MINUTES OF EVIDENCE.

TUESDAY, 18TH AUGUST, 1896. (MR. J. MCGOWAN, Chairman.)

Mr. V. B. TRAPP, Managing Director of the Kauri Timber Company, examined.

1. *The Chairman.*] Your name is Mr. V. B. Trapp, and you are managing director of the Kauri Timber Company?—Yes.

2. Will you make your statement to the Committee?

Mr. Trapp: Referring to the Mining Act Amendment Bill, I would ask you to thoroughly study the position in which it will place our company should certain clauses become law.

1. "Prospecting on land and resumption of the land for mining purposes."—This means the death of the Kauri Timber Company. You cannot put the ordinary land in the same class as timber land, as with timber lands, especially kauri, we are dependent upon creeks and streams to get the timber to the mill. Block these and the timber is wasted. In this clause you state that the payment is to be for surface-damage only; and without the consent of the owners the land can be taken for mining purposes. Now, take surface-damage only. To us it is not only unjust, but cruel, and I will point out the reason to you. We have about £250,000 sunk in machinery, so that if you paid the surface-damage only, I presume it will be the same as the Government charge for their standing timber. This is unjust, for we do not make on standing timber, but by milling it for the various markets; so that should compensation be paid it should be, and must be, the price of the timber, *plus* what we would make out of it by milling, and adding to it the cost of our machinery, which would have to remain idle. To give you an illustration of what I mean by this, say we have a block with 50,000,000ft. in it; we charge ourselves, say, the same royalty as the Government, 1s. per 100ft. The cost of getting that timber out and milling it would be 5s. per 100ft. Thus we spend £125,000 in labour before that timber is ready for the market. As most of it would be exported, this labour is paid by other countries; so, although we pay this amount, New Zealand gets it back again at a profit. As we make, or should do so, a profit by our sales, we have to take all this into consideration when arranging for the surface-value, which, I am sure, the Government would not listen to, and thus spoil the labour as well as the money coming into the country.

I want now to place before you the position of your taking land unless under arrangement with us. Suppose we have a bush partly cleared near the river which will take the logs to our booms, if mining is started on this, unless on the parts which we mark out, it would in all probability block the timber on two blocks behind it; so that, perhaps, in taking a thousand acres it may mean the loss of over 50,000,000ft. to us. Then, again, supposing they were to take the same quantity of land, or even lesser at one of the back blocks, we may have timber in front of it; so that it is absolutely necessary for the creeks to be in our possession, as we have to build dams in order to collect the water to drive the timber out. These dams cost from £800 up to £2,000 to build, and it may so happen one or two might be on the part taken from us. You can see the serious difficulty which will arise in this.

I now take you to what the company has done during the past three years. I cannot be responsible for the actions of the company, or the way it was carried on in the past, I only supervising it from March last year. During all the depression in Auckland, the cry of the unemployed was very little, most of them being either log-getting, or in the mills, or else gum-digging on the company's property. To give you a better idea of what this adverse Bill will do, I give you the amounts paid in labour, salaries, rates, and taxes during the last three years. Mr. Cadman has a signed copy from the auditor in Auckland. During the year ending 30th April, 1894, we paid £131,321 10s. 3d.; the 30th April, 1895, £148,876 15s. 5d.; the year ending 30th April, 1896, £211,674 4s. 1d.; so that in three years the total was £491,872 9s. 9d. And on the face of this the company lost, as per the balance-sheet, £63,824 17s. 4d. All the money earned, *plus* the losses, absolutely went in labour. Just now, judging from the payments being made, I should say it would be fully £250,000 for this year. But if the resumption clause passes it really must end our days. It is no use the Government stating the Bill will not harm us, it is very nice to think this; but you must allow us to be the judges, for this reason: Only two on this Committee have had experience in getting timber out, and I appeal to them to know if my statements are not absolutely correct.

You cannot tell how far-reaching the interests of this company go. We turn now, and I hand you a list of the vessels locally owned which are kept constantly trading for this company, taking timber to Australia, along the coast, and bringing the logs from various branches. It is a source of wealth to the country, and comes in an undercurrent, which nobody can absolutely trace; for instance, the vessels take the timber to Australia, they then—no matter which port they go to—find their way to Newcastle, and load coal back to some port in New Zealand. By this means your importing of coal, as well as your exporting of timber, mean the money for freight retained in the colony, a factor which must not be lost sight of. I want only to draw your attention to one other fact as regards shipping. We are loading about eight to ten large foreign vessels for the Home market. As fortune favoured us, these vessels came in ballast from the Cape; so that their expenses in your port, what with provisions, &c., would mean certainly not less than £500 a vessel, all considerations which must be taken into account before passing a Bill which must end the days of the company. It is estimated that we spend in freight £50,000 or £60,000 a year. Shipowners know that if they get 12 per cent. out of this they are doing uncommonly well, so that the advantages to