

## MINUTES OF EVIDENCE.

*The Chairman.*] I will ask the clerk to read the petition, and also the Departmental Report on same.

The petition was read, as follows :—

IN PARLIAMENT, NEW ZEALAND.

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

MAY IT PLEASE YOUR HONOURABLE HOUSE,—

The humble petition of the Paparoa Coal-mining Company (Limited), a company duly incorporated under the provisions of the Companies Act, 1903, and having its registered office in Wellington, sheweth :—

1. The Paparoa Coal-mining Company (Limited) was formed early in 1906 to acquire and work a Government coal-mining lease at Paparoa, beyond Blackball.

2. The lease provided that the mine was to be connected by a tramway with the Blackball Railway Extension when completed, and further that the company should spend at least £10,000 on such tramway. The company spent much more than this, years before the Government line was opened.

3. The Public Works Statement, 1904, stated that the railway-bridge over the Grey River on the Blackball Branch was finished and that the formation-work was just started. When the company was formed in 1906 the formation-work was in progress.

4. The company made its preliminary surveys and commenced its construction during 1906, expecting that the Government branch railway would be completed and available for its use during 1907 in carrying on its construction, there being nothing in the character of the railway-works which should have prevented it.

5. The company's lease was in a very rough unroaded bush country beyond Blackball. The road from the main line at Ngahere to Blackball was bad, and the Government railway was essential for economical construction.

6. On approaching the Government, the company ascertained that the Government would not complete the public railway without the company executed an agreement imposing additional very onerous conditions on it, which the Blackball Coal Company (Limited) had refused to agree to, and which conditions were not referred to or suggested in the company's coal lease.

7. The company desired that the terminus of the Blackball Railway Extension should be in the open valley of Ford's Creek, about 40 chains further on than the Government proposed, where it would be equally accessible to both the Blackball and Paparoa companies. The Government would have saved some thousands of pounds, as well as the Paparoa Company, by this, but the Government could not see its way to make the terminus where suggested by the company.

8. The Government railway was not opened for public traffic until August, 1910, fully three years later than the circumstances justified.

9. That the company had to construct 1 mile 15 chains of double-line inclines, including 78 chains of tunnels, and also 1 mile 60 chains of railway, laid (at the demand of the Government) with a centre rail on the Fell system with 70 lb. rails, and two miles of cart-road. Its works were of far greater magnitude than the Ngahere-Blackball Railway.

10. Great expense and exceptional difficulties resulted to the company from the three years' delay in opening the Government railway, which delay also caused the company considerable loss in interest paid, as well as from other conditions imposed by the Government.

11. The company raised £69,000 by debentures, in addition to £131,000 of share capital, but at the beginning of 1911, mainly owing to the causes stated above, it found itself, with all its works and plant completed and the coal-seams opened out, without sufficient funds to carry on its business. During the last eighteen months the company has been trying to raise further sufficient capital to enable it to work its business on a proper scale, but without success. It has been keeping its works and mine maintained during this period.

12. The company's works and plant are designed to put out 300,000 tons of coal per annum, and the present object is to get a minimum output of 160,000 tons per annum. This output (160,000) would, it is estimated, yield to the Government a direct gross annual revenue, reckoning on the local railway rate of 2s. 7d. per ton for twenty miles, of £36,000, viz. : Railway coal traffic, say £20,600 ; railway traffic, miscellaneous, say £9,400 ; royalty, £4,000 ; harbour toll, £2,000 : total, £36,000.

13. The Public Works Department, by the agreement referred to in paragraph 6, imposed a special railway rate on this company which it has not imposed on the Blackball Coal Company (Limited). Railway rating by private contract is universally condemned, and is contrary to the practice authorized by the New Zealand Legislature. Whether a special concession is privately given to one firm, or a special penalty is privately levied on another competing firm, it is equally unjust. This practice is known in other countries as " unjust discrimination " in railway rates. The Government took advantage in the Paparoa Company's case of its inability to resist to impose a charge which it was unwilling to inflict and has not inflicted in the Blackball Company's case.