

of unpaid railway deficiency and royalty. These proposals were both definitely made by both Messrs. Seddon and Cadman. It was subsequently agreed that Mr. Hayes, Government Engineer, should report; and his report was favourable. It was suggested £800 should be spent in prospecting, Government providing half, and half salary Engineer. Before proceeding to take any steps to raise the larger amount of capital necessary—viz., £6,000—it was considered prudent that the company should have some written confirmation of the Premier's verbal offer *re* providing subsidy on £6,000. This the Government absolutely declined to give, and further stated that, unless the offer to pay half cost prospecting up to £800 was promptly accepted, they would take steps to terminate the then existing state of affairs. In face of this, there was nothing left to the board but to advise shareholders that company should be put into liquidation. Towards the end January, 1900, the fire occurred, and this entailed considerable expense. The Government took possession in May. The period that elapsed between mine closing down and Government taking possession was about eight months. It is absurd for Mr. McKenzie to say we abandoned the mine. We protected our interests to the last, the Government distraining for unpaid deficiency and royalty, even to the extent of seizing office furniture. I would further point out that during the whole of the time between the closing of the mine and the seizure we were in constant negotiation with Government, and the whole correspondence shows on our part the strongest endeavours to reopen the mine and go on with the work. The sum of £400 was spent in attempting to subdue the fire, and we went to considerable expense in obtaining the best legal opinion—Mr. Dillon Bell's—as to our chance of resisting Government's demands. When finally the property was handed over to Government in satisfaction of the claims they preferred against us, it was done because we were told that unless we agreed to this everything would be seized and the company would be sued as well. I should point out that we had to wait for over two months for Mr. Hayes's report during the time the mine was closed. Also that Mr. McGowan succeeded Mr. Cadman as Minister of Mines during negotiations. Mr. Hargreaves is at present laid up, but these are the facts as outlined by him. I trust this information will be sufficient.—Yours faithfully, W. H. HARGREAVES, per M.A." I wish to put that in, in answer to the question put to me by Mr. McKenzie the other day. [Letter put in.]

1. *Hon. Mr. R. McKenzie.* During this time you were negotiating with the Government to see if the Government would assist you financially?—The company were, yes.

2. The Government refused to assist you, did they not?—I presume they did. Well, some inducement was held out at one time, but they eventually refused.

3. You seem to make a grievance, on behalf of the company, out of the fact that the Government did not give you a sum to put the fire out?—I have not done so.

4. Then why do you put it down there in writing?—This is Mr. Hargreaves's statement.

5. That is really Mr. Hargreaves's grievance, that the Government could not see their way clear to give the company a sum of money?—I am not sure but that the Government were prepared to give money.

6. But they did not give you any?—No, because we declined to take it. It was not fair to take the Government's money. The haulage question was such a difficulty that, as Mr. Hargreaves points out, it would not have been a fair thing to take £6,000 till that was rectified.

7. The haulage question was fixed by statute, was it not?—Yes, I think so, but it was unreasonable.

8. It was fixed by statute and not by the Government?—Yes.

9. Before the Government could alter it they would have to amend the Act?—They have not done it to the present day.

10. How do you know that the House would allow the Government to do it?—(No answer.)

MONDAY, 13TH DECEMBER, 1900.

THOMAS RONAYNE, General Manager of New Zealand Railways, examined. (No. 5.)

1. *The Chairman.* The Committee are anxious to obtain from you, if possible, some information with regard to the deficiency on working-expenses of a railway in connection with the Westport-Cardiff Coal Company, which company has for some years been in liquidation. We are anxious to know if you can give us any information as to the disposal of certain moneys which were due by that company to the Government, and moneys which were due by the Mokihinui Coal Company as well?—I have a return, which I will hand in. It is an account in respect to the Ngakawau Railway Extension, from the 21st August, 1893, to the 31st March, 1897. It shows the total deficiency for that period to have been £5,073 3s. 7d. In 1897 a Bill was introduced which relieved the companies of any liability in the future, but not in the past, as I understand, with regard to this deficiency of interest. I may mention, also, that in accordance with the Act—the Westport-Ngakawau Railway Extension Act—the duty of advising the Nelson Land Board of the result of each year's working rested with the Railway Department, and each year the Railway Department advised the Land Board. The Department had nothing whatever to do with the deficiency—no responsibility. In 1901, I find, the Chief Railway Accountant reported to me that the amount of deficiency from the opening of the line to the 31st March, 1897, was £5,073 3s. 7d., apportioned according to acreage by the Lands and Survey Department. That Department made the apportionment, and was responsible for the collection of the deficiency. According to the apportionment there was payable by the Westport-Cardiff Coal Company £2,567 5s. 1d., and by the Mokihinui Coal Company £2,505 18s. 6d. This is all the information with regard to the accounts that I can give you. I am willing to answer any questions. [Return handed in.]