

interest will tell you it is time to make an alteration. I take it that the interests of bodies such as the Westport Harbour Board must be conserved. It has been suggested that the rates should be reduced, whereby the Harbour Board would lose revenue to the extent of £3,500 per annum—we do not ask for reduced, but uniform rates.

17. Will you please put it very clearly to the Committee how the accumulated deficiency ran up?—It happened in this way. When we first opened our mine the deficiency clauses were in existence. I think we took up our lease in August, 1892. Before we could put a pick in the ground the penal clause operated. The moment our lease commenced this clause came into force, and for sixteen months we were under this obligation before we got a piece of coal out. In proportion to the holding per acre, that is the number of acres held, each lessee was to contribute any deficiency required to make up the railway revenue to 5 per cent. on the cost of construction of the line from Ngakawau to Mokihinui.

19. *The Chairman.*] If the line did not pay 5 per cent. you had to make up the deficiency. That did not apply to the previously-built portion of the line?—No. This is one of the grievous objections, to my mind. For about twenty years the line had been built from Waimangaroa up to Ngakawau, and practically lay unused, save for the railage of some material required by the Westport Coal Company as far as Granity only. The Westport Coal Company hold a coal lease at Granity, and they were not called upon to comply with its output clauses, the line lying idle for the fifteen or twenty years. It was agreed to by the Government that, in place of getting the output from Granity, so long as they increased the output from the Denniston mine, they would be released from their obligation, and they only paid the dead rent, which was £750 a year. But the royalty of that lease would probably have come to three times the money. I do not blame the Westport Company or the Government of the day for doing so, because it was a necessity of the time, and these people were then in a similar position to that we are now in. I think it was a very wise thing, in order to encourage the development of the district, not to impose the obligations of the lease, because it would have only killed the enterprise. While concessions have been made to every coal company on the West Coast we have made repeated applications for concessions, in order to keep us alive, and we have been refused. This deficiency has been going on for years and is still going on.

20. How much does it amount to?—£2,600 in full. There have been no claims made upon us since the passing of the amended Act in 1897. I hope Mr. Tanner did not misunderstand me. He asked me if I wanted the 6d. royalty remitted, and the 8d. haulage allowed, in addition. Certainly. If the 6d. royalty is remitted, I suggest that, in place of the present haulage, 8d. per ton should be allowed on the haulage on the unscreened and small coal. We want the two.

21. *Mr. Tanner.*] Has the accumulated deficiency been caused by the fact that the Mokihinui mine did not put out the quantity of coal which one was entitled to suppose they would put out?—Undoubtedly.

22. And, consequently, this deficiency which has accumulated is a charge on yourselves, because you are the only owners working mines in the district?—Yes.

23. If others came in they would be charged?—No; unfortunately. After the amended law, any new lease that comes in is not imposed with any obligation at all in respect of deficiency.

24. The accumulated deficiency weighs on yourselves alone, and any one who comes in and takes up ground and works it now would not be liable for anything that has taken place?—Not only so, but I think it is patent, not only to ourselves, but to the district and the Committee. Members may have noticed a few days ago that the Mokihinui Mine was offered by the Government on lease, and here I put in the conditions of the lease:

Offers in writing will be received up to noon of the 1st day of September next from persons willing to lease and work, under the supervision of the Coal-mines Act and regulations, the above coal-mine, comprising an area of 957 acres, situated in the County of Buller, on the west coast of the Middle Island, together with the plant and machinery now on the ground.

The following conditions will apply to any lease that may be granted:—

(a.) A royalty of 6d. a ton to be paid on all coal raised during any one year, such royalty to be payable every six months, on the 1st day of January and the 1st day of July in each year.

(b.) Fifty per cent of the amount paid as rent or royalty will be allowed towards the cost of further prospecting for coal within the limits of the lease.

This concession is offered to persons who would be competing against us in our trade. Even supposing we were going on smoothly, new lessees may come in, and use the Government plant existing on this mine, and they are offered an inducement of half royalty on all coal produced, besides exemption from deficiency.

(c.) The plant now on the ground, a schedule of which can be seen at the offices of the Inspectors of Mines at the Thames, Dunedin, and Westport, or at this office, together with such portion of the tramway formation as may be required by the lessee, to be mutually valued, and to be purchased by the lessee for the amount of the valuation; payment may, however, extend over a period of five years, or for such further period as may be agreed on, without interest.

Persons are invited to come and take possession without responsibility.

Or the lessee may lease the same on payment half-yearly of interest at the rate of 5 per cent. per annum on the capital value, as agreed upon.

Then, mark the conditions:

(d.) The lessee to maintain the plant in proper working order, and not to be allowed to sell or dispose of any portion of the same.

Applicants will be required to state:—

(1.) The terms for which the lease will be taken.

We are compelled to take the lands offered by the Government on their terms, and not on ours.

(2.) The quantity of coal they are prepared to produce from the mine every six months, from the first day of January and the first day of July in each year.