

## APPENDIX.

A.—Mr. J. P. MAITLAND to the GENERAL MANAGER, Shag Point Coal Company.

SIR,— Crown Lands Office, Dunedin, 27th January, 1883.

It has been represented to Government that the submarine workings of your colliery are in an unsatisfactory condition.

I have to call your attention to the fact that the license under which you are authorized to mine under the sea is revocable at the will of the Government.

In the event of the mine not being worked in a satisfactory manner, I should consider it my duty to recommend the revocation of the license. I have now to inform you that it will be necessary that all the workings under the license should be carried on to the satisfaction of Mr. Binns, the Inspector of Mines, who will report from time to time on the state of the mine.

I trust that, by this arrangement, a result satisfactory to both parties may be arrived at.

I have, &c.,

W. H. Williams, Esq.,  
General Manager, Shag Point Coal Company.

J. P. MAITLAND,  
Commissioner of Crown Lands.

B.—Mr. W. H. WILLIAMS to the COMMISSIONER of CROWN LANDS.

SIR,— 1st February, 1883.

I beg to acknowledge receipt of yours of the 27th January, relative to our submarine workings. I am much surprised at it, as I think if Mr. Binns had any fault to find he should have given me some notice in writing about it, and I must protest against such unfair treatment.

The workings have been going on for some time, and in my opinion (which I think should be of some weight, as I hope to carry on these workings for many years, and if not safe the onus will fall on my reputation) are perfectly safe; but I say it advisedly that Mr. Binns hears reports from men who leave the mine, and, to get away without giving a proper notice, make the excuse that it is not safe. Some nine or ten months back many of the men left on the same excuse, and almost all of them have since come back and worked in the same district; and I must ask you in fairness to me to give the authors of the report that our workings are unsafe, as we cannot let the matter rest, as such damaging reports get about that miners strange to the mine do not care to come, although I am short-handed, and which means a serious loss to the company.

I take it that it is the duty of the Government to afford all parties in the position of our company all the support possible, and I say that Mr. Binns does not consider sufficiently the difficulties under which we are labouring in having to work a very thin seam of coal, with a soft roof immediately over the coal but hard some six feet above, and will want me to work under such conditions that I shall have to stop the working in that district.

In the meantime Mr. Binns is now making a survey of the workings for the Government, and I will wait his instructions and will then advise you further.

I have, &c.,

J. P. Maitland, Esq.,  
Commissioner of Crown Lands, Dunedin.

W. H. WILLIAMS,  
Manager.

### C.—MR. BINNS'S REPORT.

1. *Description of Lease, &c.*—The lease under which this company is working is for a term of twenty-one years from the 25th May, 1878, from the Queen to David Hutcheson; the rent is £20 per annum, and the area 163 acres. The submarine area, which is 190 acres, is granted by license from the Commissioner of Crown Lands for Otago, at a yearly rent of £10. This license is dated the 19th September, 1881, and is liable to be revoked at will by the Government. The whole rent is thus £30 per annum for 353 acres, or a little under 1s. 8½d. per acre per annum. Calculating the royalty at per ton, we have last year a little over one-third of a penny (0·36d.) per ton; in 1880 the output was 36,066 tons, and the royalty £23 13s. 4d. (£20 lease, and four months' license-fee at £11, £3 13s. 4d.), or under one-sixth of a penny per ton. It is thus evident that, as a royalty-paying affair, or as a direct source of revenue, the mine is practically valueless; and, therefore, the only commercial aspects to be considered are—(1) The value of the property for releasing at the end of the present term; and (2) the railway freight on the coal. But apart from, and far above, commercial considerations, we have the safety of the miners to take into consideration, and this it was that prompted my letter of the 25th January. I may here, perhaps, be allowed to devote a few lines to the terms of the lease as regards royalty, which is a constant figure not varying with the output, and taking no note of coal spoiled. With due deference I may suggest that a lease in which the coal worked, or so left that it cannot be worked, is paid for by the ton or foot thick per acre, would be more likely to insure care in working, whereby as much coal as possible would be raised; whereas by the present system the lessees are naturally disposed to pick the eyes out of the field, and leave a large area of coal of value neither to themselves nor their successors. A clause certainly does exist in the present lease, and probably existed in the earlier ones, for working to the satisfac-