

Railways demands in constructing the line. It is advisable to consider these two subjects separately. With regard to (1): The Public Works Department letter of the 9th June, 1906, demanded an agreement imposing special terms, intimating that the branch railway would not be proceeded with unless the company complied. The company's letter of the 15th June, 1906, stated it would agree if the Government would extend the line for four miles. The company offered to bear the cost of constructing the terminal station there. This would have saved the Government many thousands of pounds of expenditure as well as the company. The station there would have been equally accessible to both the coal companies. The Government declined this, and the company was compelled to agree or to abandon its enterprise. The General Manager's statement that this agreement is abrogated (paragraph 13) is incorrect. The agreement is current, and at the expiration of the specified period if the conditions have not been fulfilled the Government can demand the payment provided for. The General Manager's statement (paragraph 12) about the 100,000 tons output is surprising. If this really represented the views of the Government, the latter imposed terms which it judged impossible of fulfilment, and which would be calculated eventually to wreck the company, and this intention is incredible as the company is a Government lessee paying 6d. royalty and 3d. harbour toll per ton on coal in addition to the railway charges. The agreement is dated the 10th May, 1907. As undue procrastination in completing the line appeared to be prevailing, the Government was approached on behalf of the company in November, 1906, without any apparent result; and again in July, 1907, when the Public Works Department stated they would finish the line by the 31st March, 1908; and again the completion was deferred until February, 1909, and again until June, 1909, and finally was opened in August, 1910. The company reasonably expected to have had the advantage of the Government railway to convey its rails, sleepers, bridge-timbers, plant, machinery, and stores and carry on its extension from the Government terminus. Instead of this, it had to cart from Ngahere over difficult tracks, to construct two miles of road, to get at its works, causing great expense and tedious delays. In order to construct its works and open the mine, cartage alone cost over £6,000. The expense and delay brought about financial difficulty, and on these grounds the company has asked the Government to take over its line at a reasonable valuation to provide further funds for developing and opening out the coal lease by way of some compensation for the heavy loss sustained by the Government delay. The second subject of the petition are those matters dealt with between the Working Railways Department and the company—namely, the railway rates to be charged from Roa to Greymouth, and the construction details of the company's extension from Blackball to Roa. The letter from the Hon. Mr. Millar dated the 10th November, 1910, says, "With reference to the representations made by you respecting railway charges on coal conveyed by railway from Roa to Greymouth, I have the honour to inform you that on looking into the matter I find that the rate which was previously applicable to Blackball coal conveyed from Ngahere now applies to Paparoa and Blackball coals conveyed between Blackball and Greymouth, although the distance has been increased by some three miles and a half and a branch has been constructed at a very heavy capital outlay between Ngahere and Blackball. When the construction of the branch line was undertaken agreements were entered into voluntarily by the Blackball Coal Company to pay an additional rate to cover the interest charges and operating-expenses of the line from Ngahere to Blackball. It was subsequently decided on the representations made by the directors of your company to waive this additional charge, and your company has already received the benefit accruing from this reduction. For the conveyance of coal over the Roa Branch your company pays a charge of 3d. per ton plus a wagon-hire charge of 1d. per ton, making the total rate 2s. 10d. per ton, and I regret that after looking at the matter in all its aspects I cannot see my way to reduce this charge or to adopt your suggestion that for the purposes of computing freight on coal from Roa the charges should be based on the continuous mileage at the Government's scale of rates." I want to give a comparison of those rates—we are not complaining about the Blackball Company. The following is a comparison of the rates: "Extract from letter from company's Greymouth representative, dated 7th July, 1910.—The following tariff has been fixed for coal hauled by the Railway Department from Greymouth to Roa: Coal from Roa to Greymouth, 2s. 10d. per ton.

	Total.	Proportion	Paparoa
	s. d.	Railway.	Company.
	s. d.	s. d.	s. d.
Parcels, each	0 4	0 2	0 2
Timber, 100 ft. (n.d.) .. .	0 4	0 2	0 2
Merchandise, per ton .. .	1 0	0 9	0 3
Grain, per ton .. .	1 0	0 9	0 3
Props, chaff, &c. (Class F), per truck .. .	3 6	2 6	1 0
Coal	0 4	0 4	..

I might mention that the above prices are from Blackball to Roa, and most of the other charges will be found on pages 51 and 52, Class F, of the Tariff." General Manager's paragraph 12 says, "In any case, however, only 1d. per ton of the rate of 2s. 7d. per ton could be credited to the branch line, which has cost over £145,000 to construct, and the traffic carried on the branch line is therefore being run at a loss to the Government Railways, and does not pay working-expenses." I do not know why only 1d. could be credited. The coal will pay, according to the Hon. Mr. Millar's letter, 2s. 10d., and why only 1d. should be credited to that particular part of the line I cannot tell." [The witness also referred to other clauses in the departmental report No. R. 1912/3018.]

4. *Mr. Veitch.*] What is the length of that grade, 1 in 25?—It is about 1 mile 40 chains.

5. *Hon. Mr. Herries.*] The whole of the line?—The 1-in-25 grade is about 1 mile 40 chains I think. The whole line is marked two miles. I would like to call the special attention of the Committee to our letter of the 10th August, 1910, to the Hon. the Minister of Railways, Mr. Millar, to