

44. I understand that the Union Company can take all the coal that you produce?—In respect of carrying it they could take it all.

45. You gave us the freights to Lyttelton, can you give us the freights to other ports?—Mr. Kennedy will give these. We can get a higher price in Canterbury than in any other part of New Zealand. I am speaking of the wholesale price.

46. *The Chairman.*] Has the opening of the railway to Blackball had any effect in reducing the price of coal?—I think it undoubtedly has, but the Blackball coal is not of the same character as the Westport. It has had an influence in reducing the price. In speaking of our own or any other company coming in and effecting a reduction, I may say it has not only been a reduction to the public, but it has been a large reduction to the Government. The Government railways are getting coal from us at 16s a ton, which was at one time worth £1 3s.

FRIDAY, 8TH SEPTEMBER, 1899.

Mr. HARGREAVES'S examination, continued.

Mr. Hargreaves laid on the table, and offered as an exhibit, a plan of the ground leased by the Westport-Cardiff Coal Company (Limited), showing all the workings of the company, and the locality of the Cave District, proposed to be opened up, also a plan showing the Bridge District, now being worked. [Exhibits returned to witness.]

*Mr. W. H. Hargreaves :* I think I left off on Tuesday, Mr. Chairman, at the cost of coal to the Government. I think it might be well for the Committee if I gave the cost of the coal to the producer. I have before me here the return of the cost of our coal (the Westport-Cardiff Coal Company) from the 26th December, 1898, to the 18th March, 1899. These are extracts from our fortnightly pay-sheets from the mine. I will give the average of these pay-sheets. For twelve weeks the average cost of our coal at the bins, Seddonville, was 5s. 9d. per ton. To which has to be added the royalty, 6d.; commission, based on the sale of a 60,000 ton output, and the conduct of our business, 3½d.; the cost of management, 4d.; contribution to the miners' fund under the Act, ½d. per ton; the railage from Seddonville to Westport is 3s. 2d.; depreciation, based on £2,000 a year, is equal to 8d. per ton on 60,000 tons per annum; stores, 3d. per ton: total cost, 11s. per ton, free on board. This includes all the charges we know of. Adding the freight from Westport to Lyttelton, 6s. 3d., brings the total cost to 17s. 3d. at Lyttelton. You will note in my previous evidence that I stated that we were delivering to the Government railways, under contract, at 16s. per ton, which is 1s. 3d. a ton less than it costs us. We tendered at a higher figure, but the Minister advised that he was quite unable to give us that figure, and if we wished to secure any portion of the supply we must reduce our rate, and we did so in order to increase our output, otherwise we would have had to shut up altogether. That is the sole reason why we took it—simply to keep the output going. Since that date I have another return, from March to June, 1899. The result of our working for these twelve weeks to the 24th June shows a slight reduction in cost, the cost being actually 10s. 6d., free on board, but this result is chiefly brought about by our engineer having postponed all necessary dead-work, but the moment we begin this dead-work the cost will increase.

1. *The Chairman.*] Does the transport price by sea and land cover all kinds of coal-slack, household, &c.?—Yes, it is all the one rate. The Committee will remember that I gave our selling prices the other day for several years, and I also gave the rate the Union Company are paying for our coal, free on board. Although all our coal costs 11s., we are supplying the Union Company coal at 7s. 3d.—namely, nuts and small, which price is governed by the Westport Company's rate; and the unscreened coal is also sold to them at a lower rate than cost; and we hoped to make up the difference in the apparent loss in selling on these two amounts by the increased price we obtain for the screened coal. But inasmuch as our total cost is excessively high we cannot possibly keep the mine open under existing conditions, and the result will be that we must cease work.

2. *Mr. Tanner.*] Do you mean that you sell some of the coal at 7s. 3d. in Lyttelton:—No; free on board at Westport to the Union Company. The whole of the coal costs 11s. Part of the coal is what the steamers take for bunker use. Slack at 7s. 3d. is its full value for that purpose. I may say that at the Grey they can get a certain class of coal, but not equal to this, at 3s. 6d. or 4s. But it is not worth anything; in fact, it is not an uncommon thing for the Grey and Point Elizabeth people to throw it overboard.

3. Then there is a loss of 3s. 3d. on that?—I would like to show you the effect of this on our trade, as well as on our prospects. I have taken out here five cargoes recently landed in Lyttelton, showing the prices at which we have sold every ton of the coal, the total cost being based at 11s. f.o.b. Westport, as already stated, and the Committee will see what we make or lose out of it. No. 1 cost £524 19s. in Lyttelton, and the cargo realised to us £522 16s. 1d. Those figures are absolute. No. 2 cargo cost, landed in Lyttelton, £467 7s. 5d., and it realised to us £462 13s. 2d. No. 3 cost £385 2s. 7d., and yielded to us £391 14s. 7d., being a small profit. No. 4 cargo cost £430 8s. 9d., and yielded £470 0s. 9d. I may explain how this arose—that is, the apparent very fair profit on this cargo. The reason is this: The bulk was screened, having accumulated, and we had 291 tons on board out of a total of 494 tons, or two-thirds, and the result was that we gained a higher price, which left us a margin of profit on that particular cargo. The next, and the last, I quote cost £452 8s. 11d., and it yielded £447 5s. 4d. The average of the cargoes we are now bringing in shows a loss. The Committee may very properly ask, I presume, what are the chief causes of this. The chief cause arises from the broken nature of the country, necessitating heavy expenditure in dead work, which must be paid for out of the coal, and the broken nature of that coal yielding such a large percentage of unscreened and small coal. To repeat what I said the other day, the whole of the product of the mine only yields to us one-fifth of