

1903.  
NEW ZEALAND.

# GOLDFIELDS AND MINES COMMITTEE:

REPORT ON THE PETITION OF ARTHUR D'OYLY BAYFEILD, TOGETHER WITH MINUTES  
OF EVIDENCE AND APPENDIX.

(MR. JAMES COLVIN, CHAIRMAN.)

*Brought up on Friday, the 6th November, 1903, and ordered to be printed.*

## ORDERS OF REFERENCE.

*Extracts from the Journals of the House of Representatives.*

FRIDAY, THE 3RD DAY OF JULY, 1903.

*Ordered*, "That Standing Order No. 211 be suspended, and that a Goldfields and Mines Committee, consisting of sixteen members, be appointed, to whom shall be referred all matters relating to mining and all Bills relating to mines; with power to call for persons and papers; five to be a quorum: the Committee to consist of Mr. J. Allen, Mr. Bennet, Mr. Colvin, Mr. W. Fraser, Mr. Herdman, Mr. Herries, Mr. Kidd, Mr. R. McKenzie, Mr. Millar, Hon. Mr. Mills, Mr. Moss, Mr. Reid, Right Hon. R. J. Seddon, Mr. Smith, Mr. Witheford, and the mover."—(Hon. Mr. McGOWAN.)

THURSDAY, THE 22ND DAY OF OCTOBER, 1903.

*Ordered*, "That the petition of A. D. Bayfeild be referred direct to the Goldfields and Mines Committee."—(Mr. COLVIN.)

## REPORT.

No. 828.—Petition of ARTHUR D'OYLY BAYFEILD, Agent.

PETITIONER, on behalf of himself and other shareholders of the Westport-Cardiff Coal-mining Company, liquidated, represents that in May, 1900, in order to satisfy a debt of £4,470, of which £2,363 was for royalty in coal and £2,107 for deficiency on the working-expenses of the Westport-Ngakawau Railway to Mokihinui, the Government seized the plant, material, and works of the Company, valued at £24,329; that the £2,107 ought not to have been charged against the company; that, for the reason that the debt was created through the default of another company, it ought properly to have been extinguished at the time of the passing of "The Westport-Ngakawau Railway Act, 1897." Petitioner further represents that the plants, material, and property seized were valued by the Mining Inspectors of the Government at £7,516; that the whole of the property is now being worked by the Government in connection with the operations in progress at the State coal-mine at Seddonville, and that through the company the colony has been saved the cost thereof. No consideration has been allowed to the shareholders of the liquidated company for the value of the plant and material in excess of the alleged debt. Petitioner therefore prays for inquiry, consideration, and relief.

The Goldfields and Mines Committee have the honour to report on the petition of Arthur D'Oyly Bayfeild that they recommend that it be referred to the Government for consideration.

## PETITION.

To the Hon. the Speaker and Members of the House of Representatives in Parliament assembled.

THE humble petition of Arthur D'Oyly Bayfeild, of Westport, Agent, on behalf of himself and other shareholders of the Westport-Cardiff Coal Company, now in liquidation, sheweth—

1. That the Government of New Zealand in the month of May, 1900, pursuant to the power contained in "The Westport-Ngakawau Railway Extension Act, 1890," seized and took possession of the whole of the works, plant, and materials of the said Westport-Cardiff Coal Company, of the estimated value of £24,329, to satisfy a debt claimed by the Government to be due by the said Westport-Cardiff Coal Company amounting to £4,470, of which amount £2,363 was for royalty on coal and £2,107 for deficiency on the working-expenses on the cost of construction of the extension of the Westport-Ngakawau Railway to Mokihinui.

2. That your petitioner claims that the sum of £2,107 should not have been charged against the said Westport-Cardiff Coal Company, but should have been extinguished at the time of the passing of "The Westport-Ngakawau Railway Extension Act Amendment Act, 1897," as such deficiency was created through no fault of the said Westport-Cardiff Coal Company, but by the default of another company in the fulfilment of the conditions under which such other company was liable.

3. That in a report presented to Parliament in the session of 1901 in connection with the then proposed State colliery, the plant, works, and material so seized by the Government was valued by Messrs. Gordon, McKay, Hayes, and Jamieson at the sum of £7,516 3s. 11d., exclusive of £1,000 set down as the value of prospecting-works.

4. That in addition thereto the wire of the telephone-line was not included in the Government list of materials and plant by Messrs. Gordon, McKay, Hayes, and Jamieson, but is now in the possession of the State Mines Coal Department, which said wire cost the Westport-Cardiff Coal Company by payment to the Telegraph Department of the sum of £278 3s. 9d.

5. That the whole of the property is now in the possession of and is being used and worked by the Government in and about the State coal-mine at Seddonville, whereby the colony has been saved the cost thereof, but no consideration has been paid to the shareholders of the Westport-Cardiff Coal Company for the value of such plant, &c., in excess of the sum claimed by the Government.

6. That the shareholders of the said Westport-Cardiff Coal Company received no return for the capital expended by them in developing the coal measures at Mokihinui.

Your petitioner therefore, on behalf of himself and the other shareholders in the said Westport-Cardiff Coal Company, prays that your honourable House will inquire into the allegations contained in this petition, and grant to them such relief as to your honourable House shall seem meet.

A. D. BAYFEILD,  
Westport.

Wellington, 22nd October, 1903.

## 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

would never have cropped up again. Referring to the valuation by the Government officers, Messrs. Gordon and others, I might reply that in any parliamentary paper with reference to the proposed State coal-mine, the detail of the Government valuation as set out there was £7,516, while in another part they refer to prospective works. That is what we have done. The State, in conducting their mining operations, have gone on the lines laid down by the Cardiff Company. Whilst on this subject I may add that the Government officials have always been very courteous as far as I am concerned. We were never granted any concession, but the State having taken over the control I respectfully submit that some consideration should be given. If I add to the £14,300, the liquidators' value of moveable plant and permanent works, the sum written off of £10,029, there is a total of £24,329, exclusive of £278 for wire. I at once deduct the £10,029 and the debt for royalty of £2,363, and this leaves a net value, to my mind, of £12,215, which we should receive against the Government valuation of £8,516. I have not dealt with the £2,107 for deficiency, for reasons which I have already stated. I think, without taking up your valuable time, I have given you the main features of my reasons for appearing before this Committee and claiming some redress. I wish it to be perfectly understood that it is not in any spirit of anger towards the Government or any one else. We only seek redress in a spirit of fair play.

3. *Mr Bennet.*] Did the companies pay the Government for the wire put into the mine?—We paid £293, and deduct £15 for instruments retained, leaving for the wire £278

4. Does the Government get any benefit out of the work done in the mine?—Undoubtedly the Government derived very great benefit; in fact, the Government was in clover. The country has been opened out for them, and though there has been some depreciation, it is nothing to be compared to what is set out here by the valuers.

5. Did you consider the profit they would get?—I may anticipate that question. They got about £12,215, whereas they say they only got about £8,500. So you will see they deducted their own settlement. There is no difficulty in setting before a committee the reasons why we should receive consideration. We were tenants of the Crown, and made great sacrifices in opening up the country. It is a great pity that we were not encouraged to go on.

6. How long is it since the mine was closed?—We closed in September, 1899, and the Government took possession in May, 1900. In the first place, a notice was served by the Government stating that their reasons for having taken possession were to deal with the fire difficulty; but when the actual deed was done we found it was very much more than that. There was a communication from the Government setting out that that was their reason for taking steps to deal with the matters pending. Only one section of the property was on fire, and could not in any way damage the whole property.

7. *Mr Reid.*] The company was floated in New Zealand?—I think only one of the shareholders is in England.

8. Is it all local capital?—Yes.

9. That was actually paid up?—Yes.

10. Was that amount subscribed and paid up?—Yes; we paid the full £1 per share.

11. And that was spent in the mine?—Yes, or round about it; and the actual sum from dealings in coal. The directors were in a position to pay a dividend, but did not. Every penny was spent in developing the property.

12. Were there any serious mistakes made in spending the money?—I do not think any serious mistake can be charged against us. There was one mistake, perhaps, in the first opening-out, but we were able to a considerable extent to recover any loss sustained in that way.

13. Do you think any accidents occurred in the work of the company then or since?—The most serious accident was the fire. It came on subsequently to closing down.

14. Was that the reason of the Government taking it over?—I have already said the Government gave the dealing with the fire as their reason.

15. All that was then existing?—Yes.

16. Did the valuation include the wire?—No; that is the possession of the Government, and was not on the list.

17. Was this in existence when you were in negotiation with the Government to take it over?—Yes; I have no doubt it was considered by the liquidator, but he was not successful in his negotiations with the Government.

18. The position is that the Government got the lot for a trifling amount?—Practically so. It means a good deal of money to other mines in opening-out.

19. Where does it do so in connection with the Mokihinui Railway line?—Because if the company had been kept to the conditions there would have been no deficiency, and the extra coal from that mine would pay the working-expenses.

20. Was that in the negotiation?—It was in the Act of Parliament passed in 1890. We got the railway construction authorised then.

21. You were parties to the agreement?—The petitioners asked for it. I sent a telegram asking that the rate of interest be put at 4 per cent. This was not agreed to, and it was put through at 5 per cent.

22. But all the companies in the district were asking for the railway?—Yes.

23. In what year was that?—We commenced directly after the Act was passed. If my memory serves me correctly, it was in 1890. As a matter of fact, the Board got the money at 4 per cent.

24. *The Chairman.*] I think the interest was 4½ per cent. The Harbour Board was paying 4½ per cent. to the Government at that time?—I may say I am quoting from figures that are published in the Post-Office statistics. At the assignment the Board was paying 4½ per cent., but as soon as they got their loans consolidated they got the money at 4 per cent.

25. Was nothing allowed for Mokihinui Company, or did you bear the whole burden?—Yes; that was so. The Bill was passed in 1897, which terminated the matter, leaving us still responsible

for £2,107. As a matter of fact, it was to deal with and, as we thought, wipe out the deficiency that the Bill was passed. It was over £4,000. If they could forego part, I submit the whole amount would have been wiped out.

26. *Mr. Kidd.*] What was the actual reason for closing down?—At that time we thought we should have to spend more money—£12,000—and we approached the Government for assistance, particularly in regard to wiping out the deficiency, and desired to get reduction in the rate of haulage from 3s. 2d. a ton. The negotiations were entered into, and there was at the time even a prospect of getting a direct subsidy from the Government. We would have gone on if we had got that deficiency wiped out and a reduction made in the haulage.

27. What was the date of closing down?—September, 1899.

*The Chairman:* It was May, 1900, the Government took possession.

28. *Mr. Kidd.*] Did you not urge your condition upon the Government?—We urged the whole thing, and thought we were going to be relieved, but the Bill brought only a partial relief.

29. What revenue was incurred by the liquidator?—In fairness, I must say that the liquidator did his best to get consideration, but he did not succeed.

30. How did you go so far back if you had £10,000, which was expended in the development of the mine, while you were so far back in the payment of the royalties?—The royalty was 6d. a ton. I think the amount was allowed to stand in order to facilitate the working of the company. At any rate, this deficiency, change, and excessive haulage kept back the development of the mine. In the earlier stages the Westport Coal Company was behind in royalty, and time rightly given for payment. The position of the Cardiff Company is a matter of administration for which the directors were responsible. We in no way questioned the matter of the property. But I think if a fire got into a mine the Government would step in and claim the asset if any claim existed. Personally I would be glad to see the Government come to an arrangement with the shareholders. I speak this generally, apart from any interest in the property in the mine as a shareholder.

31. It seems the amount would have been wiped out, but it failed through the liquidator failing to obtain any consideration by the Government?—Yes.

32. *Mr. W. Fraser.*] When was this petition presented?—Last week.

33. Did you not think that matters of this kind ought to be considered early in the session instead of at the close?—I take the responsibility for that. I was engaged in a matter of business, and was not asked to take up the position until a short time ago.

34. Did it not occur to you that at the close of the session, when there are so many things to deal with, that insufficient time would be given to your petition?—I trust time will be found to deal with the matter.

35. *Mr. Kidd.*] Has any other petition been presented?—There is the petition which was presented in 1900, upon which the Committee reported recommending it to the favourable consideration of the Government.

36. *Mr. W. Fraser.*] That was in connection with the Mokihinui Railway, and it had no reference to the Westport question?—I think it deals with the whole matter.

37. That petition of 1900 is similar to the other one?—It is similar in character, but it does not set out the figures as I have done. It set out that the company has complied with all the conditions and expended £40,000, and received nothing for it, and have never received any assistance or concessions. It referred to the Government taking possession and the matter of the deficiency, and asked for fair consideration for the plant, &c.

38. Suppose the Government seized this property and they resold it to another company, would the shareholders feel that they had any claim upon the purchasing company?—If it had been sold for £8,000 odd we would have had a balance coming to us after paying royalties and even the deficiency, if insisted upon.

39. Would you consider that the shareholders of the old company would have any claim upon the purchasing party?—I think not; but where the Government takes the position of retaining the difference in value we might, and do.

40. Would you base your claim on the ground that the Government is finding the money for the work?—Yes.

41. Can you give us any information as to what is being now done by the Government in this matter?—I think the question is one that should be put to the Department.

*Mr. W. Fraser:* I do not see how we can go on with the petition, so far we have heard only one side.

42. The property being now in the hands of the Government it could not be expected that the Government would capitalise the money spent on it?—I submit a value was given to it by the colony in causing it to be valued by their officers.

43. Their valuation is £7,516, and part of what they seized consisted of the value of prospecting-work done, and if the Government could sell it for £7,000 or £8,000, would the old company have any claim upon the purchase-money?—Undoubtedly, by reason of its being worked by the Government. If the mine could not be worked at a profit it would not be there. That is opening up a very broad question—for instance, the question of the Mokihinui Company. It is not a matter of to-day. It will be necessary to spend more money in order to make the thing a success. They cannot expect to get a profit from one section of the mine.

44. My object in putting the question was to get at what is the real position?—I think it is hardly fair to put that question to me.

*The Chairman:* There is no doubt that it represents the money spent in the mine, but it would not bring the same amount if sold again.

*Mr. W. Fraser:* Before I attempt to deal with that question I should like to have some evidence as to what the value of it is now, and what it will be in the future. Failing such evidence, I do not see how the Committee can fairly come to a conclusion in regard to the circumstances. I think it would be much wiser if the petition were not dealt with at the end of the session, and not

to press for a settlement of the case, but to bring it up early next session. It is for you, as the representative of the shareholders, to consider what is the best course to adopt in their interest.

45. *Hon. J. McGowan.*] There was a petition presented previously on behalf of the Westport-Cardiff Company signed by Mr. E. R. Hughes: are you dealing with this matter on behalf of the shareholders in the same way as this other petition?—Yes.

46. Is there any signature besides yours?—No. I have been authorised by the meetings held in Christchurch and Westport.

47. Do you remember the meeting at Christchurch when this petition was agreed upon?—Yes, my petition; I was there. Mr. Hargreaves was also there.

48. Did he take any action in regard to this petition or not?—He did not vote. He was the only one in the room who abstained from doing so.

49. Did they appoint you to deal with the matter on behalf of the shareholders?—Yes.

50. The company went into liquidation at a certain period?—Yes.

51. What was the cause of their doing so?—I suppose it was their failure to negotiate with the Government and to secure any consideration.

52. Did the Government make any proposal to assist them?—Yes.

53. Did the company accept that proposal?—I think they accepted it, and it was not carried out.

54. Do you state that as a fact or a question of memory?—I think they accepted the proposal, and no effect was given to it. I will ask leave to read a communication dated February this year. It is as follows: "You are aware, of course, that Messrs. Seddon and Cadman agreed to relieve us of all liability for deficiency and royalty, and promised a pound for pound to each one of us to develop the Cave area at a cost of about £12,000, we having previously thoroughly prospected and bored the area at considerable cost, and forwarded plans and particulars of proposed works to the Government to have appropriated, and are now using them to carry out original scheme."

55. *Hon. J. McGowan.*] You said that in regard to this case you had a precedent, and you instanced the Midland Railway; but there is no analogy as between the Coal Company and the Midland Railway?—My contention is briefly this: The colony took possession of the railway, and expended a large amount of money out of general revenue on it. The legal position was that they need not have given the shareholders or debentureholders any consideration, but by action of Parliament they agreed to pay £150,000. I submit that the case of this Coal Company is a very similar one.

56. Do you know how the railway was constructed to connect with the Mokihinui-Cardiff line?—It was constructed by funds provided by the Westport Harbour Board, and it was built by the Government.

57. Was it from funds belonging to the Harbour Board or from funds derived from harbour reserves?—Yes, out of the funds of the Board.

58. Built by the Government out of Harbour Board funds?—Yes.

59. What was the object of this expenditure?—To develop the coalfield.

60. What companies were interested?—The Mokihinui and Cardiff Coal Companies. These were the only two companies when the railway was made.

61. Do you know what was the cost of that railway?—I cannot say.

62. What is the distance of this extension?—About seven miles.

63. Do you remember the time when the mine took fire?—Yes.

64. Who was then in occupation?—The company.

65. Are you sure it was not the liquidator?—No, it was not the liquidator.

66. The information I have is it took fire while the mine was in charge of the liquidator?—I would ask you to give me an opportunity of inquiring into this matter.

67. Was any action taken by the company to put out the fire?—We spent some hundreds of pounds.

68. But you did not extinguish the fire?—No, and it is still burning. The best plan is to let it burn itself out.

69. At the time the company was in liquidation, why did the Government not allow the company to sell the property and make the best of it they could?—That is a matter for the liquidator; I cannot say.

70. Were any appeals made to the Government in regard to this fire?—Not that I am aware of.

71. Did the Government make any effort to put out the fire?—So far as my memory serves me the Government took the matter into their own hands. I took action as agent for the company.

72. What was the nature of your action?—I was agent at Westport for the company, and the fact of the fire was made known to me about 7 o'clock one Sunday evening, and I at once went into town and took steps to deal with the matter. I saw Mr. Hay Mackenzie, of the Railway Department, and I went to the Fire Brigade and asked their assistance. The Westport Company generously gave every assistance, and all was done that was possible with the means at our disposal to meet the disaster. I went out on Monday morning, accompanied by Mr. Dixon, and asked him practically to bear the responsibility in dealing with the fire, which the directors had given their permission to act upon.

73. This occurred before the mine was in liquidation?—Yes; but the efforts we made were not effectual in putting out the fire, and latterly the Government has done nothing towards putting it out.

74. What would have been the position of the shareholders if the Government had not re-entered on its lease?—I wish you had not done so. I wish you had left us to our own resources.

75. At one period the Government might have stepped in and taken possession; what would have been the position in that case?—Our financial position was sound, and we owed no debt except to the Government.

76. You were not in a position to pay up your liability?—Yes; with assistance in the matter of deficiency and haulage.

77. Did the Government not give you every opportunity to pay their debts to them?—I have no doubt; in fact, I would not question that.

78. If this property was so valuable, why did you not pay this small sum?—We wanted to get the deficiency clean wiped out; and we wanted consideration in the matter of haulage, as we had to pay 1s. per ton more than the lowest rate in the district.

79. Did the company's line run into yours?—Ours was joined on to the Mokihinui Company's line.

80. Surely a man who pays for running over twenty miles is entitled to more consideration than one who runs only ten miles: where was the sense of paying greater haulage for the shorter distance?—The Westport coal companies are all tenants of the Crown.

81. I want you to answer this question: If, as you say, the company only owed this small sum of money, why did you let the Government step in and foreclose on the property valued at £7,000 or £8,000 or £11,000, as you only had some £2,000 to pay, or with royalty £4,000?—I say this distinctly: if I had my own way the Government would not have had the property.

82. You were pointing out something in regard to Point Elizabeth, and you said the Government acquired the railway there: do you think that is also the case?—I feel this: as I have studied the question of consideration, I may say that the money was fairly paid, that the Government was legally in a position that they need not pay anything if they had acted upon their legal position, but very rightly they gave consideration. I submit, so far as my opinion goes, the Crown was in a position (if it liked) to have taken the line. The liquidator claimed the wire as a matter of course and sent in a claim, but it was unsuccessful.

83. What was the cause of the liquidation?—That is a question which I would be pleased to see put to the directors. We were forced into it owing to our failure to conclude successful negotiations with the Government.

84. What was the nature of these negotiations?—To insure the wiping-out of the deficiency, reduction of the haulage, and even a subsidy was suggested in the course of the negotiations, but nothing came of it.

85. What was the use of it when the company went into liquidation? Were there two coals, hard and soft coals?—Yes.

86. What was the proportion; was the hard coal more than the soft, or the contrary?—I am not a mining expert, but was merely the Westport agent of the company. The coal passed through my hands. I was simply a shipping agent attending to local matters. I think the soft coal was larger in quantity than the hard coal. I think our boring operations developed large quantities of coal, and we believe we had good quality and fair area of coal. The Government asked too much in regard to deficiency and haulage.

87. Did the Government make any additional charges, or make any alterations in rent?—No.

88. *Mr. Herries.*] Did the fire take place before the company went into liquidation?—Yes, very shortly before.

89. While the Government was in possession of the mine?—It continued into their time.

90. Was there much demand for the company's coal?—Yes; six months after the coal was in such demand that we could have sold the whole of it.

91. They were taking the pillars out?—Yes, only where they were fairly able to do so.

92. But six months after the rise in the price of coal came about you could have sold the whole?—Yes.

93. Is that the coal which was mentioned by Mr. Broom in his evidence of the 19th November?—Possibly. I am of opinion that the whole of that coal could have been made marketable by reason of the increased demand for coal generally.

94. Was anything left not worth taking out?—Yes; there was other coal which it would have paid to take out.

95. You made efforts to put the fire out?—Yes; but neither the company nor the Government succeeded in their efforts. The Cave area is being worked now.

96. The fire-area was not considered worth working?—We had good hopes of the Cave area. We thought the Cave area was very promising, and a sum of £500 was spent in prospecting.

97. If you had sufficient capital you say you would not have let the Government step in?—We might have worked it if we had got sufficient assistance from the Government.

98. You would have required some capital to have developed the Cave area?—There was a good market. We knew we had opened up a fresh area of coal from the indications we had.

99. *Hon. J. McGowan.*] As the results of the fire and the unsuccessful efforts to put it out, are you aware of any danger to a certain property while the fire was burning there?—The greatest danger was assumed to be the bridge over Chasm Creek. When the Government took possession we had a contract in existence for removal of the plant to a place of safety.

100. Did the company finish that?—There was a difference between the Government and the liquidator; the liquidator raised some points, and the matter ended.

101. *The Chairman.*] You were the promoter of this company?—Yes; one of them.

102. Do you remember, when the Bill came down for the extension of the Mokihinui Railway, it was said at that time that with the rise in coal-prices the railways would pay so well that the interest would stand 5 per cent?—I telegraphed that 5 per cent. was too much, but the Bill could only be got through with that provision.

103. The railway was made by means of the Harbour Board's funds, and under the authority of the Government—that was the position: was it not intended at first that the companies should ship their coal from Mokihinui?—As a matter of fact it was proposed so, and Mr. O'Connor did a considerable amount of work in connection with the matter, but personally I was against it.

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.

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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.



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;

and it has since been put in repair, and is used for the State coal-mine. The Telegraph Department states that had not the Mines Department taken possession of the wire it is probable that the Railway Department would have purchased part of it.

There is nothing on record as to the statement by Mr. Bayfeild that a promise had been given that the whole amount of deficiency would be wiped out, instead of a part only.

Question 5. Mr. Bayfeild overlooks the fact that the lease was forfeited for non-compliance with conditions, and the ground re-entered upon before the deed of assignment of the plant, &c., was given in payment of the debts due to the Crown, and before the lease was determined the Government offered to assist the company.

Questions 6 and 14. The only notice served on the company was that, as the conditions of the lease had not been complied with, the lease had been determined and the land re-entered upon. There was nothing mentioned about the fire.

Question 54. As I have previously shown, this statement was objected to by the Government as being incorrect.

Question 72. The Government took steps to endeavour to extinguish the fire as the company was in liquidation and would take no action.

Question 75. The company was not able to raise the £5,000 required by the Government for further development.

I have endeavoured in the foregoing notes to furnish in as brief a form as I can a narrative of the position of affairs up to the signing of the deed of assignment, and I think it is shown by the correspondence that if the company had been in a financial position to carry on the mine the lease would not have been cancelled.

Mines Department,  
Wellington, 4th November, 1903.

H. J. H. ELIOTT,  
Under-Secretary for Mines.

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## APPENDIX.

The Westport-Cardiff Coal Company (Limited), (in liquidation),  
Christchurch, 22nd November, 1900.

SIR,— Re *Westport-Cardiff Company's Movable Plant.*

In accordance with your request, I now beg to hand you a list of removable plant and material as returned by the company's late engineer, to which I have attached values amounting to a total of £7,286 4s.

With regard to your suggestion—that matters might be settled by the Government taking over the plant at a valuation and after deducting the full amount of the company's indebtedness to pay over any balance to me—I am willing to fall in with this suggestion provided that the above valuation is accepted, in order to save the unnecessary expenses of a further valuation, and that the Government also agrees to the shareholders reserving the right to appeal to Parliament for refund of the Westport-Ngakawau deficiency claim should the Government be unable to allow such refund in terms of the petition now under consideration.

I also enclose particulars of permanent plant and works, nominally valued at £7,014—an additional sum of £10,029 8s. 10d. having been expended thereon and written off.

Yours, &c.,  
T. W. Stringer, Esq., Christchurch. W. H. HARGREAVES, Liquidator.

The Westport-Cardiff Coal Company (Limited), (in liquidation),  
Christchurch, 11th December, 1900.

SIR,— Re *Westport-Cardiff Company (Limited).*

I am in receipt of your letter of the 10th instant advising me that the Under-Secretary of Mines informs you that the Government are unable to waive the claim for deficiency due by the company prior to the 31st March, 1897, but are willing to take over all the chattels on the property in satisfaction of the amount due for rent and deficiency.

In reply to the above, and referring to my letter of the 22nd November and our interview upon this question of fixtures and plant, I understand that you have advised the Government that everything which was annexed to the soil at the time of re-entry belongs to the Government, and that any right we may have had to remove same at the time of re-entry was lost—notwithstanding our application to do so—by reason of our failing to tender the rent and royalty then claimed; also that the several chattels and movable plant are all that we can claim to have either valued or sold under distress for rent. I also understand that you are authorised to settle with me on the basis of the Government taking over the chattels and giving me a receipt in full discharge of all claims against the company, also that the Government for public reasons desire an immediate settlement.

Without admitting the legal right with regard to fixtures to be as stated by you, and as I am desirous of assisting the Government in dealing with the property, I agree to the Government taking over the chattels in discharge of the company's debt. I do this, however, without prejudice to the company's right to appeal to the Government for favourable consideration, in terms of the recommendation of the Railways Committee last session, and to the company's right to petition Parliament for further relief.

As the Government are acquiring property and plant which cost the company upwards of £27,000, and which is now good value for at least £14,000, in payment of a debt of £4,470 or thereabouts, I must say that in my opinion the company's case is being dealt with very harshly. In view of the Premier's promise, that he would support the company's petition for relief from liability for deficiency, I venture to express the hope that this promise will be redeemed by his Government giving effect to the recommendation of the Railways Committee.

Yours, &c.,

W. H. HARGREAVES, Liquidator.

T. W. Stringer, Esq., Crown Solicitor, Christchurch.

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The Westport-Cardiff Coal Company (Limited), (in liquidation),  
Christchurch, 5th January, 1901.

SIR,—

*The Crown and the Company.*

I am in receipt of your letter of the 4th instant and note its contents. I am quite willing to carry out the arrangements for transfer of the company's property, in terms of my letter to you of the 11th December last, and feel assured that you will do the justice of agreeing with me that I have never desired to depart from that position. I will at once sign the transfer, after perusing it with Mr. Fisher, and shall be obliged if you will kindly forward a copy of my letter of the 11th December to the Government.

Thanking you for your courtesy in this matter,

Yours, &c.,

W. H. HARGREAVES, Liquidator.

T. W. Stringer, Esq., Crown Solicitor, Christchurch.

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The Westport-Cardiff Coal Company (Limited), (in liquidation),  
Christchurch, 30th October, 1903.

SIR,—

On receipt of yours of the 27th instant I wired you as follows: namely, "If required will leave to-night give evidence," and received your reply, "Thanks, at present no necessity." I then wired you to "Ask production my letters to Stringer, 22nd November, 11th December, 1900, and 5th January, 1901, also letters to Mines Department, 20th and 27th October instant, *re* wire," and now confirm same.

In accordance with your request, I now enclose copies of letters to Mr. Stringer respecting the transfer of plant, by which you will see that, although the Government would not agree to the reservation clause being inserted in the deed of transfer, I made the reservation in writing, whilst signing the transfer under compulsion.

Yours, &c.,

W. H. HARGREAVES, Liquidator.

A. D. Bayfeild, Esq., Wellington.

P.S.—See Elliott *re* my letters about telephone-wire.

*Approximate Cost of Paper.*—Preparation, not given; printing (1,425 copies), £6 11s.

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