

is only suitable for consumption within the colony; and as it will not stand much handling, it cannot be stacked and wait for a market, as with bituminous coal, as the action of the atmosphere tends to break it up, so that in course of time it crumbles into dust; while lignite can only be used in the immediate locality where it is raised, and there only in the interior, where the cost of transit of other classes of coal is very high.

The principal mines from which there has been an increased output of coal last year are the Waikato Mines near Huntly, 3,210 tons; and Ralph's Mine at Huntly, 6,341 tons; both of which produce brown coal; there was also an increased output from the Westport Colliery Company's Mine, Coalbrookdale, of 5,860 tons, and the Grey Valley Coal Company's Mine at Brunner, 32,923 tons, of bituminous coal. The increase in Ralph's Mine at Huntly is due to a new mine having been opened out, but this mine is now leased by the Taupiri Extended and the Taupiri Reserve Company, who have arranged to work the whole of the three mines in conjunction with each other. This combination was brought about owing to keen competition, which resulted in the companies disposing of their coal at cost-price, and some of it even at a loss. The principal mines where there has been an decreased output are the Kawakawa, 13,828 tons; Kamo, 5,728 tons; Kaitangata, 7,930 tons; Nightcaps, 8,183 tons; and White Cliffs, 1,844 tons. The large decrease of the Kawakawa Mine was expected, as the whole of the coal to the dip has been worked out, and there are only some pillars in the early workings, which will soon be taken out. This company has a coal-property at Hikurangi, where workings will probably be carried on as soon as the railway is completed from Kamo to that place. There is a considerable area of coal-measures between Hikurangi and Eru Ngahu's property which the railway when completed will open up.

At Ngunguru, near Whangarei, a semi-bituminous coal-seam has been opened out, containing the best class of coal yet found in the North Island, but the area of the coal-measures here are not yet correctly ascertained. The coal taken out is only as yet near the outcrop, nevertheless it comes out in large blocks, and stands the weather remarkably well. If it should prove of considerable extent it will be a valuable discovery; and if vessels can be got to convey it to Auckland at a reasonable rate of freight, the mine is likely to prove a good investment for its proprietors. The coal, has, however, to be taken down the river in punts for some distance. The water at the entrance of the mouth of the river being shallow, only vessels of small tonnage can enter to take the coal away.

It is to be regretted that the Grey Valley Coal Company have had to abandon a portion of their workings, owing to the influx of water which they were not able to contend with, and also that extensive prospecting operations will have to be carried on before the mine can be again opened out so as to employ the same number of men as formerly. The company state that the area of available coal will be exhausted in about two years, if no further measures are found on the other side of the faults which are known to exist; and they have appealed to the Government for assistance. I have instructed experts to visit and examine the mines, and the coal-measures within this company's leases, and to report on the same, so that the Government may have the fullest information respecting the mines in this locality, where so many men are located who are depending on coal-mining for a livelihood.

The completion of the railway from Westport to Mokihinui will give facilities to bring the Mokihinui and Cardiff Coal Companies' Mines in direct communication with a port of shipment; and, as soon as the necessary repairs and alterations are completed to the company's private line, there is likely to be a fair output of coal from this locality. Steps are likewise being taken to connect the Black Ball Mine with the Midland Company's Railway at Ngahere, and when the necessary works are completed a large output may be expected from this mine also. The Westport Colliery Company are constructing an incline to open up their coal lease at Granity Creek, so that in a very short time there will be sufficient bituminous mines opened out to supply the demand for some years to come. Until such time as foreign markets are found for our coal the increased output from the mines, year by year, will only be slow, as the output need only be in proportion to the growth of our population, our industries, and commerce.

The continual waste of small coal from our bituminous mines is a matter greatly to be deplored. In a letter recently received from the managing director of the Grey Valley Coal Company, he stated that there is from 500 to 700 tons of small coal washed into the Grey River weekly. This waste should not take place where there is a good demand for coke of a superior quality; and it is fully acknowledged that our bituminous coal can be made into coke equal to any in the world, if the same process is used in making it as is adopted in