

14. The company has been further unjustly discriminated against by the Railway Department by a charge for wagon-hire. On the New Zealand Midland Railway, by agreement, a wagon rental of ½d. per truck per mile for the use of Government coal-trucks, from Ngahere to the Government line at Stillwater, was charged by the Government Railways. For the same trucks carrying coal the Paparoa Company is charged 1d. per ton per mile—that is, from 8d. to 9d. per truck per mile, or sixteen to eighteen times more than the charge to the New Zealand Midland Railway Company, which was a fair and reasonable one. The Railway Department refused to discuss or consider making this charge reciprocal if the company found its own coal-trucks. The charge made against the Paparoa Coal Company was manifestly so exorbitant that the Government could never consent to that reciprocity which has been usual in such cases in New Zealand and elsewhere.

15. For the reasons stated your petitioners pray the House of Representatives will recommend the Government—

- (a.) To take over the company's private railway at such a valuation as may be deemed fair and reasonable, so that the proceeds of the sale may be available for working the mine ; and,
- (b.) To relieve the company from the unjust and exorbitant discrimination against it in the rates and charges which have hitherto been imposed upon it.

The common seal of the Paparoa Coal-mining Company (Limited) was hereto affixed this fifteenth day of August, one thousand nine hundred and twelve, by—

J. P. MAXWELL, Chairman.
T. SHAILER WESTON, Director.
G. TOWNSEND, Secretary.

The departmental report on the petition was then read, as follows :—

New Zealand Government Railways, Head Office, Wellington, 10th October, 1912.

The Chairman, Railways Committee, House of Representatives,

SIR,—

With reference to the petition of the Paparoa Coal Company (No. 129, returned herewith), I have to report :—

1. The Department has no knowledge of the date on which the Paparoa Coal-mining Company (Limited) was formed, but from the fact that in December, 1906, the company was in correspondence with the Public Works Department respecting a proposal to extend the Blackball Railway beyond the original site of the intended terminus, the date given in paragraph 1 of the petition is presumably correct.

2. The conditions imposed by the lease are correctly stated, but the Department has no knowledge as to what amount of money the Paparoa Coal Company spent in the years intervening between the date of the lease and the opening of the Government line.

3. This statement is correct.

4. The Railway Department is unable to say on what the company based its expectations respecting the completion of the Government branch railway, but in view of the difficulties that had to be met with and the fact that the construction of Government lines is entirely dependent on the state of the finances and the amount of money that is available, the Paparoa Coal Company has no ground for complaint in respect to the construction of the Government line, as no undertaking was given to the company to complete the line within any given date.

5. The statement regarding the nature of the country is correct. If, however, the Government railway was essential for the economical construction of the Paparoa Coal Company's line, it would appear that the Paparoa Coal Company should have taken proper steps to ascertain the date of completion of the Government line before entering into its contracts.

6. The construction of the Ngahere-Blackball Railway was undertaken at the instance of the Blackball Coal Company, which desired to get rid of its aerial tramway and entered into an agreement to guarantee a return from the coal traffic sufficient to provide interest on the cost of construction of the railway from Ngahere to Blackball. The negotiations with the Blackball Coal Company were entered into in 1902, and by agreement the company undertook to pay an additional charge of 3d. per ton for all coal railed over the extension between Blackball and Ngahere, such rate to be in addition to the then existing rate of 2s. 6d. per ton for conveyance of coal from Ngahere to Blackball. Subsequently the Paparoa Coal Company came into existence, and in 1904 a proposal was made to deviate the Blackball line north of the Grey River, increasing the length of the line by three-quarters of a mile and thus increasing the capital cost. The agreement in connection with the rates for the branch line was then reviewed, and it was proposed to increase the amount payable by the Blackball Coal Company. That company, however, pointed out that the extension would be of much greater use to the Paparoa Coal Company than to the Blackball Coal Company, and it demurred to any increase being levied in the guaranteed rate. The Public Works Department, which constructed the line and through which the agreements were made, advised the Paparoa Coal Company of the position, and the latter company intimated that they would sign a guarantee to forward not less than 100,000 tons of coal per annum over the Blackball-Ngahere Railway and would pay 4d. per ton freight from the terminus of the Government line to Ngahere, provided the Government line was extended so as to make it four miles long. It was, however, at that time considered that the Act authorizing the construction of the Blackball Railway did not cover the construction of such an extension. The Paparoa Coal Company was advised accordingly, and on being again asked by the Public Works Department to enter into the agreement proposed stated that they would do so if the agreement was made to provide that for the term of seven years from the date when the mine commences to put out coal the company shall guarantee to send an average quantity of coal of not less than 100,000 tons per annum over the Black-