

to be at Westport, whereas we maintain that the origin of the traffic is at Seddonville. The coal is at the mine. I will quote the tariff. It says, "For the first ten miles the rate shall be 1s. 8d. per ton." If this is so, the origin of traffic being at the mine, we contend that the return should be based upon the first ten miles as from Seddonville. If it is taken the other way we only get the benefit of $\frac{1}{4}$ d. per ton per mile. The Minister of Railways' statement for this year shows the net interest earned on that line to be £13 3s. 6d., and £12 3s. 6d. for 1898—£10 2s. 6d. being the amount earned the previous year. Here is a line paying a higher rate than any other in the colony and still imposing a penalty on the worst part of the district. There is no real necessity, so far as the Harbour Board revenue is concerned, for enforcing this penalty.

10. *Mr. Duthie.*] The Harbour Board gets the revenue?—Yes, but the deficiency has not been paid.

11. *The Chairman.*] The section affecting it has never been enforced?—It stands before us as a menace and we have to bring it in our balance-sheet as a debt. In consideration of our raising further capital to extend operations, the Government would then put into operation a section of the penalty clause, whereby by the 31st March, 1897, we would be relieved of all future liability. But this has not been put into force for this reason: that when we tried to raise the money we went to those most likely to lend it, and they said, "We are not going to lend you money with a penal clause over you like that." We had an opportunity of disposing of the property in England, and the chief reason assigned for not buying was the penal clause of this Act. So it is not only the question of our own company, but the question of the whole district. Whether this district is opened or closed, I offer my opinion—based upon the experience of this company and forty years' knowledge of the coal-trade, and my firm conviction is—that the district will never be profitably worked under existing conditions in respect of haulage-rates and Ngakawau penal clauses so long as the Westport Coal Company's mines at Denniston and Granity Creek are working. But the remedy is a very simple one indeed, and that is the imposition of a uniform haulage-rate and repeal of the penal clauses. I contend that Westport coal is unique, and commands a market all over the colony. And it is only a question of getting it in proper condition to insure its value. The Westport Coal Company have held to their price and they are entitled to it. But by reason of their nearness to the port of shipment they are enabled to put their coal on board at 2s. 1d. per ton. We are thirty miles away, and it costs us 3s. 2d. The result is, that while the Westport Coal Company have the very pick of the coal-mines of that district, and we have the very worst, they can produce large quantities of good, undisturbed coal, and we can only get small quantities of disturbed coal, and the handicap is very great against us, and will be against any persons opening coal-mines in that district. Unless some alteration is made in the haulage-system it is impossible for us or anybody else to go on. This is what I have suggested to the Minister. The railway is thirty miles long, and it was erected for the express purpose of opening the coal-mines. The revenue of the railway is received exclusively by the Westport Harbour Board, in order to provide interest, sinking-fund, and principal on the moneys borrowed to construct the harbour-works. Their revenue last year amounted to £26,733. Out of that the Harbour Board require to provide interest, &c. Supposing, for example, that the £26,000 earned was the result of so many thousand tons of coal contributed by the Westport Coal Company and ourselves (the ordinary goods-traffic forms a very small portion of this revenue); the revenue comes from the coal, and if it does not come from the coal the Harbour Board will some day find itself in very serious straits. If you divide the amount of revenue by the number of tons of coal passed over the line it will give a certain rate per ton. That rate per ton might be 2s. 2d., 2s. 3d., or 2s. 4d.—the highest rate you like, even if it were the 3s. 2d., but let every one pay alike. We are all tenants of the Crown, producing the same article, and all should pay alike; and if that were the case we should have no reason to complain. Remove the penal clause: the revenue is still maintained. It is no reduction; we do not ask for reduction.

12. *Mr. Tanner.*] Do I understand you to infer that you would have the Westport Coal Company pay as much as you for a shorter distance?—Yes.

13. What is the relative distance?—Theirs is twelve, and our distance is twenty-eight miles.

14. Would not the Westport Coal Company demur to that arrangement?—Yes, but how would it affect them? Say an all-round rate would be 2s. 3d. The Westport Company would pay an extra 2d. per ton; but on the Denniston mine, and on the Granity, which is being developed, on which they are now paying 2s. 6d., they should then only pay 2s. 3d.

The Chairman.: The Granity mine is a mine further north than Denniston.

Mr. Tanner.: Is it in the hands of the Westport Company?

The Chairman.: Yes.

15. *Mr. Tanner.*] And does the bulk of their supply come from Granity?—The bulk comes from Denniston. A uniform rate would not inflict any hardship on the Westport Coal Company, and 2d. a ton would not make a very great difference to them as regards Denniston, but it would make a great difference in their favour on the product of the Granity mine. And it would be a key to opening up this district, and it would always keep a fairly even balance in respect to the price. If the Mokihinui district is to be settled, I do not see anything for it, but the adoption of some scheme such as a uniform rate; or the alternative is this: that the royalty should be remitted on all coal mined up to 50,000 tons per annum; and inasmuch as four-fifths of all the coal we produce is small and unscreened (only one-fifth being screened), I would suggest that, in addition to the remission of royalty, a concession of 8d. per ton should be made off the haulage on all unscreened and small coal, and that the screened coal be charged full rates.

16. You would do that as an alternative?—Yes. But the uniform rate is better and more systematic, and it would be a fair and reasonable thing. I am aware that the Minister would say if this is done he would have applications from all over the colony. My answer is: Anyone connected with a railway producing such a result as you get here in the shape of 13 per cent.