committee that Mr. McMillan has sublet that lease to two gentlemen named Timpany and Smith, and that they are the people who are putting out the coal, and they are under contract to put their coal on Messrs. Mores' railway."

Mr. Armstead then stated: "That is not correct either. There is no arrangement whatever to take McMillan's coal."

Owing to what may have been a misunderstanding on my part on the 5th instant, I did not place upon the table some most important documentary evidence bearing upon our case, and on the 6th instant, through considerable confusion between the Committee and the witnesses, you debarred me from doing so. Amongst the documents referred to is a copy of the contract or agreement between Messrs. McMillan and Timpany and Smith, and I enclose such copy herewith. The following are extracts from such agreement:—

"This agreement is made this seventeenth day of July, one thousand nine hundred and fourteen, between Samuel McNatty McMillan, of Invercargill, in Otago, New Zealand, company-manager, of the one part, and William Smith, of Invercargill aforesaid, coal-miner, and William Timpany, of Invercargill aforesaid, sawmiller, both of the other part:—

"1. The said William Smith and William Timpany shall dig, raise, and place on trucks at the head of the line belonging to the Wairio Railway and Coal Company (Limited) at least 300 imperial tons of first-grade coal each week during the currency of the said term of five years, and such coal shall be taken and paid for by the said Samuel McNatty McMillan at the rate of six shillings a ton, and two shillings and sixpence a ton for nuts, payable monthly on the tenth day of the following month: Provided that should any award holiday occur in any week the said quantity shall be reduced 50 tons for each such holiday; but the average of 300 tons a week shall be made up before the end of the then current month.

"In witness whereof the said parties hereto have hereunto set their hands the day and year first before written.

"S. McN. McMILLAN.

"WILLIAM SMITH.

"WM. TIMPANY.

"Signed by the said Samuel McNatty McMillan in the presence of—James Armstead, Solicitor, Invercargill.

"Signed by the said William Smith in the presence of—Horace Macalister, Solicitor, Invercargill.

"Signed by the said William Timpany in the presence of—Thos. Meredith, Solicitor, Invercargill."

Sir, having regard to the nature of the document and its important bearing upon the case, especially in view of the fact that Mr. Armstead himself was the attesting witness to the signature of Mr. McMillan (the first party to the agreement), and must have known of the existence of the contract, I would ask the careful consideration of your Committee as to whether it may yet be admitted as evidence.

Yours faithfully,

A. W. RODGER, Jun.

P.S.—I am also enclosing herewith a letter, dated the 3rd instant, from Mr. Leonard Webb, licensed surveyor, of Invercargill, dealing with the grades, curves, and length of the extension of the Wairio Railway and Coal Company's tramway were it proposed to continue that line to Ohai, to which I referred in my evidence, and which I trust you will admit.—A.W.R.

J. H. Bradney, Esq., Chairman, A to L Committee, House of Representatives, Wellington.

DEAR SIR,—

Esk Street, 3rd August, 1914.

I recently made a survey of the proposed extension of More's tramway from the present terminus to the main Birchwood Road in Section 20, Wairio district. I found the route up the main valley running through Sections 194 and 37 quite impossible owing to the grades being too steep, these running to about 1 in 25. I found a possible route by following a small valley running through the southern portion of Section 94 (part of the Birchwood property). The grades on this route would be steep, averaging about 1 in 40, and the curves rather bad. It would also be rather roundabout, and would be a bad line to extend owing to the angle with which it taps the road in Section 20. The length would be about two miles and three-quarters.

A. W. Rodger, Esq., Birchwood.

Yours faithfully,
LEONARD WEBB.

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