

(No. 1.)

*Sir A. R. Guinness:* In introducing the petitioner to the Committee I do not want to take up the time of the Committee in making any statement, because the report from the General Manager of Railways upon the company's petition was so voluminous and lengthy that through the courtesy of the Chairman I was able to obtain a copy of it. It has been submitted to Mr. Maxwell who has gone carefully through it and written down a memorandum in reply, and that reply will be taken as his evidence in the petition. I will present him to the Committee as the witness cognizant of all the facts from the inception of the company to the present day, and of the negotiations between himself on behalf of the company and the Government, and he will submit himself to examination by the Railway Department and members of this Committee; and I would also ask that Mr. Ronayne be present in order that he may be questioned upon certain portions of his reply to the petition, which the petitioners contend are inaccurate. I will now ask you to allow Mr. Maxwell to make his statement.

Mr. J. P. MAXWELL, Chairman of the Paparoa Coal-mining Company (Limited), examined. (No. 2.)

1. *The Chairman.*] What is your name?—J. P. Maxwell.

2. What are you?—Chairman of the Paparoa Coal-mining Company (Limited).

3. Will you please make your statement?—These are my remarks on the General Manager for Railways' report on the Paparoa Company's petition. The General Manager for Railways' remarks refer much to ancient history before this company was formed, and are based on somewhat erroneous statements, to discuss which would only serve to confuse the issues. The deviation and extension of the Government branch to Blackball Mine adit (the present Government terminus) were settled before March, 1904; the Minister of Public Works announced that it would then take £30,000 to complete the line, which made the total estimated cost about £55,000 (see Public Works Statement to 31st March, 1904, page vi). The Paparoa Coal-mining Company was formed early in 1906, when the completion was proceeding. The Government mining lease to the company obliged the company to connect the lease with the Blackball Branch; the Government laid out a township on the reserve at Roa, and later on a second one at the mine. The Government has other coalfield areas adjacent to the company's lease. The Under-Secretary for Public Works' letter of June, 1906, was the first intimation this company had of any agreement or any new conditions to be imposed on it. It is as follows:—

"9th June, 1906.—Ngahere-Blackball Railway.—Sir,—At the time that the construction of the above railway was proposed the Blackball Coal Company undertook to give a guarantee of a minimum amount of freight, and such guarantee was subsequently reduced to writing and duly signed. At a later period a deviation and extension of the line was suggested, which the Government undertook to construct provided the company would enter into a further guarantee. After somewhat lengthy negotiations the company has now replied to the Minister for Public Works that it would be more reasonable if the Paparoa Coal Company gave this second guarantee, as the railway would really be of greater use to the latter than to the former company, inasmuch as the Blackball Company already has an aerial tram-line which is a fairly efficient means of delivering coal to the main line of railway, but the Paparoa Company will presumably be entirely dependent on the Blackball Railway for the carriage of its output. Under these circumstances I am directed to approach you in reference to the matter, and to inquire whether your company would be willing to enter into a guarantee to send, during a period of seven years from the date that you commence to put out coal from your mine, an average quantity of not less than 100,000 tons of coal per annum over the railway, and to pay freight on same from the Blackball terminus (irrespective of the freight from Ngahere to Greymouth) at the rate of 4d. per ton. I am to ask you to be so good as to let me have a reply at your earliest possible convenience, as the question of further proceeding with the construction of the Ngahere-Blackball Railway largely depends on the question as to whether the guarantee will be forthcoming or otherwise.—I have, &c., H. J. H. BLOW, Under-Secretary.—The Chairman Paparoa Coal-mining Company (Limited), Wellington."

Our secretary replied to that letter as follows:—

"The Paparoa Coal-mining Company, 12, Customhouse Quay, Wellington, 15th June, 1906.—Ngahere-Blackball Railway.—Sir,—With reference to your letter of the 9th instant, and the Chairman's conversation with you on the subject, I am now directed to state in reply that the company is willing to enter into a guarantee based on the conditions you name, and they would suggest that an agreement embodying the following terms would meet the case: That the Government shall complete the branch railway-line to a point four miles from Ngahere Station, and that the company shall construct the terminus, with all necessary sidings and appliances, and 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 not less than 100,000 tons of coal per annum, and to pay freight therefor from the terminus to Ngahere at the rate of 4d. per ton.—I have, &c., J. M. BUTT, Secretary.—The Under-Secretary, Public Works Department."

It would have been a great advantage to the company and equally accessible to the Blackball Company, and if we had got that we should not then have minded guaranteeing 4d. Both the Government and company would have saved money. Then there came a further letter, which is as follows:—

"Public Works Department, Wellington, 17th November, 1906.—Ngahere-Blackball Railway: Proposed Extension.—Sir,—I have the honour to acknowledge the receipt of your letter of the 16th instant submitting a tracing showing in red colour an alteration which you suggest should be made in the plan of the work to be carried out by this Department in connection with the construction of the above railway near Blackball, and in green the proposed connection with the line of your company's projected railway to Paparoa. In reply I am directed by the Minister of Public Works to state that there will be no objection to the alteration indicated in red being made, provided that your company will first sign a formal agreement undertaking to provide coal freight for the railway, when