

schemes are not financially and economically sound, or that the moneys expended thereon would be better spent on roads and railways, or that the power-user in and around Auckland would not benefit by a national system of electricity-supply, or that electricity cannot possibly compete with gas for working, unless it was felt that the advent of a national system was in some way inimical to its interest. It is quite evident from the chairman's introduction to Mr. Lowe's report that, in spite of the repeated assertion that the company has nothing to fear, it is somewhat anxious about its position—which, of course, is quite natural.

My own view, based on long experience, is that, whilst the functions of the two services overlap in some respects, each has its peculiar field in regard to which there is no competition. The special field of electricity is lighting, power, and electro-chemical industry; the special field of gas is domestic heating and cooking generally, factory heating, forges and furnace work. The two systems overlap, as a large number of people prefer gas-lighting, and benefit the gas interest by demanding an illumination equal to that given by the more adaptable electric-light system. On the other hand, a number of people will not have gas heaters at any price, and will cheerfully pay the extra price for electric heating. In addition, there are some situations, such as pay-boxes at theatre-entrances, and occasional use in sickrooms and bedrooms, where electric heating is better adapted for the purpose than gas heating. As regards cooking, the disparity in cost is not so great as it is represented by Mr. Lowe, for the reason that a substantial proportion of the heat supplied by the gas passes into the flue, whilst in the case of the electric oven a lesser proportion of heat is dissipated.

The point, however, is that each agent has its peculiar and special function, and the real explanation of the anxiety displayed by a gas company at the advent of electricity lies in the fact that before the advent it has all the field to itself, but after the advent of electricity it is faced with the necessity of readjusting its functions and of confining itself to its proper field. This necessitates a reorganization and an extension and possibly reconstruction of its work to provide for an increase in demand for gas, which always follows the advent of electricity to a town.

The real solution of the difficulty with the gas companies is for the municipalities to acquire them by State aid, and to work the gas department in conjunction with the electricity department as a joint service for the benefit of the public. I see no incongruity at all in this. This Department has frequently referred customers to the Christchurch Gas Company for their heating, and a municipality should be in a position to supply both services, not as rival services but as co-ordinate services, each with its special field of use: and it is my intention to advocate this policy as part of a national system of power and heating services.

The Hon. Sir Wm. Fraser, Minister of Public Works.  
9th December, 1918.

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