it, because I have often tendered at 1s. 6d. per ton less than the Westport Company's tender, and theirs was taken in preference. Their tender, to my own knowledge, was 1s. 6d. a ton higher than my tender, and even then I lost it, which proved to me that if I increased my prices it meant shutting up the mine—so far reducing the output that we could not work at all with any hope of success.

2412. *The Chairman.*] How do you urge that as a reason for the Government foregoing the royalty?—I will come to that now.

2413. But how can we find in that a reason for supporting the application for the royalty being reduced or done away with?—It may be a reason for a differential royalty or railage as between Westport and here. If their coal-command is 2s. 2d. on the whole or 2s. 6d. a ton more than ours, how is the difference to be met? If Westport is able to supply the whole demand of the colony, it commands so much more than ours. If our coal costs as much as theirs we cannot work, and it would be a question for the Government as to whether they can make some concession, and we asked for it on that ground.

2414. Your argument would be that you are leasing a less valuable thing from the Government than the Westport people, and therefore you should get it at a lower rent?—Yes, to help us to work it. Practically the Government are partners with us: indeed, we say more—that they are the partners receiving something certain in the way of profit, whereas we are receiving nothing.

2415. *Mr. Moody.*] Does their coal cost as much per ton as yours in getting it and delivering it on board?—I understand that the cost, f.o.b. at Westport, would be something greater than our cost, but I do not know the exact amount.

2416. *Mr. Brown.*] Do they pay railage as well as royalty?—Yes. They pay something extra on railage to what we do. Their railage is something higher than ours.

2417. You do not know how much?—No. I have it, however, officially from the Secretary, that their turnover gross is 2s. 2d. more than our turnover.

2418. *The Chairman.*] Who is that?—Mr. Joachim, secretary of the Grey Valley Coal Company, and manager of the Westport Coal Company. The accounts are kept in the same office.

2419. *Mr. Brown.*] Do you know of any precedent for such a reduction?—No, I know of no precedent.

2420. *The Chairman.*] It is clearly an application for a reduction of rent, and it appears to have come from you as the lessee, and also from the miners as workmen?—Yes; it is an application for a reduction of rent.

2421. *Mr. Moody.*] But it was applied for merely temporarily?—Yes.

2422. *The Chairman.*] On your part it was temporary; but on the part of the miners, as far as you are aware, it was for a permanent reduction?—Yes.

2423. Or even abolition of the rent?—Yes. Of course their intention was to ask for a reduction of the railage at first, but, finding the Commissioners obdurate and the Government more pliable, they turned on the royalty.

2424. *Mr. Brown.*] It results in this: that the railage and the royalty go to a separate department altogether?—Yes.

2425. *The Chairman.*] You mean that they are collected by different departments?—The net result goes to the same department, although they are collected separately.

2426. It would not make any difference to the final amount, whether they came by one or the other?—They belong to the same fund ultimately, and that fund is the Greymouth Harbour Board Endowment.

2427. Is there any other reason you can urge for reducing either the royalty or the railage?—There is no other reason I know of. I had no other reason in my mind at the time.

2428. *Mr. Brown.*] Do you know if the Greymouth Harbour Board have any authority to reduce the value of their endowment?—They have no control over it at all. The Greymouth Harbour Board simply receive the net revenue monthly, and they have to take it unquestioned.

2429. Are these revenues not in some way hypothecated for loans?—Yes, they are; but all the loans are guaranteed by the colony.

2430. The guarantee comes at the back of the security, as it were?—Yes.

2431. The reduction of the royalty in this case would be the reduction of the material security?—Yes, and would be throwing more responsibility on the Consolidated Fund. It would not affect the security in that way of the individual creditor, inasmuch as the colony is responsible for it.

2432. *The Chairman.*] Here is a letter referred to us by Mr. Greenfield, Crown Agent in Nelson, which I have no doubt you can explain. He says he has forwarded the letter to you on the 2nd October, but here is a copy of it [producing copy], and he suggests that you can give the explanation to us. From this letter it appears there is a discrepancy as to the amount of coal put out from the Brunner Mine between 1884 and 1887, as stated in your evidence before a Committee of the House of Representatives, and the statement made for the same period to the Land Office, and on which the royalty is charged. Can you explain the reason for this discrepancy?—The return sent to the Land Department was always for the screened coal exactly, made up for each quarter; and the returns quoted in the Committee of the House were the usual ones given to the Inspector of Mines, and included all the small as well as the screened, and we were not always exact in the quantities in that return sent to the Inspector.

2433. You do not consider there is any outstanding royalty for that period?—That is so.

2434. In making the return for the royalty, I observe, in a paper put in by you, that the royalty is reckoned on the coal carried by the railway [showing Exhibit No. 11 to witness]?—The royalty is reckoned on the coal sold, whether it is screened or unscreened.

2435. *Mr. Moody.*] You have no difference in royalty between screened and small?—Not in the lease. That is the interpretation our company has put on the new lease, and that is the inter-