Payments.—The total payments made in connection with coal-winning for weges, stores, mine timber, and compensation amounted to £93,780 8s. 10d., an increase of £21,183 9s. 11d., compared with the previous year. In addition to the amount expended on coal-winning, £2,120 17s. 9d. was expended on development work, which included the following: (a) Rebuilding the lower viaduct on the main haulage-road; (b) enlarging the change and bath house at the middle brake, also the building of a separate one for the boys; (c) the building of workshops at the middle brake.

Coal-hewers' Average Daily Earnings.—The coal-hewers' average daily earnings (gross) were £1 7s. 5d., and after making deduction for stores (explosives) the net return was £1 4s. 9d., an increase of 1s. 4d. per day compared with the previous year.

Daily Output.—The average daily mine output was 703 tons 3 cwt., an increase of 148 tons per day over the previous year. The coal-hewers' daily output works out to 5 tons 16 cwt., an increase of 1 cwt. compared with the figures for the previous year.

Days worked by Coal-hewers.—The total number of days that could have been worked by coal-hewers was 32,121; the number worked was 26,012; and the number lost, including those lost through sickness, was 6,109. Included in the latter are 3,268 days that were lost owing to the miners refusing to work on back Saturdays. The loss in output during the year through delays to shipping, strikes, and the miners refusing to work on back Saturdays may be estimated at approximately 35,000 tons.

Deficiencies.—The total amount paid under the minimum-wage clause during the year was £1,350 18s. This works out to a cost of $2\cdot14$ d. per ton.

Underground Operations.—Operations underground have been carried out much on the same lines as those of the previous year—namely, the developing of the No. 2 mine, and the extraction of pillars from the Nos. 1, 3, and 3 extended mines. The two latter mines were closed last September and October respectively. At the No. 1 mine two seams are at present being worked, but in the course of a few months from date the lower one (Morgan) will be worked out—that is, of course, from the present entrance into that seam. The upper seam will probably last upwards of two years. Development work so far carried out at the No. 2 mine has been very satisfactory. At this mine three seams are worked—namely, the Morgan, Kimbell, and Anderson. In the Morgan seam the east and west levels are now in a distance of 16 chains respectively from the main haulage-road, and from these levels inclined headings in triplicate are being driven with a 5-chain barrier of coal between each set of headings. These headings will eventually connect with the present workings in the Morgan seam at the No. 1 mine. In the Kimbell seam the east level has been driven a distance of 19 chains from the main haulage-road, and the west level 14 chains, with inclined headings set off on the same principle as in the Morgan seam. With the exception of the south level in the Anderson seam, which had to be stopped owing to the intrusion of stone bands in the seam, all other places are in good order.

Surface Work.—The plant and machinery in and about the colliery has been maintained in efficient working-order, and during the year the following new plant and buildings have been erected:—

(a) The enlarging of the change and bath house at the middle brake in order to provide accommodation for the increased number of men at the No. 2 mine. This change and bath house is now one of the largest and most up-to-date in the Dominion, and is capable of accommodating over two hundred men. In addition, a separate one was also erected to accommodate the boys: this was deemed advisable from a moral standpoint.

(b) The renewing of the viaduct on the main haulage-road. This viaduct, which is over 600 ft. in length, with an average height of 25 ft., was completely renewed with 93-lb.-per-yard steel rails, resting on concrete foundations. This work was rather difficult owing to the renewing having to be done without interfering with the output from the mine. This is now a substantial structure, and should last the life of the mine.

(c) Completing the erection of the large fan at No. 2 mine. In my last report reference was made to this fan being partly erected. This work has now been completed in a substantial manner, and is giving every satisfaction. This fan is now producing on an average 90,000 cubic feet of air per minute, and under ordinary conditions should be capable of meeting all future requirements.

(d) A permanent magazine for the storage of explosives and detonators was erected in ferroconcrete, and is also fitted with electrical heating-appliances.

(e) Workshops comprising blacksmith, carpenter, electrical, and fitting shops were erected at the middle brake in order that the work could be concentrated.

Screens.—In order to make a special class of screened coal to meet the requirements of the Railway Department it was found necessary to make and install new double-deck vibrating-screens. These screens are giving entire satisfaction, and are capable of dealing with from 800 to 900 tons of coal per day.

Housing.—In the year 1924 a housing scheme was introduced by the Department, whereby miners could borrow from the State Coal Account up to £300 in order to enable them to build their own houses at Runanga. Although this offer has been available since 1924, it was not taken advantage of until this year. Up to the present time nine loans have been granted, ranging from £200 to £300. Two four-roomed cottages have already been completed and are occupied, and the owners are very well satisfied with them. Five others are also in the course of erection. The loan advanced under the building scheme is repaid at the rate of 3s. 4d. per week per £100 borrowed, and at this rate the principal and interest is paid off in twenty years. In addition to advancing money for building, the present occupiers of the Department's cottages at Runanga and Dunollie have had the opportunity of purchasing them. So far, one tenant has purchased at Dunollie, and four at Runanga.