

14. In the ordinary money-market a man could raise at least £4,000 on a 7,000-pound property, and I understand there was an expenditure of something like £24,000 on the property!—More than that—about £40,000.

15. It was valued by the Government at £7,000?—We were in treaty with the Government to get a reduction in the haulage-rate. We discovered that we could not carry on successfully, and would have to raise more money. It was the heavy haulage-rates charged by the Government which practically killed the company. The same thing applies even now to the Seddonville State Coal-mine—it is the excessively high haulage-rate which tells against the mine. The directors decided that unless that rate was reduced we could not continue operations.

16. Then, do you allege that the Government took advantage of their position as the owners of the railway?—I hardly like to do that, but they did make it impossible for us to succeed by charging that excessive haulage-rate.

17. *Mr. Colvin.*] Do the profits of the railway go to the Harbour Board?—Yes.

18. The Harbour Board is responsible to the Government for the interest on the debentures, and the Board has objected to the Government reducing the charges on the railway?—Yes, when we endeavoured to get a reduction made. I remember on one occasion, when interviewing the late Hon. Mr. Cadman, he said, "If you can get the Harbour Board to agree to a reduction in the rates I will go into the question"; but we could not move the Harbour Board in the matter.

19. When the railway was made the companies had to give a guarantee that it would pay 5 per cent.?—Yes.

20. There was another company, the Mokihinui Company, which failed?—Yes, they were our neighbours.

21. Then the whole amount of the guarantee came on to the Cardiff Company?—Yes, we were the only people that were ever asked to pay up.

22. *Dr. Chapple.*] You do not admit that these figures are correct—that the company owed the Government £6,995. It seems to me that if they are correct it was a fair bargain?—That is not the total claim against us. As a matter of fact, there was an Act passed, I think in 1897, terminating the liability at a given date.

23. *Mr. Fraser.*] On page 9 of the printed report on the petition of 1903 it says that "The Crown Solicitor advised that, as the Crown had, in pursuance of the powers in that behalf in the lease, re-entered and determined the lease, the land with all its fixtures was vested in the Crown": now, your company's share of the deficiency was £2,107?—The Government was making us responsible for the total deficiency; that is what we complained of. Of course, we submit that we should never have been called upon to make good the Mokihinui Company's portion of the deficiency. That is a very material point. The present petition is quoting the figures incorrectly from the petition of 1903. Still, there is the fact that the total amount claimed by the Government is £4,470—that includes royalty and deficiency.

24. *The Chairman.*] It is stated in the 1903 report that the deficiency is £4,672, while your petition says it is £2,107?—I explained that just now. By an Act of Parliament a certain amount was wiped off. The Act terminated the liabilities at March, 1900.

25. *Dr. Chapple.*] I think that Mr. Bayfeild's explanation is all right, but I have been searching for some explanation why the company allowed the Government to seize its property in view of its being valued at £7,000?—It was mainly due to the haulage question.

26. There is another question I would like to ask: In this mining inspector's valuation of £7,516, do you know if anything was put down for the value of the lease?—No; it was for the plant only.

27. Are you sure that the lease was not included in this estimate?—Yes. There is a detailed list of the items, which consist of plant only.

28. *Hon. Mr. Mills.*] I notice that the 1903 report was referred to the Government for consideration: what has been done by you since that date? Have any further petitions been presented?—No.

29. And what action did you take after knowing the report of the Committee?—I applied to the Government; and the late Prime Minister, whose letter I have, referred me to the Hon. Mr. McGowan, Minister of Mines. Then Mr. McGowan's reply came, to the effect that the Government were of opinion that we had no claim. But we have always felt that if things improved we should get some measure of consideration, and that time has arrived—things have improved.

30. With that property?—Yes, its present position is very much better than it has been for years. The State is now working the Cave area, which is turning out very well. Their output is about 1,000 tons a week, and the quality of the coal has vastly improved.

31. Did you not take any action after the receipt of the Minister's reply?—I simply conferred with the shareholders generally, and it was decided to wait.

32. You have not made any application since?—No; we thought we had better wait. As a matter of fact, a former member speaking to myself expressed the opinion that if things improved we should receive favourable consideration.

33. *Mr. Seddon.*] In the petition you say that the Government pressed the seizing of the property: did you resist the action of the Government?—Yes, the liquidator did for a time, but eventually had to give in.

34. *Mr. Fraser.*] If you will turn, Mr. Bayfeild, to page 9 of the printed report of 1903 you will see, in the letter of the Crown Solicitor at Christchurch, the following: "There are, however, in the list of chattels, articles of the estimated value of £2,803 which I considered to be fixtures that has passed with the freehold on the re-entry by the Crown, and which Mr. Hargreaves and Mr. Fisher, after my discussing the matter with them in several interviews, now admit should be so classified"—Yes.

35. Do you admit that to be the case—that the £2,803 out of the £7,114 was for effects which passed with the freehold on the re-entry by the Crown?—I cannot dispute that.