

143. Have you the figures showing the cost of head office administration and management?—Yes; for Dunedin office, directors and auditors, telegrams, &c., £850; managing director, including travelling, &c., £560; proving faults and driving main headings and other new works, yearly, £2,000; new plant, machinery, and depreciation of plant, leases and works, yearly, £3,000; extra fire-risks and risks not provided for, £1,500; interest on capital—say, £200,000 at 5 per cent.—£10,000. Total cost of administration amounts to £17,910. To provide this sum requires then on the gross output for the year, say, on 160,000 tons, at 2s., £16,000; profit on firebricks and coke, £1,910: total, £17,910. The local charges amount to £26 per week, including mine-manager's salary; that is, for management.

144. What are the items of that?—The Greymouth office includes salaries of mine-manager, two clerks, and rent of office, and telegrams and all other charges are on the pay-sheets.

145. What is the registered capital of the company?—£200,000.

146. *Mr. Brown.*] How much of that is paid up?—It is all paid up. I may explain that the company's property was taken as that value at the time of the amalgamation, this being the value at which the property was taken over by the company.

147. *The Chairman.*] There are two points in the Commission we wish to ask you about, the first is, "The market value of such of the said works, machinery, and appliances as have been from time to time in use, corresponding with the annual exports hereinbefore mentioned." This is a quotation from the Commission itself?—I can only answer that it would be very difficult to fix a market value. The difficulty would be to find any company or buyer to offer a value for that property. What might be worth £200,000 might not fetch £20,000 at a sale. We could not say what this property would fetch. The question of royalty has a large bearing on the value of the property. The doubling of royalty after the lease is half worked out is, I think, fixed on a false principle. If there is any change in the amount of royalty during the tenure of the lease it should diminish rather than increase. This difficulty is beginning to press upon us, as the increase will become due in about four years. I have already applied to the Government on this subject. I will furnish a copy of the letter which has been addressed to the Premier.

148. Then you cannot fix a market value?—No.

149. What are the interests represented in the Grey Valley Coal Company?—Well, the Westport Company's position is peculiar; it is difficult to say what shares they hold. The shares of the company have not yet been fully issued, owing to certain legal difficulties, but it is contemplated to do so at a future date. At present only eight shares have been issued, and these were divided in proportion to the division of the capital, the remainder of the capital being held as debentures under a separate deed. These debentures are held—one-half by the Westport Company, one-fourth by the Union Company, and one-fourth by myself. On the formation of the company, all the capital being paid up, there was no working capital; we simply brought the properties all together. The business that I carried on before we made this amalgamation included branches throughout the colony—retail businesses, which were to sell the coal for me. I used to employ from £12,000 to £16,000 in this way. It would, of course, vary according to the stocks. To acquire these branches and stocks the company borrowed £16,000—that is, the company borrowed from its own members.

151. *Mr. Brown.*] On what security?—There was no security; each interest subscribed its share.

152. *The Chairman.*] Then, in addition to the debenture-capital, there is a further loan of £16,000 which is not represented by debentures?—Yes.

153. Was that allocated to this special purpose you have mentioned?—It is absorbed in the accounts at the various branches at which retail business is carried on.

154. I will now ask you about the next passage in the Commission, viz.: "The return which the lessees have been getting from time to time and could probably get in the future as interest on the market value of the works, machinery, and appliances in use as aforesaid"?—Well, the capital invested by the company is £200,000. For my part, I am quite willing that it should be sold for £100,000, and to take my quarterly share—viz., £25,000. The company has paid no dividend since its formation, nor has there been any interest paid on the debentures.

155. Did the debentures bear any specific rate?—No; there has been some interest paid on account of the £16,000 loan, amounting to £3,000 for the two years.

156. Is that paid out of profits?—It would be paid out of what appears as profits, except about £2,000 was realised on sale of the plant.

157. *Mr. Moody.*] Was that replaced at all?—No.

158. *The Chairman.*] Now, about the future prospects of the company?—I may say that if we have to work with the unions as we have for the past two years—I say if such a state of things is to continue—I see no prospect of being able to work the mines with any chance of a commercial profit to the company; but if the company are at liberty to work the mines free from the control of unionism I consider we can work them at commercial profit, and pay the miners a fair average wage.

159. What have been the causes hitherto of the interruption in the working of the mines?—First, the unequal demand between the summer months—December to April inclusive—and winter months—May to November inclusive—the falling-off being one-third less in summer. The summer of 1889 was exceptionally bad, owing to railways, gas companies, and other large consumers of steam coal with whom we have contracts laying in four months' extra supply while the Newcastle strike was on, thus absorbing all our output and leaving none available for outside sales, where extra prices could have been obtained, and afterwards, when that strike ceased, leaving us with little or no trade during the summer months. During the present summer there has been no falling off from the winter months. This was due to both railways and gas companies not having large stocks in December, and also to the extra cargo-steamers employed in the Home trade by the New Zealand Shipping Company, which took an extra 2,000 tons monthly. The second cause was the want of tonnage, owing to steamers being detained by adverse weather on the voyage, or prevented