6. Was this a joint and several liability—a liability that the two companies were responsible for?—It is set out in the Act that any company that carried on operations in that area was bound by the Act.

7. Was this the Cardiff Company's share of the deficiency?—Yes. There was another company in the field which owed a larger sum, and the Government paid itself the bulk of what was owing in respect of their debt when their property was acquired.

8. The £2,107 is not the full deficiency that both companies were liable for?—No.

9. It was just simply the sum that the Cardiff Company was liable for?—That is as I understand the matter. The Mokihinui Company's deficiency was a much larger sum—£3,000 or £4,000.

10. It was not a joint and several liability in this kind of way: that if £2,107 was for both companies and one was unable to pay its share, the other company was then liable for the full amount?—That was so.

11. The £2,107 is the full deficiency?—No, I do not think it is at all.

12. Now I understand you?—It was not a written guarantee by the companies. That implies a bond entered into by them. Such was not the case in this instance; but the Legislature enacted that any company carrying on a coal-mining business in that area and receiving the benefit of that railway must, in conjunction with other companies similarly situated, be prepared to pay the difference between the earnings of the line and 5 per cent. interest on the cost of construction, in proportions that had to be fixed by the Commissioner of Crown Lands for the district.

13. So that the other company had its own share?—Yes.

14. And if it failed to pay, then that failure did not involve the liability of the Cardiff Company to pay the full amount?—In one way it did. If either of these companies ceased operations, then of course the other company became solely responsible. If we had half a dozen companies to start with, and five went out of business, the remaining one would be responsible for the whole.

15. Then this £2,107 was the liability that the Cardiff Company was responsible for as its own share?—That is as I understand the matter.

16. *Mr. Anderson.*] You say you understand that that was the full amount?—I only got Mr. Bayfeild's evidence at 3 o'clock yesterday afternoon, and I was too busy to attend to it then. I was up at 6 o'clock this morning wading into the matter; and I believe that to be so, but I am not in a position to swear to it. I find that a very much larger sum—between £3,000 and £4,000—was debited to the Mokihinui Company for the same thing, and there are only the two companies concerned. I therefore assume that the £2,107 is the amount attributable to the Cardiff Company only. Furthermore, the assignee admits the debt in the assignment. There is no question about the debt being due by the company, I think. It states here, "And whereas as the law stands there is now due under and by virtue of the said lease, by the said assignor to the said assignee, for rents, royalties, and deficiencies, up to the date of the determination of the said lease, the sum of £4,472 17s."

17. *Mr. Colvin.*] The Government gave £4,500 for the Mokihinui Company's property at auction?—Yes.

18. What became of that £4,500?—£350 of the amount was paid to the liquidator of the company to clear certain expenses, and the balance was set off against the amount owing to the Government by the Mokihinui Company for rent and royalties.

19. How much did the Mokihinui Company owe at that time?—That sum and rather more.

20. You say that the Cardiff Company owed £4,470, and that the plant was valued at £7,286. What became of the £2,803 represented by the fixtures?—That belonged to the Crown.

21. Under the deed they took the fixtures and they gave no value back again?—I submit that any freeholder would act in the same way in the case of default by his lessee. If any private person enters into a lease and effects improvements, and then fails to keep the covenants of the lease, of course he loses his improvements. That is a business transaction that takes place every day in the week.

22. *Hon. Mr. R. McKenzie.*] Have you got a copy of the Westport-Cardiff Company's lease amongst your papers?—I did not bring it with me this morning.

23. Are you aware whether there is a clause in it to the effect that in the event of the lessee failing to carry out the covenants of the lease, or failing to work the mine as set out in the covenants, the right is reserved to the Crown of entering and taking possession?—Undoubtedly. It was in pursuance of that clause that the Government did enter and take possession.

24. Before the lease was assigned, the lessee knew exactly what the conditions of the lease were?—Certainly, because such a clause is in every coal lease granted by the Government.

25. I suppose the Westport-Cardiff Company were not at all singular in the fact of the Government entering into possession when they failed to carry out the terms of the lease?—No, we have had other instances.

26. They were treated in exactly the same manner as every other company that fails to carry out the covenants of the Crown leases?—Precisely the same. There was some reference in Mr. Bayfeild's evidence to the Greymouth and Point Elizabeth Railway and Coal Company. That company also had a lease, and we re-entered and resumed possession similarly.

27. Some of that company's areas were private property, were they not?—Yes.

28. So that the Point Elizabeth Company and the Cardiff Company's cases were not on parallel lines?—No; but so far as they were on parallel lines, as regards Crown land, they were treated alike.

29. *The Chairman.*] You said that when the petition came before this Committee last year the Committee did not ask the officers of the Department to come and give evidence. Of course you are aware that the petition was sent to the Mines Department and a report was obtained from