

*Competition with Other Coal.*

It has been stated that the Government competes unfairly with mines and coal-dealing concerns owned by public companies or private individuals, on the ground that upon State coal no royalty or wharfage is paid. No colliery-proprietor pays royalty on coal won from his own freehold property, or from property held under any other title than a coal-mining lease; and on this ground about three-fourths of the collieries of the Dominion are free of any royalty charges. The State mines are similarly free when operating on State property; but a portion of the Point Elizabeth No. 1 Mine is on land vested in the Greymouth Harbour Board; and on coal won from this portion of the mine royalty to the amount of £4,687 has been paid.

As regards wharfage, the State mines are on substantially the same footing as all other mines. On all coal sold to the public full wharfage is paid. No wharfage is paid on coal for the Railway and other Departments, whether supplied by the State mines or by private persons or mining companies, as all cargo consigned to the Government is exempt from wharfage dues. The total amount paid for wharfage since the mines started work, and up to the 31st March last, is £18,176 (paid to Harbour Boards direct), and a further large sum paid through the Railway Department, and included in freight accounts.

## RECOMMENDATIONS.

I recommend that the following additional sums be written off for depreciation, namely,—

	£
Point Elizabeth No. 1 Colliery .. .. .	25,000
Seddonville Colliery .. .. .	10,000
Briquette-works .. .. .	6,000
Wellington depot .. .. .	600
Dunedin depot .. .. .	400
Charming Creek .. .. .	2,966
Total.. .. .	£44,966

This will bring the total of the Depreciation Account up to £99,990, and will mean the practical repayment of nearly two-thirds of our original capital.

I further recommend that 10 per cent., instead of 5 per cent., be annually written off for depreciation in future in respect of both the old collieries and the briquette-works, and that such amounts be computed on the gross total capital expenditure in each case, and not merely on the balance not written off as hitherto; the present rate for depreciation (5 per cent. per annum) to be maintained as regards the depots, and to be put in force as regards the new colliery as soon as it reaches the output stage.

If these recommendations are given effect to, the different mines, works, and depots would appear in the books as assets of the following values, and such assets would (apart from interest earned on the accumulated Depreciation Funds) be entirely written off within the periods mentioned:—

	£	
Point Elizabeth No. 1 Colliery .. .. .	33,771	4 years.
Seddonville Colliery .. .. .	11,675	3 "
Briquette-works .. .. .	7,110	4½ "
Wellington depot .. .. .	2,015	12 "
Christchurch depot .. .. .	5,282	15½ "
Wanganui depot .. .. .	1,477	16½ "
Dunedin depot .. .. .	1,400	14 "
Hulks .. .. .	1,385	11 "
Office furniture .. .. .	77	9 "
Point Elizabeth No. 2 Colliery .. .. .	90,145	20 "

I also recommend that the amount written off for depreciations, together with the amounts set aside as sinking and reserve funds, be paid over to the Public Trustee for investment, in instalments, as the same can conveniently be spared from the State Coal-mines Account, and as the Public Trustee can advantageously invest it.

The Hon. the Minister of Mines, Wellington.

H. J. H. BLOW, Under-Secretary.