

It is estimated by Mr. I. A. James, the mine-manager, that all suitable or hard coal will have been won from this mine by the end of March, 1914. As a State colliery this mine had produced at the end of March, 1912, 419,530 tons of coal.

For the utilization of the large proportion of soft coal and slack produced at this colliery a briquette-manufactory was installed at Westport, at a total cost of £16,135, and in 1907 the manufacture of briquettes and eggettes was commenced; but in 1911 the works were closed down, owing to the high cost of production. The total quantity of briquettes and eggettes manufactured amounted to 32,714 tons.

In addition to the mines mentioned, as the result of a favourable report by the Government mining experts (Messrs. H. A. Gordon, Consulting Engineer, and James Bishop, Manager of State Collieries), dated 1907, a new colliery, known as the Point Elizabeth State Colliery No. 2, is now being laid down towards the head of Seven-mile Creek, to the north-east of the No. 1 State Colliery, and connected therewith by an extension of the Government railway about three miles in length, which is nearing completion. This line has been carried through extremely rough and broken country, and the expenditure thereon to the 31st March, 1912, amounted to £159,177; and it will probably cost another £10,000 or £12,000 to complete it. Messrs. Gordon and Bishop reported that six seams of high-class bituminous coal exist upon this property; and the last-named gentleman, reporting as recently as the 1st ultimo, stated that there was *in situ* 132,435,800 tons of coal, of which he estimates that 49,663,425 tons may be won, being "sufficient to provide an annual output of 500,000 tons for a period of ninety-nine years." It should be stated that this estimate was arrived at by Mr. Bishop after a considerable amount of exploration had been carried out under his directions. This colliery should reach the output stage about the end of 1912.

A small sample shipment of coal from this new mine has recently reached Wellington, and about 2 tons have been sent to the Parliament Buildings, and is now being used there, so that members may have an opportunity of forming their own opinions as to its quality.

The equipment at the new mine is on a scale to deal with an output of 2,000 tons per day. In addition to the expenditure on the railway-extension above stated, capital amounting to £90,145 had been expended upon this new mine on the 31st March, 1912, and a further expenditure of £10,000 or £15,000 will be needed before it is opened.

For the sale of the coal produced from the State collieries depots were established in Wellington in April, 1906, Christchurch in July, 1906, Wanganui in May, 1907, and Dunedin in July, 1908. Upon these depots, with their furniture and appliances, capital amounting to £16,768 had, on the 31st March last, been expended.

#### PRESENT FINANCIAL POSITION.

The total capital expenditure upon the State colliery business to the 31st March, 1912, amounted to £254,947, of which £150,000 was obtained in the form of loan debentures, as provided for by the State Coal-mines Act of 1901; the balance from profits and from sums annually set aside for depreciation and sinking fund. Included in the capital expenditure is the sum of £90,145, recently expended in laying down the Point Elizabeth No. 2 State Colliery, which has not yet reached the output stage.

The assets, as shown in the last published balance-sheet and in the specially prepared table attached hereto, total to £244,014; but several of the items are not really worth the book-value. All the assets have now been reappraised, with the following results:—

	Value as Going Concern.	Auction Values.
	£	£
Point Elizabeth No. 1 Colliery .. .. .	20,008	12,500
Seddonville Colliery .. .. .	11,979	6,000
Briquette-works .. .. .	5,000	2,000
Wellington depot .. .. .	2,000	2,000
Christchurch depot .. .. .	6,500	5,803
Wanganui depot .. .. .	1,510	1,200
Dunedin depot .. .. .	1,450	1,450
Hulks .. .. .	2,200	2,200
Office furniture .. .. .	77	50
Point Elizabeth No. 2 Colliery .. .. .	90,145	90,145
Charming Creek .. .. .	2,965	2,965
Stocks in hand .. .. .	9,903	9,903
Sundry debtors .. .. .	20,634	20,500
Cash in hand .. .. .	13,971	13,971
Totals .. .. .	£188,342	£170,687

From this statement it will appear that, taking the fair trading values of the assets, we not only have our original debenture capital intact, but can show a surplus of £38,342, after having paid all interest charges and working-expenses, and providing for all depreciation; and even if we appraise our assets at their auction-values only, we can still show a surplus of over £20,000.

In the reappraisal of the assets the expenditure at the new No. 2 Colliery, and in connection with the proving of the coal-area at Charming Creek, has been taken as of the full value of the cost. This is in accordance with the usual commercial practice, as it is not customary to write off for depreciation until the producing-stage of a mine has been reached.