

separate districts ever been made, but that the Grey Valley Company, being under contract for the supply of coal, and under penalty for non-fulfilment of contracts, yielded the demand made, and from the 10th March, 1890, paid 2s. 10d. per ton on the gross weight at Coal-pit Heath and Wallsend, and 2s. 6d. at Brunner.

18. That in June, 1890, the company, finding that their operations left a loss, demanded that the hewing-rates should be reduced by 20 per cent., but the miners declined, and after some negotiation the company agreed to permit an inspection of its books, both at Greymouth and at Dunedin, to substantiate its allegation as to this loss.

19. That such inspection was made at both places at the instance of the miners, with the result shown in a document submitted by Mr. Kennedy, and which appears in the appendix—namely, that from the 1st January, 1890, to the 8th March, when hewers were paid at 4s. per ton, screened, the net result realised from sales, less freight and all other costs and charges, from Greymouth Wharf was

Wharf was	£0	10	10½
Against a cost for hewing and other wages of	£0	6	2
And all other costs at mine, and till delivered f.o.b.	0	3	1
		0	9 3
Leaving, per ton, profit		0	1 7½

And that from the 10th March to the 28th June, during which period the miners were paid at the rate of 2s. 10d. per ton, gross weight, the sales, less freight and all other costs and charges, from the wharf realised, per ton

Against cost for hewing and other wages of	£0	7	9
And all other costs at mine, and till delivered f.o.b.	0	3	2½
		0	10 11½
Leaving, per ton, loss		0	0 0¼

And that the essential difference between these two periods lay in the wages, and was 1s. 7d. per ton, partly caused by an increase in their amount, and partly by an increase of waste.

20. That, besides the costs above referred to, the company had to pay for general management at Dunedin, Wellington, and Greymouth, and for rates, taxes, &c., £1,691 12s. 2d.

21. That the output of marketable coal during the first of these periods was 30,571 tons; and during the second, 49,638 tons, or in all 80,209 tons; and that the items comprising the above sum of £1,691 12s. 2d. involved a further general expense of 5d. per ton over both periods. And that, besides this, the company had to provide for new works, main headings, depreciation on plant, works, and leases, and interest on capital.

22. That these figures do not take into account a small but fluctuating and uncertain profit arising from coke-burning and the manufacture of fireclay goods, by which a small part of the waste coal was utilised; but this, being in the nature of a separate business, does not affect the general question.

23. That on the 19th July the company, having failed to obtain the concession sought for, of 20 per centum on the hewing-rate, declined to incur further loss, and ceased to work the mines, thus causing a "lock-out" not only of the hewers, but also of all the wages-men employed at trucking, hauling, screening, &c.

24. That on the 16th July Mr. Kennedy wrote to the Hon. the Premier representing the position of matters existing between the company and the miners, and said: "I would suggest that a temporary suspension of the 6d. per ton royalty, together with the Railway Commissioners allowing a reduction on the railage, as the proper course to meet in part the deficit, as during suspension there would be neither royalty nor railway receipts." To this the Secretary to the Cabinet replied, on the 17th July: "I am to inform you that it is quite out of the power of the Government to assist the company by suspending the payment of the royalty from the collieries. The Railway Commissioners also, to