

Mr. HARRISON, M.G.A., to the Hon. W. GISBORNE.

SIR,—

Greymouth, 10th April, 1871.

I had the honor, on the 24th ult., to forward a telegram to the Government, enquiring if the Government had made arrangements with the Provincial Government of Nelson for the commencement of a line of railway from Cobden to the Brunner coal mine, and intimating that a strong local company was in course of formation in Greymouth, for the purpose of constructing a locomotive railway on the south side of the river, from Greymouth to the Coal Reserve. I had the honor to receive a reply to the effect that the Government had not yet made any arrangements for commencing the construction of a railway from Cobden to the Brunner mine.

I have now the honor to submit, for the consideration of the Government a statement of the circumstances in relation to the formation of a local company here, for the purpose of constructing a locomotive railway from Greymouth to the Grey coal mine, on the Westland side of the river, and of working the coal mine on that reserve. In doing so, I shall have to enter into some explanations of the whole subject of the working of the Grey coal field, in order that the Government may be able fully to appreciate the present condition of the question, and the obstacles that appear to present themselves in the way of public enterprise, undertaking the proper development of these rich coal deposits.

First. With regard to the Brunner mine, which has now been worked on a small scale, and in an irregular manner, for the last six years.

This mine was in the first instance worked under license, by a small firm, Batty & Co., who contented themselves by winning in an unsystematic manner, the most easily available coal, without any regard to future contingencies. Some time in 1866 (I think), the mine was leased to a company (the Nelson Coal Mining Company), which was composed chiefly of shareholders in Ballarat, Victoria.

This company carried on its operations upon a slightly larger scale than the previous licensees, but also on an unscientific plan, the effect of which was to seriously damage the mine. This company was bound by one of its covenants to construct a railway from Cobden to the mine, and to produce, annually, a certain quantity of coal.

It failed to comply with these conditions, and, ultimately, their lease was cancelled, and the mine has since, for two or three years, been worked by the Nelson Government. There are many conflicting opinions as to the method upon which the mine is being worked—a very general one being, that a false and improvident system is being followed; and others to the contrary. One thing, however, is certain, that, during the whole time the mine has been in the hands of the Provincial Government, nothing has been done to develop or extend the trade in coal. The coal is still being produced in small quantities, and the supply is very irregular and unreliable.

It is still conveyed by the primitive means of barges down the river, a means of transit which is continually being interrupted by floods and droughts alternately.

The price is still maintained at a figure which effectually precludes vessels from loading coal as return freight to Australia, or colonial ports, except in a very few instances. Added to the high price, the uncertainty and difficulty of obtaining a cargo of coal at all, is at times so great that ship-masters prefer to load ballast. There are four or five large crafts owned by local firms engaged in the Australian trade, constantly voyaging between this port and Melbourne, and almost every trip they have to leave here in ballast for Newcastle, N.S.W., there to load coal for the Melbourne market; nor is it unfrequently the case that the coasting steamers, which depend upon this port for their coals, have to leave with half their proper supply, and in some cases without any whatever. But, even at their present high price and over demand, the Brunner mine is worked at a loss by the Provincial Government. This state of things cannot be expected to be amended until better means of conveying the coal to port is provided, *i.e.*, a locomotive railway.

The Nelson Government propose (I understand) to construct a railway from the mine to Cobden, a place entirely without wharfage accommodation, and where the line must terminate; the work of bridging the Grey River at that point, being one that, even if practicable for a railway, would cost an enormous amount of money.

With regard to that portion of the Grey Coal Field on the Westland side of the river, I may state that it is situated exactly opposite to the Brunner mine, the river, in fact, having cut the mine in two at this point. The seam on this (the South) side is understood to dip, whilst that on the Nelson side rises from the river, and is worked level free. Very little has been done to test the seam on the South side. In 1867 the reserve was leased by the Superintendent of Canterbury to a public company—"The Grey Coal Mining Company," composed entirely of shareholders in Christchurch, and managed by a directory there. By the terms of the Ordinance ("The Grey Coal Reserve Ordinance, 1866,") the Company was bound to produce, and bring down to Greymouth, 5,000 tons of coal, "by rail or tramway," but the Company utterly failed to carry out its purpose. The reserve was opened to a small extent on an out-crop, close to the river, and probably further operations in prospecting the ground would have been carried out but for the fact that as soon as the Company began to send coal down to the Greymouth market the Nelson Government reduced its price, and, by selling coal at a loss, effectually stopped the competition. The Company made a survey for a railway, but from various causes, principally arising from there being no directory on the spot, the Company was wound up and the lease cancelled. The reserve is now lying idle.

The leading merchants, and other residents of Greymouth and district, have long regarded with peculiar interest and anxiety the subject of developing this rich coal field, knowing so well as they do its enormous value as a source of industry and commerce, if only properly worked. They would long ago have taken up the matter themselves but for two serious obstacles. First, to their forming a company to work the Brunner mine, the condition always insisted on by the Nelson Government of making a railway upon the North side of the river. Local capitalists would not invest money in so uneconomical a manner when a line at equal cost could be made on the South side, which would not