

view of dispensing with the expense of pumping I examined the workings closely, but found to do so would mean the flooding of the mine within twenty-four hours, which might also mean the collapse of the workings. I have therefore given orders to keep the pump going so long as it will keep the mine free from water. The pump is driven by water-power and an endless wire-rope. The axle of the water-wheel is broken, and may collapse at any time. The wire-rope is giving way at the original splice, and will require a new piece put in of about 40 ft. in length (there is spare rope on the ground sufficient for this purpose); it will, I think, last the wheel out. Should the wheel give way, I have left instructions with the caretaker to have the pumps, pipes, and rails withdrawn from the mine.

The middle portion of the mine is known as the Big Seam. A fire started in these workings in 1896, and they were at once shut down, and no attempt has been made to examine them since. The plant was not withdrawn, and no record appears to have been kept of what plant has been shut up in the mine. I cannot give an opinion as to the cost of reopening this part of the mine; it would require the services of an experienced miner to do so, and one familiar with the workings. At the mouth of this seam there are large bins for the storage of coal, but they are badly constructed and useless; had the money been spent in erecting further storage-accommodation at the railway-siding it would have saved an extra handling of coal. They should be removed. Close beside the mouth a tunnel has been driven through the hill 10 chains in length, and apparently over the old workings; at about 3 chains from the top end there is a subsidence of the roof, caused, I think, by the props going through the floor into the old workings. Should this continue, I have given instructions to put extra timbers in, and then have all the rails and plant removed from the whole of the top workings and stored at the lower end of the tunnel. If the tunnel collapsed it would be a matter of great expense to have the plant removed—there being no road, it would have to be conveyed down the bed of the creek.

The Top Mine, where the Knights of Labour worked, should be closed and all plant therein removed without delay, the coal-seam having given out. Plant, the mine-tubs, rails, ropes, &c., are lying scattered about in all directions, and daily depreciating in value. I have given instructions to have them gathered up, and properly stored and protected where possible. The bins at the railway-siding are in good order, but will require new decking before being used again.

After careful inspection of the works and plant on the company's leases, I can only come to one conclusion—that the directors have been guilty of mismanaging the affairs of the company. I shall be in a position at a later date to deal more fully with this question.

The company owes the Government the very large sum of over £3,633 for rents, royalties, and interest (the latter on the Westport-Ngakawau Railway Extension); Buller County rates overdue, £143 12s. 11d.; besides ordinary creditors; and the only available assets of the company are the plant and mining leases. The disposal of the mine and plant to the best advantage possible is a matter in which I shall have to ask the assistance of the Government. It is somewhat doubtful whether a purchaser is likely to be found who would be willing to take up the liabilities of the present company and carry out the terms of the existing leases. It will therefore be necessary for the Government to take into consideration the terms of sale, the concessions to be made in existing leases, and the guarding against the mine falling into the hands of a company who would be able to command a monopoly of the coal-output in that quarter. I have no doubt one of the shipping companies would be only too ready to secure such a monopoly should the property be sold without reserve.

I would therefore suggest the following course should be adopted:—

1. The mine be submitted for sale by public auction in Wellington at an early date. I suggest Wellington as, the old shareholders and directors being here, an effort may be made by them to protect the £40,000 they have expended on the works.

2. That the reserve price be fixed at the sum required to meet the claims of the Government to date—say, from £4,000 to £4,500.

3. That the purchaser be allowed three months from the date of sale before the new rental commences, to allow them time to open up the mine; all present conditions to be incorporated in new leases, but no liability for the past to lie with the purchaser.

4. In the event of there being no outside purchasers, the Government to protect themselves by purchasing at the reserve price. The benefit of this policy is self-evident. (a.) It would save the heavy loss they at present stand to make if the property is not at once sold and properly developed. (b.) The prospecting by boring to avoid unnecessary waste, as in the past, in constructing development-work, would be under £1,000, and with this work done and the mine cleared ready for work at a cost of under £500, the property would have an immediate marketable value of fully £10,000, and prove a valuable asset. (c.) If the mine was worked by the Government for their own coal-supply it would mean an enormous saving in their coal-expenditure, and it might be made a valuable object-lesson in connection with the coal industry of the colony.

A perusal of the reports of Sir James Hector, F.R.S., dated 7th January, 1887; Mr. Alex. McKay, dated 11th April, 1891; Mr. Joseph Proud, mining expert, 31st December, 1896; Mr. Alexander, as to the underground workings, and his report as mine-manager, dated 5th May, 1897, will show that the company's property is considered of great value, and all that is now required is systematic prospecting of the whole property by boring, and thereby finding the extent and quality of the coal and fixing the levels from which it can be worked.

The company has an asset in the hull and machinery of the s.s. "Lawrence." The fore part of the hull is lying on the south beach at the mouth of the Mokihinui River, and partly buried in the shingle. A large number of the plates could still be taken out and used at the mine; it would pay to have them taken out by contract. The hull, therefore, should go with the mine-plant. The boiler is laying up on the spit near the hull, and can be easily removed to the Mokihinui Railway-station, when it could be placed on the truck for shipment. The heavy parts of the engines have