

pretation of the lease by this new company since they came together, and they wish to comply with it literally. I would like to explain that in former years we sold nothing but screened coal—the rest was washed into the river; but when the steamers began to come we found a market for some of the small coal, but the returns continued to be made in the same form until the termination of that lease. Under the new lease the arrangement I have just described for the payment of the royalty is the one adopted—namely, paying on all the coal sold. Further, I wish to add, as to the former lease, that I had a very heavy expense in proving what we called the main fault in the Brunner Mine, which cost about £10,000. I applied to the Commissioner of Crown Lands at the time for some consideration towards this, and urged that the royalty should be suspended, as a contribution towards this cost, as there was no profit on the working of the mine. He replied that he had no authority to do this. On two or three periodical visits of Mr. Greenfield, the Commissioner of Crown Lands, to the district, I pointed out to him that my returns only included the screened coal, as I was not making returns for royalty on the small coal; and his reply at the time was, that, after all, it was not so much a question of revenue to be derived from it, as what the Government wanted was that the mine should be worked and the output clauses fulfilled. That was the answer. I took it then that, though the lease may have contemplated payment on the small coal, the Government was willing to waive it, by way of contribution to the proving of this fault.

2436. *The Chairman.*] Have you replied to the letter from the Crown Agent in Nelson, of the 2nd October?—Yes; I have replied in terms similar to the evidence I have now given. I wish also to make a further addition to my previous evidence. [See previous evidence, page 126.]

2437. I think you said in your evidence—or Mr. Bishop did in his—that the stoppage of the Wallsend Mine was after conference with Mr. Waters?—Yes, it would be. They had several conferences.

2438. Do you remember the real reason of the stoppage?—I have stated already in evidence that it was because the mine was not paying.

2439. There had been some exploring work done, I believe?—It was because it was not paying, and because we were standing at a fault which was estimated to cost £6,000 to prove.

2440. That was the Taylorville fault?—Yes; and I should say, also, on several other faults in the Wallsend property.

2441. I understand the Grey Valley Coal Company have a lease of the Taylorville land for coal-mining purposes?—Yes.

2442. How much, do you remember, was spent, approximately, in the Wallsend Mine in what you would call exploring faults?—Do you mean our company?

2443. I mean by your company—the Grey Valley Coal Company—in the last two years?—Well, we spent £11,000 on the whole property.

2444. That is, getting coal out too?—No, not coal-getting. We spent £11,000 in extra plant and in proving faults, and in permanent work.

2445. That is, in all the mines?—Yes.

2446. You cannot particularise how much was spent in the Wallsend Mine, but the total expenditure in fault-proving was £11,000 since the existence of the Grey Valley Coal Company?—In fault-proving, in permanent works, and additional machinery, £11,000 in the two years since the company was formed, in August, 1888.

2447. Do you consider that a fair proportionate amount of money was expended in endeavouring to keep work ahead for the miners?—Yes, that is so.

2448. Was the stone drift to prove the second fault on the Brunner Mine before or after the present company was formed?—It was before the present company was formed.

2449. Was there any favourable result from that exploration?—No favourable result was obtained—I should say it was decidedly unfavourable.

2450. What did that drift cost?—I should say that exploration cost £1,000 in that second fault. I would not confine it to that drift. In that exploration two or three things were done—boring, &c.

2451. *Mr. Moody.*] Do you intend to carry that exploring drift further?—There is no resolve on the matter now; but if we can get the royalty placed on a proper footing the company intend to spend a good deal of money in prospecting and in carrying out the proper explorations.

2452. What do you mean by “proper footing”?—That is, if we get the royalty put on at 6d. a ton for the whole period—if we get it put at a uniform rate for the whole period. And, while on this, I may say that you asked if there was a precedent for a certain application in regard to the reductions, and I can give a precedent for a reduction putting the royalty on a uniform basis. This was done in the case of the Westport Colliery Company, who got an extension of their lease from twenty-one to sixty-six—if not ninety-nine—years, and, instead of a royalty being charged on a sliding scale, it was limited to 6d. a ton during the duration of the lease.

2453. *The Chairman.*] Has the Grey Valley Coal Company got any renewal or change of the conditions of the lease since the company was formed, for any of the mines? With reference to this, I refer you to a draft of a new lease which has been furnished to us attached to the old lease?—I am aware of that; but that new lease has not been executed, but was declined owing to the royalty demanded.

2454. The present Wallsend lease will expire in 1894?—To that I may reply that, according to my memory, the Wallsend lease was for twenty-one years; but the lease contains the right of renewal at the end of the term for a further term of twenty-one years.

2455. *Mr. Moody.*] Have you any idea how often the Government Inspector of Mines visits the Brunner mines?—I think Mr. Bishop's statement upon that would be better than mine, and you could ask him that.

2456. *Mr. Brown.*] Do you know if the duties of the Government Inspector are confined to simple inspection as a Government Inspector, without regarding the Government as lessor?—I