

On the 4th June, 1900, the liquidator asked to be allowed the value of plant and material, which he stated cost £8,000, and was worth from 20 to 25 per cent. more owing to increased price of material.

This was refused, and steps were taken to prevent the plant being removed by the liquidator. The liquidator refused to admit the claim for £1,211 7s. 7d. deficiency.

On the 30th August it was decided to offer a lease of the mine to the public. On the same day Mr. Bayfield made a written offer to lease the mine. This was not dealt with, as the terms of the lease were to be advertised.

The leasing publicly was not proceeded with, as the Government was advised that the re-entering upon the mine and determination of the lease did not entitle the Government to take possession of the plant and machinery, and that regular proceedings must be taken for recovery of the debts due to the Crown. The Crown Solicitor at Christchurch was accordingly requested to advise as to what action should be taken to recover the amounts due and set the plant free for further use.

The Crown Solicitor advised that as the Crown had, in pursuance of the powers in that behalf in the lease, re-entered and determined the lease the land with all its fixtures was vested in the Crown. With regard to the chattels which were not fixtures, the Crown had power to seize them and sell them in the same manner as landlords may for rent in arrear; but as it would not be desirable to sell it was suggested that arrangements should be made with the liquidator to take the chattels over at a valuation, so that the Crown may deal with the property as it stood, the amount of valuation to go towards the liquidation of the company's debts.

This was agreed to, and it was left to the Crown Solicitor to arrange accordingly with the liquidator. The result of the negotiations is contained in the following letter:—

*“Memorandum for the Under-Secretary, Mines Department, Wellington.*

“DEAR SIR,— Crown Solicitor's Office, Christchurch, 5th December, 1900.

“Westport-Cardiff Coal Company: Since the receipt of your letter herein of the 16th ultimo I have had several interviews with Mr. Hargreaves and with Mr. Fisher, who is associated with Mr. Hargreaves as solicitor in the liquidation of the company.

“For the purpose of ascertaining their view as to the value of the chattels, and what were removable and what were fixtures, I obtained from them a list of all the plant and materials. According to this list, the value of the fixtures is £7,014, and of the removable chattels £7,286 4s. There are, however, in the list of chattels articles of the estimated value of £2,803 which I considered to be fixtures that has passed with the freehold on the re-entry by the Crown, and which Mr. Hargreaves and Mr. Fisher, after my discussing the matter with them in several interviews, now admit should be so classified. The result is that according to the liquidator's own list there is a difference of only £10 in favour of the company between the amount due to the Crown for rent and deficiency and the value of the chattels. According to the list supplied by Mr. Tennent, there is a considerable balance in favour of the Crown. I have suggested to the liquidator that the Crown should be allowed to take over the chattels in settlement of the rent and deficiency owing, but he informs me that, while he has no wish to hamper the Government in any way, he considers that some effect should be given to the recommendation of the Railways Committee, that the prayer of the company's petition to the House of Representatives should receive the favourable consideration of the Government, and he wishes me to say that if the Government forego their claim to the sum of £2,108 19s. 6d. due for deficiency and send him a cheque for that amount he will surrender to the Crown any interest the company may have in any of the plant, materials, and chattels. Mr. Hargreaves is evidently under the impression that if he consented to the setting-off of the chattels against the rent and deficiency the company's position with reference to the petition might in some way be prejudiced.

“I accordingly offered to obtain for him an assurance that this would not be the case, but he preferred to have his proposal as above placed before you in the first instance. I, of course, told him that I could not recommend the adoption of his suggestion.

“If the Government decline to waive their claim to the deficiency, but are willing to take the chattels in satisfaction of their claim against the company, kindly wire me to that effect and I will again communicate with Mr. Hargreaves, and, if possible, persuade him to settle at once on that basis.

“Yours, &c.,

“T. W. STRINGER,

Crown Solicitor.”

It will be noted in the foregoing letter it is shown that according to the liquidator's own list there is only a difference of £10 in favour of the company.

The liquidator stated that he reluctantly agreed to the Government taking over the chattels in discharge of the company's debt without prejudice to the right of the company to appeal to the Government for favourable consideration, and, that in view of the Premier's promise that he would support the company's petition for relief from liability or deficiency, the liquidator ventured to hope that the promise would be redeemed by the Government giving effect to the recommendation in the report of the Railways Committee on the 28th December, 1900.

On this the Crown Solicitor was at once informed that the Government would not give the liquidator any assurance one way or the other, and if the matter was not settled by the 1st January writ was to issue for the amount due to the Government.

The result was the execution by the liquidator of the deed of assignment.

As to the claim for the telephone-line, I have to state that when the company ceased to pay for the maintenance of the wire the Telegraph Department might have taken it down. The materials would, however, have been the property of the company, less the cost of dismantling. At the request of the Mines Department the Telegraph Department allowed the line to remain;