

3725. What is the date of it?—I cannot give you the exact date, but I think it was written about a fortnight ago. When I heard this Commission was sitting I thought it right that I should enter such a protest.

3726. Who was the letter addressed to?—The Minister for Public Works. Since then I have merely received an acknowledgment of the receipt of the letter.

3727. *Mr. Brown.*] The Blackball lease is situated on the land which is going to be granted to the Midland Company?—Yes; it comes in the reserve area, and no doubt we shall take it.

3728. Can you tell us anything of the terms of the Blackball lease from memory?—Speaking from memory, I may say that they have to make a certain minimum output of coal within a given number of years, and then an increased output year by year to ascertain the amount; but during the time they are not turning out coal they have to pay a rental of so much an acre, which merges into a royalty whenever they work.

3729. Who are the lessees?—I fancy they are the Blackball Coal Company.

3730. Have you a right to alter the terms of the lease?—We have the right to direct them. We gave them an undertaking when we took it over that we shall not enforce those terms.

3731. It is a provisional agreement?—Yes, they were to do certain works. I may say that the Government extended the time of the output clauses of this lease about a year ago, and at that time I protested against the Government doing so without consulting the company; but I believe they got over the difficulty by obtaining permission on referring the question to the manager out here, and he granted it. Whether he has power to do so or not is an open question.

3732. The output clauses have been extended?—They have been extended for a year. The annual dead-rent was, for the first two years, £16 per annum; next three years, £64 per annum; and for the remainder of the term, £160 per annum. There was a royalty of 6d. a ton on this.

3733. That is throughout the whole period?—Yes. The annual output required by lease was for the third year 5,000 tons, next four years 10,000 tons per annum, and for the remainder of the term 20,000 tons per annum. The same applies to the whole of the leases. They were (quoting from a return of coal leases in Parliamentary Paper L-6, 1889) "originally held by Kilgour, Schofield, and Halcrow; transferred to the Blackball Coal Company in 1886. The output clauses of these leases were suspended for two years from the 1st January, 1888, the company having satisfied the Land Board that they were using efforts to raise the necessary capital to work the mines, and were also negotiating for the construction of the railway with the Midland Railway Company, who have the right to take over these leases by their contract."

3734. *The Chairman.*] And since then you have given a further extension of time?—Yes.

3735. Was it contemplated by the Midland Company to make a branch railway?—No; I have rather objected to it, because I consider it would be rather a doubtful outlay of capital for a company to spend probably as much as £38,000 to open up one coal-mine, which might collapse. I therefore advised the coal company to construct their own branch, and ultimately the Midland Railway Company might purchase it if they extended the line to the north-western side of the Grey River, but not otherwise, so that they would run in and join us at a point below the Nelson Creek River.

3736. I presume your company would work the coal company's line and take delivery of the coal at the mine?—Yes, we would work the line and take delivery of the coal at the screens. There is an absolute agreement between the Midland Railway Company and the coal company as to how they would work it.

3737. *Mr. Brown.*] Have you heard whether they have struck the coal?—I have heard that they have struck the coal 40ft. below their present heading, and it seems to show a dip. They have taken the strike of the coal, and it seems to be very uniform from the outcrops.

3738. *The Chairman.*] The anticipations of Mr. Lindop, the mining engineer, have been verified?—Yes; they have been apparently verified.

3739. *Mr. Brown.*] Will the coal be exported from Greymouth or be conveyed inland?—Of course, until we get the line through from east to west, you cannot say there would be any trade to speak of inland; but when we get our line open to Reefton there will, I anticipate, be considerable coal traffic from there down to the valley for household purposes. The coal at Reefton is excellent household coal, and I should prefer that to either the Blackball or the other coals.

3740. *The Chairman.* What arrangements have been made, if any, so far, for running the coal that comes to the Midland Railway over the Government section of line?—We have a certain scale of charges which have been fixed, and have all appeared in an issue of the *Gazette*. I cannot tell you from memory exactly what they are, but practically they are embodied in our running-powers over the Government lines. You will find there is a special issue of the *Gazette* which gives the arrangements with the company.

3741. On what date?—There was a new one issued about six weeks ago, which shows the agreement between the company and the Commissioners for working the through traffic, and local traffic on the company's lines. We have an arrangement with the Government under our contract for running-powers over the Government lines which connect with ours, and if the company were running traffic over the Government lines there would be certain through rates arranged—the Government would receive 60 per cent. of the total, and the company 40 per cent., and *vice versa*; if the Government traffic was coming off their line over the company's line the company would receive 60 per cent. for its mileage, and the Government 40 per cent. That is practically the arrangement which is in force. Of course, probably many of the detail rates might not work out, and there might be disagreement.

3742. Virtually, the Blackball Company would not send out coal until their own railway is connected?—They cannot.

3743. How far have they now to construct it?—About two miles and a half. The expensive part is the bridge over the Grey.