

screened coal. We only get 20 per cent. of screened coal out of the whole product of the mine. The next contributing cause is the manner in which we are over-weighted in the shape of haulage; from Seddonville to Westport, the rate we pay is 3s. 2d. per ton. The haulage from Denniston to Westport is 2s. 1d. The Committee will see that the Westport Coal Company have an advantage over us of 50 per cent. It makes all the difference between a decent profit and an absolute loss.

4. You say your figures are 3s. 2d. from Seddonville to Westport, and you say the other company pay 2s. 1d. from Denniston?—Yes. Then the last contributing cause to our trouble is the method of shipment, and I will tell the Committee how it operates. For instance, on every one of these cargoes I have quoted, there is a proportion of screened coal: for example, in one cargo there were 148 tons 13 cwt. of screened coal from the staiths into the boat, and in Lyttelton we obtained out of that 112 tons 14 cwt. In the next cargo there were 144 tons, from which we obtained 117 tons. In the following cargo we shipped 179 tons, and we received 117 tons. In the following cargo we shipped 291 tons, and we received 227 tons. In the last cargo I named, we shipped 192 tons, and we got 115 out of it. The difference between the original quantity of screened coal shipped and that landed in Lyttelton had to be sold as unscreened coal, so in place of our obtaining the screened-coal price of £1 2s. per ton in Lyttelton, we had to accept 16s. and 18s. for it, in consequence of its being so broken up in passing through the staiths.

5. The balance is practically sold at less than cost price?—Yes. If it went to ordinary customers, 18s., and if it went to the railway, 16s.

6. *The Chairman.*] Briefly, your contention is this: You claim that the competition of your company has had the effect of diminishing the price of coal. And you contend that you are now embarrassed by several conditions, one being the haulage-rate from Seddonville to Westport; the other being the damage done to the coal by running over the staiths, and that your coal-supply is giving out?—Yes. There is another important item that affects the prosperity of the company. I want to say to the Committee that I do not wish to plead on behalf of my own company, but you cannot get away from the fact that all this information is derived by practical experience with the company. It is a question of what is to be the future of the district. If we were closed down it would mean that the revenue derived by the railway from this source would be shut out as from Gracity Creek to Mokihinui. It would involve the lying idle of a large section of railway, valued, roughly speaking, at £120,000. The other element I have alluded to and not mentioned yet is the imposition that is made with regard to the guarantee under the Westport-Ngakawau Railway Extension. Some years ago power was given to construct this railway, and the Government of the day decided that the lessees in that district should be compelled to pay or guarantee under the Act, in proportion to their holdings, 5 per cent. on the cost of construction. When we took our lease up this law was in force, but we were told that the cost of the railway would not exceed £28,000, whereas the cost—and I think I am well within the mark—is now exactly double, or over £56,000. While we have as a company strictly observed every condition of our lease, absolutely carrying out the lease in its integrity, we have not had a single concession granted to us. The Mokihinui Company, which was in existence many years before us, and which should have contributed to any deficiency of revenue, were not able to do so, and have since wound up. We have exceeded the terms of the output clauses by putting out coal far in excess of the conditions of our lease. Notwithstanding this, we have preferred against us claims amounting to about £2,600. We claim that this charge is a very inequitable one; although it may be legal, it is inequitable.

7. If the Mokihinui Company was in existence would this £2,600 be shared between the two companies?—No. The effect has been this: If the Mokihinui Company had complied with the output clauses of their lease the revenue would have been all right, and there would be no deficiency. They were charged their proportion, but we had to suffer from their inability to fulfil their lease. That deficiency still stands against us, and we need hardly say that it is a dead-letter. Putting ourselves out of the question, I say that, in the interests of the Mokihinui district, so long as that penal clause remains in force that district will be a dead-letter. We have endeavoured to raise money, and we have spent over £40,000 upon the property, and the only thing we have left is the lease, for what it is worth, and the working-plant. We have no more money. If we close down some one else may follow, but I feel confident that it is a literal impossibility for any company or individual to take up lands or mining leases in that district under the present rate of haulage, and with the other penal clauses hanging over them. They cannot do it.

8. *Mr. Duthie.*] In regard to the matter of the coal being broken up, do you attribute that to the rough handling by the railway, or is it the nature of the coal—its brittle nature?—It is both. The coal in this district, as you will see by this plan, is broken up by nature first; it is crushed because we are in a disturbed country, and when we get the coal out it disintegrates at once. I am now speaking of "soft" coal only. With careful mining a large proportion might be saved. The quality of this coal is good, and if we could get it on board ship in good condition we might possibly get rid of it at a fair price, if not at a profit. Under the present conditions of loading, by the time it gets on board it is like black sand.

9. How would you recommend to check the rough handling?

*The Chairman:* You can imagine the difference in the coal if the trucks were landed by hydraulic cranes into the hold instead of rushing down the staiths.

*Mr. Hargreaves:* There is another very important thing I would like to draw your attention to. I think the imposition of 5 per cent. guarantee on the Ngakawau Section of the railway is quite unnecessary. That is what it seems to me, and to every person who is able to offer an opinion on it. And for this reason: The railway from Seddonville to Ngakawau and from Ngakawau to Westport is worked, not by a separate administration, but it is worked as one concern, and it is difficult for us to ascertain the true deficiency, if any, inasmuch as I am of opinion that the returns are made up in this form—viz., that the origin of traffic in the returns for deficiency is taken