

MINUTES OF EVIDENCE.

THURSDAY, 29TH OCTOBER, 1903.

ARTHUR D. BAYFIELD examined. (No. 1.)

1. *The Chairman.*] You are here to give evidence on behalf of the shareholders of the Mokihinui-Cardiff Company now in liquidation?—The petition distinctly sets out that the company is liquidated. I shall endeavour in the course of my statement to make it as clear as I can. I was one of the original promoters of the Cardiff Company, and I would like the Committee to know that I am thoroughly acquainted with the position of the business from start to finish, and am authorised to appear before you after the meetings held at Westport and Christchurch and by request from shareholders elsewhere. I state this as preliminary. At the outset I want to bring under the notice of your Committee the petition that was brought before the House of Representatives in the year 1900. The petition is not long, and it is differently worded to my own petition, inasmuch as at that time the company was in liquidation and was in the hands of the liquidator. Briefly it is stated that the company was incorporated in September, 1892, for the purpose of working a coal-area under lease from the Crown in the Mokihinui district; that the company commenced to put out coal in November, 1894, and continued until September, 1899; and that the company expended £40,000, including capital and profits. It is also stated in the petition that during the term of actual working of the mine every condition of the lease has been faithfully observed, or more than observed, and the output clauses have been exceeded; that during the said term no assistance or concession such as has been granted to other coal companies has been received by the Westport-Cardiff Company. On the 23rd May, 1900, the Government determined the lease and took possession of the whole of the company's property and plant. The petition also sets out that the Government claims against the company are for rent and royalty up to the 30th June, 1900, £2,363 17s. 6d.; for deficiency under the Ngakawau Extension Act to the 31st March, 1900, £4,632 18s. 2d. The petition further states that your petitioners regard the claim for deficiency as inequitable and unjust, the burden of this imposition having fallen on the Westport-Cardiff Company by reason of the failure of other companies to fulfil the conditions of their leases in contributing to the revenue; and, further, the Government promised to relieve this company from all liability for deficiency in consideration of the company having raised and expended £5,000 in further developing the mine. The petitioners therefore prayed that the said deficiency shall not be charged upon the property of the Westport-Cardiff Coal Company, and that the liquidator of that company shall be paid a fair and reasonable valuation of the company's plants and property after deducting such rent and royalty as may be actually owing, and that your petitioners may have such other relief as your honourable House may consider just and fair under the circumstances. The report of the Committee recommended the petition to the favourable consideration of the Government. The liquidator was unable to come to any terms with the Government, though I believe he endeavoured to do so to the best of his ability. We failed to get consideration from the Government.

2. From what has been urged you think the assignment was in no way justified?—It was given under pressure. The Government pressed for an assignment, and it was made. If a point is to be made of the fact of the assignment, I should be allowed time to communicate with Mr. Hargreaves to get copies of correspondence between that gentleman and the Government solicitor, Mr. Stringer, and put before the Committee to show the difficult position in which Mr. Hargreaves was placed. This will be necessary if, in your wisdom, the fact of the assignment will be considered as a main factor in the case. I have never heard it stated that the Mokihinui or other companies, had they carried out the conditions of their lease, would have suffered through the construction of that railway. To show how differently we were treated, I may say that the Government took possession of the Mokihinui Railway property, and they were allowed to sell their railway. I do not question that. We always took exception to the rate of interest. It was perfectly true that the rate of interest was fixed at 5 per cent., and the Harbour Board, who found the money, obtained it from the Government at 4 per cent. The statistics of the Post Office show that money is now obtained at $4\frac{1}{2}$ per cent., and in any case 5 per cent. ought not to have been charged. I wish to point out and to emphasize in the matter of my petition the fact of the very great saving to the country, and in favour of the State coal-mines, resulting from the work done by the Cardiff Company. The company wrote off £10,029 from its expenditure, and could afford to do that. The Government get the benefit of a much larger expenditure in connection with the works. I should like to point out that we feel we have sound precedents in approaching the Government in the spirit in which we do. I ask consideration on the point regarding the treatment which the Midland Railway Company received in a much similar matter from the Government. One position is that we are asking for some consideration, notwithstanding the fact that we admit that the legal circumstances are against us. Then, there is another precedent: that where the Government gave the Point Elizabeth Company consideration to the amount of £21,000, although I believe they had full legal power, had they so wished, to take and retain possession; but they rightly did not do so, and gave consideration to the case. Going back to the deficiency question, I have omitted one important point: There was a Bill passed through the House terminating the liability as at the end of March, 1897, but a promise had been given that the whole amount would be wiped out, instead of which only part was done. Had we known of it we would have contended that the whole amount should be wiped out, and that subject