coal would be 6s. f.o.b. at Mokihinui. Another series of misstatements in the circular is the list of unpaid liabilities in Westport. The amount stated is £187 13s. 9d. As a fact, the amount paid after the removal of the office to Wellington was £412 18s. 11d.

Mr. Straw, recalled.

Mr. Macarthy: At the time the management of the company was removed to Wellington there were two leases in the possession of the company—160 acres and 640 acres: is that not so?—Yes.

What has been done with the 160-acre lease?—Nothing.

Why?—It was abandoned; there was no coal.

How long has it been abandoned?—It was abandoned when I was engaged as mine-manager—9th April, 1888.

Nothing has been done with it since?—No.

For what reason?—Because there is no coal.

You can hardly say there is no coal?—No payable coal.

No coal that would pay the company to work?—Certainly not; it would not pay half a dozen men.

What portion of the 640-acre lease is valuable?—The major portion of it is valueless, being denuded granite.

What about the new lease—the 900 odd acres?—That is coal. I have been all round the boundaries. There is coal all over that area.

Is it not the fact that that is the most valuable asset the company possesses?—Certainly, by far.

You say the company would hardly have any workable coal only for the new piece?—I do. That is the most valuable part of their property—the new lease.

Mr. Macarthy (to the committee): That is part of the work of the company since the management has been in Wellington; we have secured that lease.

Mr. Miles: Have you got a complete title for that lease?

Mr. Macarthy: Yes, we have the lease. You will find the fact recorded in the minute-book. The lease is now in the company's safe, and can be seen by you. Practically, we were only suppliants for this ground. It was applied for by Bayfields and Rowlands, and to secure it it was necessary that we should continue our works there when the "Lawrence" was wrecked, and a large expenditure had been incurred since the wreck in prosecuting coal explorations, which have had the result of proving that this lease and a portion of the 600 acres constitute a really valuable asset. Had we discontinued the work, as Mr. O'Conor and some of the Westport shareholders wished, we would have been liable to have the whole of the leases forfeited for non-compliance with the conditions, and the forfeiture of the lease would have entailed forfeiture of the railway. The point I wish to press is that the expense incurred was absolutely necessary to secure this 950 acres, and it became additionally necessary when we ascertained that our title to the railway was defective. And for another reason the expenditure was necessary, and that was to prospect the land and prove the extent and value of the coal before we expended money in completing the railway. I use the word "completion" because it will be shown by the report of the Government Engineers that the railway is "not fit for passenger traffic." When I use the expression "not fit for passenger traffic," you will recollect that Mr. O'Conor mentioned to you that the railway only required to be of a temporary character, just to reach the coal and get it down to the other line. If you examine the Westland and Nelson Coalfields Administration Act, and the agreement entered into with the New Zealand Railway Commissioners, in the minute-book, you will find it is incumbent on the company to adapt the railway to the requirements of passenger traffic. Mr. O'Conor should have been quite aware of this, for here is a letter addressed to the chairman of the Mokihinui Coal Company, dated 6th July, 1887. [Letter put in, also report from Mr. Lowe, Government Railway Engineer, 22nd July, 1891.] That correspondence will show that a very large expenditure is necessary before the railway can be adapted to the requirements of heavy traffic and passenger traffic, both of which have to be provided for under the Acts I have referred to. In quoting this to you I am placing before you the reasons for the large expenditure incurred during the past year and a half since the wreck of the "Lawrence," because in some cases £70 a week has been expended in opening the mine, and no coal has been sold. Something like 3,000 or 4,000 tons of coal are lying at Mokihinui now. No vessel will go there for it. As a consequence, the overdraft of the company had grown to the sum of £5,000 when Mr. O'Conor returned from England. We were then endeavouring to raise money to put the railway in a state fit for traffic, and it was then that we were officially informed of the defect in the title to the two miles of railway. That fact was not concealed from our banker, and probably that knowledge and the action taken by Mr. O'Conor in issuing his circular were the cause of the bank insisting on the overdraft of the company being liquidated. Calls were made for the purpose, and the money has been paid into the bank; and it is intended to connect our line with the Government line of railway to Mokihinui, thereby enabling us to convey our coal to Westport. I am under the impression that Mr. O'Conor in his circular refers to the money having been ill-spent in one sentence, and in another regrets that not more work has been done to develop the coal. Certainly, any stick is good enough with which to beat the directors. According to our manager's report for last year, he had proved the existence of millions of tons of coal. There are one or two matters on which Mr. Straw should be able to give some information. (To Mr. Straw): You were manager at Mokihinui when the management was shifted to Wellington?—Yes.

Would you hazard an opinion as to the amount that would be required to put the railway-staiths and wharf in the state they were when the management was shifted to Wellington?—£10,000 would do it.