

104. Where you not trying anxiously to get a concession from the Government when the fire occurred in the mine?—Yes, I should say so.

105. The Government had not taken over the mine, nor was the company in liquidation?—No.

106. You think the negotiations were prior to the liquidation by some few months?—We hoped some amendment would be made, and it was thought with some assistance from the Government we might be able to carry on.

107. I want to put it in this way: If the fire had not taken place in the mine the Government would not have stepped in; you would have kept up the negotiations, and the high price of coal would have helped you?—Yes.

108. You would have been going on with the business now if you had been working with an enterprising set of men who were willing to prosecute the work?—Yes.

STATEMENT PRESENTED TO THE GOLDFIELDS AND MINES COMMITTEE BY
THE UNDER-SECRETARY, MINES DEPARTMENT.

THURSDAY, 5TH NOVEMBER, 1903.

*Notes on Evidence of Mr. A. D. Bayfeild as to the Cancelling of the Lease of the
Westport-Cardiff Mine.*

THE main grievance of the company was the claim for deficiency under "The Westport-Ngakawau Railway Extension Act, 1890," and in April, 1899, the company was informed that if it would provide £5,000 for further developing the mine it would be released from all liability in respect of deficiency since the 31st March, 1897.

On the 23rd May, 1899, the company stated it was unable to raise the amount named, attributing as the reason the high rate of haulage and the liability under the Ngakawau deficiency clauses.

In December, 1899, the Government offered to contribute a subsidy up to £400 on condition that the company expended £800 in prospecting the "Cave" area, the Government also to pay half-salary of manager while prospecting was going on.

The company accepted the offer on the understanding that it did so in full reliance upon the Government relieving it from all past liability, and also relief from liability under the Westport-Ngakawau Act as from the 31st March, 1897; that an allowance would be made in respect of haulage and royalty; and, further, that in the event of the exploring-work proving satisfactory the Government would extend the subsidy up to one-half the cost of the entire work—£12,000. To this the company was informed that these terms could not be agreed to, and it would depend on the result of the prospecting what future action the Government would take in the matter.

The company then asked what undertaking the Government would give as to the future if the offer of £400 was accepted, when they were informed that the offer must be accepted unconditionally and a commencement made towards working the mine.

The following resolution was ultimately passed by the directors on the 25th January, 1900:—

"That, having regard to their past experience of the disturbed and treacherous character of the Mokihinui coal-seam, the refusal of the Government to give any undertaking in reference to their future action as regards relieving the company from the burden of the deficiency clauses under the Westport-Ngakawau Railway Extension Act, or reducing the rate of coal-haulage, or assisting in opening up the 'Cave' district beyond contributing a small sum towards prospecting, this board is of opinion that it would be inconsistent with their duty to shareholders to ask them to invest any further capital in the undertaking. The board very much regret the policy which the Government have indicated their intention to adopt in this matter, and have no alternative but to await their further action."

And a special meeting of shareholders was convened for the 13th March, 1900, to voluntarily wind up the company.

In the seventh annual report submitted to the shareholders at that meeting there was the following paragraph, to which the Government took exception as being misleading, namely:—

"At a conference between the Government and the committee representing your board your directors were led to believe that the Government would assist the company in an effort to open up the 'Cave' area by making the following concessions, namely: (1) By granting a pound-for-pound subsidy to the extent of £6,000, being one-half the estimated cost of the proposed work; (2) by relieving the company of all past liability in respect of the Westport-Ngakawau deficiency and royalty; and (3) by a readjustment of coal-haulage from Seddonville."

And the chairman of directors was informed that the Government was not prepared to take over the plant and lease of the mine at a fair valuation, as suggested by him when forwarding copy of the report containing the resolution referred to, and that as the company had gone into liquidation the proper officers had been instructed to make demands for rent and royalty and all other moneys due in respect of the lease.

Demands for payment of the amounts due were accordingly made on the company.

On the 5th May, 1900, Cabinet decided that the company having failed to pay rent, royalty, and railway dues the lease was to be determined.