

APPENDIX A.

(Extract from *Lyttelton Times*, 14th October, 1910.)

From a Report of the Second Reading of the Water-power Bill, Wellington, 13th October, 1910.

Re Lake Coleridge: The Hon. R. McKenzie said he had worked the cost out as follows:—

		£			£
Headworks .. .. .	..	80,000	Store .. .. .	..	200
Generators (four), 2,000-kilowatt ..	..	11,450	Tools .. .. .	..	1,000
Exciters .. .. .	..	618	Freight .. .. .	..	6,655
Transformers .. .. .	..	8,452	Cartage .. .. .	..	2,258
Switchboards and lighting arrestors ..	..	1,900	Erection .. .. .	..	1,810
Turbines (four), each 2,500 h.p. ..	..	15,000	Poles .. .. .	..	25,200
Cranes .. .. .	..	1,500	Line-duplication, 70 miles ..	..	28,500
Cooling system .. .. .	..	440	Insulators .. .. .	..	13,440
Lubricating system .. .. .	..	260	Substations .. .. .	..	19,000
Power-house building .. .. .	..	3,600	Emergencies .. .. .	..	850
Foundations .. .. .	..	7,584			
Staff houses .. .. .	..	2,100	Total .. .. .	..	£231,997
Workshop .. .. .	..	200			

HYDRO-ELECTRIC SCHEMES COMPARED WITH THE GAS INDUSTRY.

REPLY by Mr. EVAN PARRY, B.Sc., M.I.E.E., A.M.I.C.E., to the foregoing Report by Mr. James Lowe, A.M.I.C.E., Engineer and Manager, Auckland Gas Company, and Introduction by the Chairman, Mr. J. H. Upton.

Introductory and General.

This is a report the purpose of which, according to the introduction by the chairman of the Auckland Gas Company, is to ascertain "What effect will the competition of the hydro-electric schemes of the Government have upon the gas industry?" This is capable of a direct and simple answer. Instead, however, of taking the direct course the directors have preferred the indirect course involving "an examination into the economic soundness" of the Government schemes, apparently with the object of discrediting State enterprises. That this investigation is not at all necessary in order to satisfy inquiry is evident on reading the report, as ample evidence is adduced by Mr. Lowe to prove that so far from suffering from competition with electricity the gas industry has prospered even in Toronto, where it is in competition (so-called) with a State hydro-electric-power undertaking operating on a colossal scale. However, it is customary to adopt these tactics in similar circumstances, a notable recent instance being the attempts made to discredit the Hydro-electric Commission of Ontario by the financial interests of the United States.

The effect of these tactics in the present instance is to place the gas interests in a few towns in direct antagonism to the national interests generally and to the country districts in particular.

The object of the State is to place a flexible and adaptable form of power at the command of the individual, the farming community, and industry generally, wherever situated, with a view to economizing labour and increasing production, and generally raising the standard of efficiency throughout the State. The effect of such a policy is not to discourage but to encourage and stimulate private enterprise.

I have elsewhere expressed the opinion that in towns where a gas-supply is already available the gas and electricity undertakings should be co-ordinated and managed by the same authority, and if the gas companies were purchased by the local authorities, with or without State aid, it would remove the apprehension which now exists amongst gas companies and their shareholders at the approach of hydro-electric power.

In his report Mr. Lowe has committed the error of comparing an estimate of the capital outlay required to provide a supply of electricity to Christchurch only with an actual outlay which includes a distribution throughout an area of about 300 square miles, and other things not included in the Hon. Mr. McKenzie's estimate. This error vitiates the whole report.

The expenditure upon the Lake Coleridge works, transmission, distribution, substations, and a certain amount of local reticulation, amounts to about £45 per horse-power. This is a very moderate figure, and will and should be exceeded as the area of supply is extended, much to the benefit of the community and the financial advantage of the undertaking itself. I have elsewhere mentioned £40 per horse-power as attainable, but this is for a completed scheme and not for a partially developed scheme, and covers the expenditure on purely bulk supply business only.

Mr. Lowe argues that if the expenditure on the Lake Coleridge undertaking has reached £45 as compared with an estimate of £23, then the estimate of £40 per horse-power for a scheme for the Auckland Province must cost in the neighbourhood of double this, or £80 per horse-power.

In the first place, the comparison with Lake Coleridge is an erroneous one, and, even if it were not, the argument based on it is fallacious; and, further, even if the expenditure should reach £80 per horse-power the figure is quite a normal one.

I submit a detailed reply to both Mr. Lowe's report and Mr. Upton's introduction, taken seriatim. I have made every effort as far as time permits to deal fully with every point raised, and I have made every effort to treat each argument fairly.