

1886.
NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE

(REPORT OF THE), RELATIVE TO THE PURCHASE OF DISTRICT RAILWAYS, TOGETHER WITH
MINUTES OF PROCEEDINGS AND EVIDENCE, AND APPENDIX.

Report brought up 11th August, 1886, and ordered to be printed.

ORDER OF REFERENCE.

Extract from the Journals of the House of Representatives.

MONDAY, THE 5TH DAY OF JULY, 1886.

Ordered, "That the paper laid on the table of the House this day—namely, 'List of District Railway Companies who have made Application to Government to purchase their Railways'—be referred to the Public Accounts Committee."—(*Hon. Mr. Richardson.*)

REPORT.

THE Committee, having considered the question submitted to them in the order of reference with regard to certain district railway companies who have made application to Government to purchase their railways, have taken evidence (hereto appended), and are of opinion that the consideration of the purchase of these lines by the Government can be delayed till next session without injury to the public service.

11th August, 1886.

F. J. Moss,
Chairman.

MINUTES OF PROCEEDINGS.

TUESDAY, 6TH JULY, 1886.

THE Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Hon. Mr. Ballance, Mr. Barron, Mr. Cowan, Mr. Dargaville, Mr. Holmes, Mr. Peacock.

The minutes of the previous meeting were read and confirmed.

Order of reference dated the 5th July, 1886, read, and consideration deferred.

The Committee adjourned till Wednesday, the 7th July, at 11 o'clock.

WEDNESDAY, 7TH JULY, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Hon. Mr. Ballance, Mr. Barron, Mr. Cowan, Mr. Dargaville, Mr. Holmes, Dr. Newman.

The minutes of the previous meeting were read and confirmed.

On the motion of Dr. Newman, *Resolved*, That the General Manager of Railways, the Under-Secretary for Public Works, the Surveyor-General, and the Engineer, Mines Department, be summoned to attend the Committee, and that the General Manager of Railways be asked to attend at 12 o'clock on the 8th July.

The Committee adjourned till Thursday, the 8th July, at 11 o'clock.

THURSDAY, 8TH JULY, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Hon. Mr. Ballance, Mr. Barron, Mr. Cowan, Mr. Dargaville, Mr. Gore, Mr. Montgomery, Dr. Newman, Mr. Peacock, Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

The consideration of the order of reference respecting the purchase of district railways was then resumed.

Mr. Maxwell, General Manager of Railways, attended and gave evidence.

On the motion of Mr. Peacock, *Resolved*, That the further consideration of the district railway purchase applications be postponed until the next meeting of the Committee.

On the motion of Mr. Dargaville, *Resolved*, That Mr. Macandrew, M.H.R., be summoned to give evidence on the Shag Point Coal Company's Railway; Mr. Mitchelson, M.H.R., on the Whau-whau Colliery Branch Railway; Mr. Hirst, M.H.R., on the Nightcaps Railway; and Hon. Mr. Larnach, M.H.R., on the Ocean Beach Railway; and that a telegram be sent to each company, informing them that the Committee are proceeding with this inquiry, and if they choose to send one or more witnesses at their own expense their evidence will be considered.

On the motion of Mr. Barron, *Resolved*, That the names of the shareholders in these railways, and the coal companies connected with them, be obtained.

On the motion of Mr. Barron, *Resolved*, That the companies be telegraphed to for the latest balance-sheets, to be supplied to the Committee.

The Committee adjourned till Friday, the 9th July, at 11 o'clock.

FRIDAY, 9TH JULY, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Hon. Mr. Ballance, Mr. Barron, Mr. Cowan, Mr. Dargaville, Mr. Gore, Dr. Newman, Mr. Peacock.

The minutes of the previous meeting were read and confirmed.

Mr. Macandrew, M.H.R., and Mr. O'Connor, Under-Secretary for Public Works, attended and gave evidence.

The Committee adjourned till Monday, the 12th July, at 11 o'clock.

TUESDAY, 20TH JULY, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Hon. Mr. Ballance, Mr. Barron, Mr. Cowan, Mr. Dargaville, Dr. Newman, Mr. Peacock, Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

Mr. Handyside, Mr. Johnson, Mr. Twining, and Mr. Rich attended and gave evidence.

The Chairman was requested to telegraph to the Fernhill Company for a list of shareholders, and to Mr. M. Pym, asking him who the "others" are that are mentioned in his letter.

The Committee adjourned till Wednesday, the 21st July, at 11 o'clock.

WEDNESDAY, 21ST JULY, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Hon. Major Atkinson, Hon. Mr. Ballance, Mr. Barron, Mr. Cowan, Mr. Dargaville, Mr. Holmes, Mr. Montgomery, Dr. Newman, Mr. Peacock, Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

The Chairman reported and read telegram to the Fernhill Company, and Montague Pym.

The Committee adjourned till Thursday, the 22nd July, at 11 o'clock.

MONDAY, 2ND AUGUST, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Hon. Major Atkinson, Hon. Mr. Ballance, Mr. Cowan, Mr. Dargaville, Mr. Montgomery, Dr. Newman, Mr. Peacock, Hon. Sir Julius Vogel, Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

Mr. Hirst, M.H.R., Mr. Maxwell, General Manager of Railways, and Mr. Mitchelson, M.H.R., attended and gave evidence.

The Committee adjourned till Friday, the 6th August, at 11 o'clock.

FRIDAY, 6TH AUGUST, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Mr. Barron, Mr. Dargaville, Mr. Gore, Mr. Montgomery, Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

The Chairman read memorandum from Mr. Mitchelson, M.H.R.

The Committee then adjourned till Monday, the 9th August, at 11 o'clock.

MONDAY, 9TH AUGUST, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Major Atkinson, Mr. Barron, Mr. Cowan, Mr. Dargaville, Mr. Gore, Mr. Montgomery, Dr. Newman, Mr. Peacock, Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

The Chairman read a telegram from Mr. Barnes, Mayor of Dunedin, and letter from Public Works Office, forwarding maps.

On the motion of Dr. Newman, *Resolved*, That Mr. J. C. Brown's evidence be taken.

On the motion of Mr. Barron, *Resolved*, That the Chairman ascertain, through the officers of the Public Works Department, under what Act or authority the Peninsular and Ocean Beach Railway was constructed, and whether all the conditions under which the railway was authorized have been and are being complied with as to construction, maintenance, and running of trains.

Mr. Brown and Mr. Bastings attended and gave evidence.

Moved by Mr. Wilson, That the Committee recommends the Government to take over the Nightcaps Coal Company's Railway on the terms proposed by them.

Amendment by Mr. Peacock: To strike out all the words after the word "That," and to insert the following: "the question of deciding on the report be deferred till to-morrow."

And the question being put, "That the words proposed to be struck out stand part of the question," the Committee divided, and the names were taken down as follows:—

Ayes: Mr. Cowan, Mr. Dargaville, Mr. Wilson.

Noes: Mr. Barron, Mr. Gore, Dr. Newman, Mr. Peacock.

So it passed in the negative.

The amendment was then put and carried.

The Committee adjourned till Tuesday, the 10th August, at 11 o'clock.

TUESDAY, 10TH AUGUST, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Hon. Major Atkinson, Mr. Barron, Mr. Cowan, Mr. Dargaville, Mr. Gore, Dr. Newman, Mr. Peacock, Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

The Chairman read a letter from Mr. C. Y. O'Connor, Under Secretary for Public Works.

Moved by Mr. Peacock, That the Committee find in the case of the four railways constructed for coal purposes that the Government are under no obligation to purchase these lines, and the question with regard to them resolves itself into a matter of policy as to assisting the development of the resources of the colony, upon which the Committee does not feel itself called upon to express an opinion.

Amendment by Mr. Wilson: To strike out all the words after the word "That," and to insert the following: "the list of railways referred to the Committee be considered seriatim."

And the question being put, "That the words proposed to be struck out stand part of the question," it passed in the negative.

And the amendment being put, the Committee divided, and the names were taken down as follows:—

Ayes: Hon. Major Atkinson, Mr. Barron, Mr. Cowan, Mr. Dargaville, Mr. Wilson.

Noes: Mr. Gore, Dr. Newman, Mr. Peacock.

Amendment carried.

Moved by Mr. Wilson: That the Committee recommends the Government to take over the Nightcaps Coal Company's Railway on the terms proposed by them.

Amendment by Dr. Newman: To strike out all the words after the word "That," and to insert the following: "the Government be asked whether it is their intention to purchase these lines, provided the Committee recommend the prices as suitable."

And the question being put, "That the words proposed to be struck out stand part of the question," the Committee divided, and the names were taken down as follows:—

Ayes: Hon. Major Atkinson, Mr. Cowan, Mr. Dargaville, Mr. Wilson.

Noes: Mr. Barron, Mr. Gore, Dr. Newman, Mr. Peacock.

The votes being equal, the Chairman gave his casting vote with the noes.

So it passed in the negative.

The amendment was then put and carried.

The Committee adjourned till Wednesday, the 11th August, at 11 o'clock.

WEDNESDAY, 11TH AUGUST, 1886.

The Committee met pursuant to notice.

Present: Mr. Moss (Chairman), Hon. Mr. Ballance, Mr. Barron, Mr. Cowan, Mr. Dargaville, Mr. Montgomery, Dr. Newman, Mr. Wilson.

The minutes of the previous meeting were read and confirmed.

On the motion of Mr. Montgomery, *Resolved*, That the consideration of the purchase of these lines by the Government can be delayed till next session without injury to the public service.

Mr. Barron moved, That as regards the Ocean Beach Railway the Government should take such action as will ensure the completion of the line to St. Clair, and the regular running of trains.

And the question being put, the Committee divided, and the names were taken down as follows:—

Aye: Mr. Barron.

Noes: Hon. Mr. Ballance, Mr. Cowan, Mr. Dargaville, Mr. Montgomery, Mr. Wilson.

So it passed in the negative.

On the motion of the Hon. Mr. Ballance, seconded by Mr. Montgomery, a unanimous vote of thanks was given to the Chairman.

MINUTES OF EVIDENCE:

THURSDAY, 8TH JULY, 1886 (Mr. Moss, Chairman).

Mr MAXWELL, examined.

1. *The Chairman.*] You are General Manager of the N.Z. Railways?—Yes.
2. The Committee wish to have information respecting certain district railways which have been offered to the Government—the first is the Nightcaps Coal Company's line? This line was built by the Nightcaps Coal Company in connection with the Company's mine. It was built at first without authority, but was subsequently authorised under section 9 of "The Railways Authorisation Act. The line since it was completed has been worked by the Government on the basis—that the Government shall maintain the line, pay all charges and take all revenue which they may derive therefrom. It was originally an adjunct of the mine, but it has become something more than that by reason of the Government taking it over, and is now really the terminus of the Nightcaps branch—it has a certain amount of value to the Government no doubt, and in this way is a good deal more than an ordinary siding.
3. Do you know what the cost was?—Not of my own knowledge.
4. Can you give any information as to the condition of the line?—It is in very good condition; it was faithfully constructed, and has been kept in good order since. It is a misnomer to call this line a "District Railway." The Coal Company constructed it without authority at all, but the Government agreed in 1884 to put a clause in the "Railways Authorisation Act" to authorise it. There was no power to charge rates and fares on the line before.
5. *Mr. Ballance.*] Can you give figures showing the income and expenditure on the line for say, twelve months?—It would not be easy to give the revenue and expenditure with respect to a small peice of line like that—it is a mile or two long, and is the terminus of the branch; our engines run from one end of the line to the other, and the trucks run from the branch on to the main line? I could only give a vague estimate of the amount that might be due to that particular part.
6. I understand you run the line for the Company?—We run trains up to their coal pit and take the coal away, but really it is worked as a Government line, and we charge rates and fares to the public.
7. What do you pay the Company?—We do not pay anything.
8. Do they get nothing for their capital?—No; we maintain the line and take the receipts—of course the amount of rates that we take over the company's part of the line would be very small—perhaps a penny or two a mile for two or three miles—it is a very small charge.
9. You have complete control over the working?—Yes.
10. When was this arrangement made between the Government and the Company?—In 1881.
11. What was the consideration given to the Company for the capital invested in the line?—There is no consideration given—the advantage to the Company seems to be this; they want their coal taken from the mine, and it would not pay them to put on a special engine to work such a small peice of line to bring coal down to the Government line; so the Government has made the mine the terminus of their line.
12. Have you given any special advantage in the way of carrying coal; is the price fixed in the agreement?—No; the public pay the rates we charge, just as if it was a Government line.
13. You have made no special concession to the Company of freight on the coal?—None whatever; the Company puts the coal into the trucks at the mine, it is taken to Invercargill or anywhere else, and the customer pays the freight. The advantage to the Company is to get their coal away.
14. Does that piece of line pay the Government?—It is hardly possible to come to any definite conclusion with respect to such a small bit of line.
15. What quantity of coal do you carry?—Last year we carried about 8000 tons. During this year we shall get more, because the Company has contracted to supply the Government for their locomotive supply.
16. And can you form no estimate of the advantage to the railways generally in consequence of that traffic?—I do not think it is of very great advantage to the railways generally; there are plenty of other coal mines, and if we did not get coal from here we could go elsewhere.
17. You say the agreement was made in 1881; how many years was it made for?—It can only be made from year to year according to the terms of the "Public Works Act"; as a matter of fact we go on renewing the agreement every year.

18. Do you think the agreement is still to the advantage of the Company?—It has that advantage to the Company, that they are not obliged to run stock of their own to get their coals away; but there is also some advantage to the Government—not much, but some advantage in getting the line there.

19. Does it pay working expenses?—Taking the line as a whole it does.

20. Not only directly but indirectly, in consequence of the traffic given to the Government lines?—I should say it does; and it is also an advantage to the district, a public advantage.

21. Does it pay more than working expenses; say 4 per cent on its cost?—No; I do not think so; perhaps the fairest way would be to get out the expenses and receipts of the branch line, and then we could see what proportion is due to this piece.

22. *Mr. Cowan.*] I understand that the line costs £7224; do you think that 4 per cent. on that sum could be obtained by the Government from the traffic on the line?—That would be £288; I certainly think it is worth that to the Government; as far as I can see now I should say it is worth £300 to the Government.

23. You think a purchase at that figure would be a judicious one?—I do not say that it would be judicious, as we get the use of the line at present for nothing; whether it would be equitable or not is another question.

24. The Company are anxious to get rid of the line at that price?—It is a matter entirely for equitable consideration. I do not think the Company has any rights; they are completely in the Government's hands; therefore it is entirely a question of equity.

25. You have said that that district is not dependent on that Company for its supply of coal; you are aware that there is only one other coal pit in the whole of Southland which is available for supply?—No; the Kaitangata Company also sends its coal to all parts of that district.

26. But it is a very long distance from Kaitangata to Invercargill; it cannot compete with the Nightcaps coal?—I think it does; but I mentioned that the fact of having coal from Nightcaps was no special advantage to the railways, as, if we did not carry it from there, we should from some other point on the railway.

27. What is the excess of distance between Kaitangata and Nightcaps, as regards Invercargill?—About 45 miles. I cannot speak of the present decidedly, but up to a few months ago, I know Kaitangata did send coal to Invercargill.

28. Does Kaitangata compete with Nightcaps in supplying coal for the locomotives?—Yes; they are both contractors for the supply.

29. For the Invercargill district?—No; Invercargill is supplied by the Nightcaps Company, and the other Company takes the Dunedin district.

30. Is it not a fact that the additional haulage rate on this line enables the Kaitangata Company to compete with this Company?—No; they have both similar rates—there are special rates from all the brown coal mines in the south to the principle centres, and they are all on the same basis.

31. Is the price of supply any different?—Kaitangata is 9s. 3d. and Nightcaps is 9s. per ton.

32. Have you any knowledge of the likelihood of the supply continuing in the Nightcaps mine?—None.

33. It is stated in the correspondence that large quantities of wool are carried over this line?—I cannot tell you the quantity, but will furnish the Committee with full particulars of the goods carried.

34. *Dr. Newman.*] This line has been worked by the Government for the past five years—do you see any advantage to the Colony in their buying the line now?—No; I do not see any advantage to be gained.

35. Is there any advantage to counterbalance the loss of interest on the purchase money?—No; I do not think so; as I said before it is a matter of equity—the Government has found it convenient to work the line, and it is certainly to the advantage of the district that trains should go up to the Nightcaps terminus.

36. I presume that it is also an advantage to the Company?—To some extent I should say it was, but of course I cannot speak as to that absolutely.

37. Has the coal traffic been increasing during the five years which the Government have been working the line?—No; I do not think it has—I think the competition of other coal in the market has kept it from increasing.

38. Four or five years ago did it carry as much as it does now?—I should think it did, but cannot say without reference to statistics.

39. *Mr. Gore.*] What is the length of the line?—2 miles and 24 chains.

40. Is there any other traffic on it besides coal?—Yes; passengers, and wool and general merchandise—the terminal station is pretty well used by all the district.

41. And the line is of use apart from the question of carrying coal?—Yes; it is undoubtedly of use to the district.

42. *Mr. Peacock.*] It seems that the grades of the line are an objection to the Government department?—We have not found them objectionable as far as traffic is concerned at present. I think it is in this way, that the Public Works Department are desirous of getting the line of a uniform grade if it is extended, which is desirable.

43. We read in one of the letters "We understand that any objection you had to the purchase of this railway was owing to the steepness of the inclines on one portion of the line only," and in a subsequent part of the letter, "We would respectfully request that you would again consider the advisability of your Government purchasing the line, less the cost of making the necessary alteration in the grade?—I believe that is in connection with the extension of the line.

44. Have you any idea what it would cost to alter the grades?—I do not know.

45. It is stated that 35,000 tons of coal has been carried since it was opened—is that an average amount?—I suppose that is the amount for the whole five years. I will supply the whole figures, since we began to work the line.

46. That is an average of 225 tons a week, and is a very small out put—are you aware whether it is being increased, because on that depends very largely the question of the amount of traffic which will be on the line?—It will be increased during this year as the Government have accepted the tender of this Company for supplying the locomotives.

47. Have you any knowledge yourself of the future capabilities of the mine in the way of out put?—No; I do not know anything about the mine.

48. *Mr. Barron.*] I find that this line seems to have been worked under an agreement arrived at under authority of section 9 of the "Railways Authorisation Act, 1884"—I presume that the whole of the the agreements that were then in existence were made legal after that Act was passed?—We considered it so—we might have written all these letters over again, and asked the Company to assent to them, but it did not seem necessary. The arrangement could be dropped at any time if either the Government or the Company wished. The Public Works Act prevents the running of the agreement for more than twelve months.

49. Does the agreement work satisfactorily?—Yes.

50. Is it convenient to the public?—Yes; it is worked just as a Government line.

51. If the Government acquired the line you would consider it necessary to sanction some further expenditure on it?—I do not know of any, except that I believe the public have asked two or three times for a station waiting shed, that would cost about £60 or £80—I do not know of anything more than that.

52. The accommodation which the public have asked for has not been granted by the Company?—No.

53. The Company not thinking it would be a profitable thing to do?—I do not know what their reasons are, they may not have been asked.

54. And the expenditure over the line as belonging to the Government would probably be very much greater than when belonging to the Company?—There would be no difference at all—it is worked as a Government line now.

55. Such an application as you have referred to would most likely agreed to?—If the Government had the line, I think they would consider it reasonable to give a small shed of that class, but I do not know of anything else.

56. I understand you to say that the Government might net £300 a year by this purchase?—No; I was asked the question what it was worth to the Government; I said I thought it was worth that—it would net just the same as now.

57. What does it net now?—That is not easily estimated on a small piece of line such as this—it is an advantage to the Government I have now doubt, but to express it in pounds shillings and pence is not an easy matter; Mr. Ballance has suggested that I should give the cost of working the Branch as a whole, and then we can take a part of that result proportionate to this piece. I merely mentioned £300 a year as my opinion of what the line might be worth, without going into any calculation at all.

58. *Dr. Newman.*] Is that £300 a year over and above working expenses, or is it merely gross takings?—Well, I should say it is an advantage to the Government—I am only giving an opinion without having gone into figures, and the opinion might possibly not be correct.

59. *Mr. Dargaville.*] In addition to that it affords facilities to settlers and others in the district?—Yes; it undoubtedly affords facilities to the district.

60. Do I understand you to say that it is a line which might also with advantage to the public be extended?—I understand that is the case—that it can be made part of an extended line going farther inland through good country—on that point the Engineer-in-Chief could best inform the Committee.

61. *Mr. Barron.*] I do not gather that the Government have any right to purchase this line either under the "Public Works Act of 1882", or under the "Railways Authorisation Act 1884"?—No; they have no right.

62. Then if the Company refused to sell there is no means by which the Government could acquire the line?—I think not; if the Company refused to sell I do not think the Government could force them.

63. That is the difference between this and the District railways?—Yes; but possibly the Government might take the line under the Public Works Act as being required for their own railways, but that is a legal question.

64. *The Chairman.*] The next of these lines is the Whau Whau Branch Railway. What is the condition of that line?—It is more of a siding than a railway—a siding off the Whangarei Kamo line. It was constructed I understand under the same Act, by the Government at the expense of the Company, and it is made from the Whangarei Kamo line to Whau Whau coal mine. The Government made an agreement in 1884 to run their locomotives and trucks up to this siding and take away the coal. The branch is maintained at the expense of the Company, the Government merely carrying away the coal in their own trucks, and charging the freight to the public.

65. Do you know the condition of the line?—It is a fairly constructed line and in good order.

66. It is estimated to have cost £6544—do you consider that a fair price?—I have no means of estimating the cost now.

67. Do you know the extent of the traffic upon it?—I do not know.

68. It is stated that a months traffic was 223 tons, which at 2s a ton would yield a yearly revenue of about £1320?—I do not think that the traffic can have been 10,000 tons a year, but I am not prepared to say now. I will supply particulars.

69. It is also stated that a platform near the line would make it additionally useful to the neighbourhood?—I do not think that the Government would be very much disposed to run passenger traffic to a siding of that description—it is a mere siding and not in any way the same as the Nightcaps line that we have been speaking about—there are about 250 private sidings of this class throughout the country—there is another on the same line constructed at the expense of the Kamo Coal Company.

70. *Mr. Ballance.*] What is the length of the line?—About a mile.

71. Is its terminus near to the main line?—It cannot be more than half or three quarters of a mile off I think.

72. What kind of country is there between?—It is rather rough bush.

73. Is the country between the terminus and the main line settled?—It is all taken up I think.

74. Is it opened up by roads?—I think so; I am not prepared to state positively but I understand that the country is taken up by small settlers.

75. Is there much traffic on the line?—Very little.

76. Are there any other goods carried besides coal?—No.

77. The line was made for the Coal Company?—Yes; it was.

78. You have no idea of the results of the traffic?—There is practically no traffic on the siding except the coal carried.

79. Is the coal traffic increasing?—No, the last information I had showed that it was not increasing.

80. Is there any inexhaustible supply?—I do not know.

81. What is the arrangement between the Government and the Company with respect to working the line?—The Government finds engine power and trucks, runs the trucks up to the mine and takes the coal away; the line is maintained at the Company's expense—we carry no passengers to or from the siding.

82. Do you charge the ordinary freight?—We charge 2s. a ton the same as to the Kamo Coal Company.

83. Is that a special rate?—Yes; on the Whangarei Kamo line. It is somewhat lower than the usual rate.

84. You say there are many sidings like this in the Colony?—Yes; there are a good many private sidings of the same character.

85. Do you think it would be wise if the Government took over this siding?—No; I do not think so; the question of buying out the whole of the private sidings in the Colony would arise if once begun.

86. You think that if the Government purchased this siding it would create a precedent?—I should think it would—I cannot see why, if you bought this you should not buy them all.

87. Then this line differs from the Nightcaps line?—Very materially; the Nightcaps line has been made the Government terminus for all traffic; this siding has no other traffic on it.

88. *Mr. Dargaville.*] You say same sort of siding to the Kamo Mine; what is the length of that?—About 10 or or 15 chains, I think.

89. Were you in your present position when the Whangarei-Kamo line was constructed?—No.

90. Is it not within your knowledge that the main object for which that line was constructed was to serve the Kamo Mine?—I believe that was one of the principal motives advanced for making the line—that there was coal there, and that the Kamo Company could work its mine to greater advantage if there was a railway made there.

91. You said there were 250 private sidings throughout the Colony; what would be the average length of them?—They vary very much; the Springfield Company's siding is a mile and a quarter long I think, but many of them are only a chain or two.

92. Are not the Springfield and Kamo sidings exceptionally long?—Yes; that is the case.

93. In fact there few sidings of that description in the Colony?—There are others; the Shag Point, and the Fernhill branch are of the same character.

94. You say that in addition to paying full rates the owners of the Whau Whau mine are required to maintain their line?—Their siding; yes.

95. Is that condition imposed upon other private lines such as the Shag Valley and Nightcaps?—Yes; except the Nightcaps line.

96. Why is the exception made?—They have that advantage, but on the other hand the Government has the advantage of the general traffic on the line?—It is not merely a private siding, but is naturally a public line.

97. Are none of these sidings used by the public, or are they exclusively for the carriage of coal?—This Whau Whau line is a siding simply used for the coal mine only—the Shag Point is another purely coal line, and the Fernhill is of the same character.

98. Is it not a fact that if the necessary facilities were given the public would use this Whau Whau line?—I dare say; but it is quite possible that it would cost a greta deal more to give these facilities than you would get out of the public in return for them.

99. In considering the desirability or otherwise of purchasing these lines you do not necessarily consider the advantage that might be afforded to settlement in the immediate neighbourhood?—I do not think the purchase of this line would be any great advantage to the settlers, the line is so short and so close to the main line; and also so close to the township of Whangarei.

100. *Mr. Cowan.*] Is there a large district dependent on this coal mine for supply?—No; most of it is shipped away from Whangarei; the Kamo Company, has the Government contract to supply coal at Auckland.

101. What length of haulage on the Government line have you for this coal?—I think it is about 3 miles.

102. Is there any likelihood of the traffic from the neighbourhood increasing?—I do not see that it can have any effect on the siding.

103. *Dr. Newman.*] Is there any financial advantage to the Colony to be derived from purchasing this line?—I do not think so.

104. Is there any lengthened agreement for this siding with the Government?—Only a yearly agreement; we are not allowed to make any agreement for more than a year.

105. Is it a fact that all new sidings pay £100 for the privilege?—Not in all cases; in the case of sidings outside of stations £100 is now charged, but in small country places sidings are now granted for £25 a year.

106. Are there not many saw-mill sidings in the Colony 3 or 4 miles long?—Yes many saw-mills have laid down some miles of siding—in the Wairarapa for instance there is 3 or 4 miles of siding connected with the Government railway, and in the Southland bush there is also some miles of siding connected with the Government line.

107. Then there would be no more advantage in buying this siding than any of the other sidings in the Colony?—I cannot see any advantage at all to the Colony.

108. *Mr. Gore.*] Is there any practical difference in the working of this from any of the other private sidings?—There is this difference; it is usual on most private sidings only to place the trucks at the entrance of the siding, and to make the owners of the siding take them to and from the mine, but in this case the Government does that. That is the only difference.

109. *Mr. Peacock.*] You have spoken of this line as a “siding” can you give a definite idea of what you consider a siding?—No; I think it would be rather difficult to draw a distinction between a siding and a branch line—you might call this a branch line if you like.

110. You admit that the number of sidings in the colony of any considerable length is very few?—Yes; there are only a few.

111. In considering the benefit to be derived by the Government in taking up such a line as this there would no doubt be the question of assisting to develop the resources of the country in giving facilities for the Company to work the line?—I am not prepared to say whether the Government could afford to enter into a question of that kind in connection with this siding purchase.

112. In speaking of the Nightcaps line I understood you to say that it was an advantage to the Government as representing the country at large to have the coal industry developed by taking over the line?—I suppose any development in that way might be considered an advantage if it was remunerative—if the people who put their money into it did not lose—I do not know whether this Company is losing or not.

113. Supposing this particular mine were at a distance of 3 miles from this particular branch railway; that would certainly remove it out of the category of a siding?—I do not know; it is not a question of fact but merely on assumption.

114. But assuming it to have been the case that this line were longer than at present, and cost more money and that application was made to the Government to purchase—under these circumstances your objection as to its being a siding would not apply?—I think it would be open to consider the whole conditions; I could not say what should be done under different conditions.

115. *Mr. Barron.*] You say that the coal mine to which this siding has been constructed does not improve in out-put?—Yes; so far as I learned when I last enquired.

116. Do you think that the present out-put will probably be kept up?—I cannot say that I have heard any authoritative statement on that point.

117. Supposing it did fall away you could not hope to get any other traffic to make this siding pay?—No; I do not think so.

118. *The Chairman.*] The chief market for this coal is Auckland, is it not?—So I understand.

119. It is stated that the mine is capable of very great extension?—That I am not aware of.

120. *Mr. Dargaville.*] This is the first time I have heard the term “siding” applied to this line; is not a siding properly so called, a line close by and parallel to the existing line of railway where trucks or carriages may be left for the convenience of certain persons?—Not necessarily; but if you call this a branch line, I think it is a reasonable term to apply.

FRIDAY, JULY 9TH, 1886.

Mr. MACANDREW, examined.

1. *The Chairman.*] Will you state what you know of the value of the Shag Point Railway line?—It cost more money than is asked for it by a good deal. It was constructed by the Government at the expense of the Company; I was in office at the time, and it was put by me on the Schedule; I think the contract price was £8000 or £9000. It has been worked by the Government ever since, and it has been the subject of consideration and petitions before Committees of the House for several years. The Waste Lands Committee on three different occasions recommended that the Government should either purchase the line or allow interest on the cost of construction for the use of it. It is a line which has been very profitable to the Government until the closing of the coal mine 2 years ago. I may say that the Company who made the line had every reason to hope and expect that the Government would take it over in due time.

2. *Mr. Ballance.*] Was any promise of that kind made?—No absolute promise; but there was an inducement of that kind. I was exceedingly anxious to get the line made to develop the coalfield in the interest of the general railway system and of the district.

3. Was it a profitable transaction?—I think so; undoubtedly.

4. Does not the success of the line depend on the coal traffic?—Yes; but not to the same extent as it will when the proprietors of the mine are more in funds than at present. It is a question of money now. The mine was submerged by order of the Government at an enormous loss to the proprietors and the district—most unwarrantably as I thought.

5. Is there any other traffic on the line besides coal?—There used to be a little vessel trading to Shag Point, which used to take down stores and things from Dunedin and take back produce; but I fancy everything now goes by rail.

6. *Mr. Dargaville.*] The operations of the Company are to some extent cramped at present through want of funds?—I have reason to think that is the case. I do not know how much coal is going on the line now but it could be easily ascertained.

7. Was the amount of capital spent by the Company on the construction of this line one of the things that contributed to their means being cramped?—No; the thing was the mine having been submerged and closed by the Government for nearly two years and the expense of pumping it out.

8. They have £9000 locked up in the line?—Yes; that includes about £1000 worth of rails that were lent by the Government but which have never been paid for; but the Company are willing that they should be charged as a set-off as against the interest.

9. What would be the effect if Government were to purchase the line?—It would have the effect of enabling the Coal Company to develop the resources of the mine more speedily and completely than otherwise.

10. Is there any certainty that the money would be applied to that purpose?—There is not the slightest doubt of it; the Waste Lands Committee in the Session of 1884 recommended that the lease of the coalfield should be extended, and that a sum not exceeding £5000 should be contributed by the Colony by way of subsidy of £1 to £2 towards replacing the mine as it was before. The lease has been extended; but no money has been paid. I believe the owners would be contented with half the £5000 to give them a fair start.

11. You feel convinced that if the line were purchased by the Government the effect would be to renew efforts in the development of the mine?—Yes; the effect would be to increase the out-put of coal to a very large extent; there is an unlimited quantity of coal there.

12. As far as you yourself are concerned, being Minister of Public Works at the time, you are quite clear that the Company at the time they were constructing the line were led to expect that the Government would take it over?—Yes.

13. *Mr. Ballance.*] Was there any understanding of that kind?—There was no written understanding; the whole thing was purely verbal. I considered that it was a great thing to get the line made; the Colony would not at that time undertake to do it itself; and there were many difficulties put in the way of making it; there were others who wanted to have a say in it. It was desired to take it across the land of another person who tried to levy black mail upon it; ultimately it was made along the fore-shore. There was all sorts of ill-feeling and jealousy in the district at the time; the owners were threatened with injunctions, &c.

14. *Mr. Dargaville.*] In addition then to the question of the expediency or otherwise of the Government purchasing this line the Company have an equitable claim?—Clearly so, I think; the more so that when the line was in full work it was worth about £10,000 a year to the main line.

15. *Mr. Cowan.*] I gather that it is your opinion that the use of the line depends entirely on the development of the coal?—Yes.

16. Are you aware that they are proceeding to mine under the ocean?—Yes.

17. I take it that the same misfortune as happened 2 years ago may happen again?—There was no misfortune at all. It was alleged that the sea was getting into the mine; and it turned out that not a drop of salt water had been in it. The misfortune was the Government being advised by a raw youth and declining to take the advice of experienced men and experts. The Company pleaded hard to have a commission appointed even at their own expense; but that was refused. It was one of these cases in which the department ruled the roast. "Thus saith the Lord" and it has to be done.

18. But it was done with regard to the safety of life?—That was the ostensible plea.

19. *Mr. Ballance.*] And what was the real reason?—Well; I will grant that was the real ground although a mistaken ground.

20. *Mr. Cowan.*] The Government were advised that lives were in danger and the mine was abandoned?—Yes; I suppose so; but it turned out quite unfounded.

21. The value of the railway depends entirely on the development of this coal?—Not of that under the sea because it extends landwards as well; but the best coal comes from under the sea.

22. *Dr. Newman.*] You say the Company have an equitable claim. Was any sum ever put on the estimates for this purpose?—No.

23. The House refused it?—No; I think it cost the Country 1s. for making the line; the Company finding all the rest.

24. The actual cost to the Government was 1s.?—Yes; the House never refused to vote money; that question was never put. The line was placed on the Schedule under "The Public Works Act" so as to get rid of local difficulties; and that is how the Government came to have anything to do with it. It was authorised by Schedule in 1878; and it was explained at the time that the funds were to be found by the Company.

25. The Colony was not pledged to find the funds?—Certainly not.

26. Can you tell us who are the actual owners of this line?—It is owned chiefly by Mr. Rich and his brother-in-law, Mr. Williams.

27. And if the Government bought the line it would increase the coal trade?—I am certain it would enable the owners to expend money more freely in repairing and developing the mine.

28. If £20,000 came down from heaven to Mr. Rich it would help still further I suppose?—Possibly. It would be a very good thing for the Colony if there were a few thousand more men like Mr. Rich; he is very enterprising and is a man who ought to be encouraged in his enterprises.

29. *Mr. Gore.*] You say that the success of this line depends on the coal out-put?—Yes.

30. You know, do you not, that there is other coal in the district inland?—Yes.

31. Would this line be of any use if these other coal mines were opened up?—I should think that it would be better for the other mines to make a line of their own—to make it straight to Palmerston South.

32. This line would be no use in working the coal on Allan's ground?—It would suite Allan's ground just as much as the other although rather round-about as compared with what was originally proposed.

33. *Dr. Newman.*] Does not Mr. Rich owe the Government several thousand pounds on account of works?—Not that I am aware of; he owes about £1000 for the rails.

34. Not more than that?—No; and he has offered to pay that repeatedly; and would have done so had the recommendation of the Waste Lands Committee been given effect to.

35. *Mr. Ballance.*] Can the mine be profitably worked?—Undoubtedly; it was done before.

36. Are you sure?—Yes.

37. I thought that a thorough trial had never been made of the mine?—Not at all; thousands of tons of coal have come out of it. It is a mine that is beneficial to the district; all that large and important district gets its coal there. During the time it was closed the people in the district had to pay six shillings a ton more for their fuel.

38. *Mr. Barron.*] You said something about an understanding but not a promise having been made that the Government would some day purchase the line? Was Mr. Rich then, as now, the sole proprietor of the mine?—I think there was a third proprietor, but I am not sure.

39. Are you not aware that it was a Joint Stock Company?—Mr. Rich and Mr. Williams were the principal proprietors.

40. Is the interest of Mr. Rich recently acquired or increased?—No.

41. It was as large then as now?—Yes; he is paying a fabulous rent to Hutchinson's Trustees who hold the original lease, upwards of £300 a year for the right to mine coal there. It is leased from the Government by Hutchinson's Trustees. The coal-field was originally leased by myself as Superintendent to a man named Hutchinson who paid a small royalty—a mere nothing—and he and his trustees have been receiving £300 or £400 a year ever since.

42. Do you not think that Hutchinson was a more enterprising man than Mr. Rich?—He was an enterprising man; but he had not the means.

43. He pressed less on the Government?—Nothing of the sort.

44. Did he ever come to the Government for assistance?—Yes; and got it to a considerable extent in making a harbor.

45. Was he ever a member of the House?—No; but he was a member of the Provincial Council.

46. *Mr. Peacock.*] Do you know the length of the line?—No; I could not say—2 or 3 miles.

47. Presuming it to be so it seems a small cost £8000 for such a distance?—That does not include the rails.

48. Are you satisfied that the line is really a good one at such a low cost per mile?—I have never been along the line; I have seen it and passed it repeatedly; but I can quite understand that it was made at a lower cost than it would have been by the Government. And is a dead level along the coast.

49. Is it a continuation of the main line or a branch?—A branch off the main line.

50. Some questions have been asked as to what constitutes a siding on a railway; you would not consider it a siding?—Certainly not.

51. Not even if it were a shorter length?—You may say that it is a siding inasmuch as it branches off; but I should not speak of it in that way.

52. There is a reference in Mr. Rich's letter that it was understood by the Company that they were to be repaid the cost of construction or allowed interest on it?—There was no written arrangement; but they naturally would have expected interest on capital or a rental which is the same thing. The Committee recommended that they should be paid £500 a year for the use of the line; and why it was not given effect to I cannot tell.

53. You do not know the condition of the line or the solidity of its construction?—No.

FRIDAY, 9TH JULY, 1886.

Mr. C. Y. O'CONNOR, examined.

1. *The Chairman.*] You are the Under-Secretary for Public Works Mr. O'Connor?—Yes.

2. The Committee are considering proposals made to the Government for the sale of certain district railways—the Nightcaps Coal Company's line the Whau Whau, the Shag Point, the Ocean Beach, and the Fernhill Colliery lines—and wish to know what information you can give them as to the condition and value of these lines?—The lines are all in fair order, except perhaps the Ocean Beach line which is not in first-class condition; the other four are in good order and are being worked by the Government. The Ocean Beach line is not in good order; it has been in work for a long time, and has had at any rate recently, very little repairs.

3. *Dr. Newman.*] When was it constructed?—A long time ago; I could not say exactly when; it must be seven years ago or more.

4. *Mr. Gore.*] Has it not been constructed fully nine years?—Very likely; but I can only speak with certainty as to seven years or so (I have since ascertained on reference to papers that it was completed in October, 1876).

5. In what condition are the sleepers?—I do not know accurately; my only knowledge is from walking over the line. It is a line that has been laid down some considerable time and as very little maintenance work has been done recently it is rather worn down.

6. There is no traffic on it except at race-times?—No; I believe it is used only on race days, of course it was used a great deal before general traffic was stopped on it. It would not be a great work to put it in repair; but it is hardly fit to run rapid trains on at present.

7. *Mr. Dargaville.*] Assuming that it were in repair, there would be plenty of traffic on it?—I do not really know; it would be very difficult to estimate whether or not it would carry much traffic.

8. *Mr. Cowan.*] You know the value that is put on these lines by the different Companies?—Yes.

9. Are they reasonable values?—I should think so, from what I know of the lines; they are not apparently excessive values. The Fernhill line I happen to know about because the Government constructed it, and the amount set down for it is I think about the amount that it cost. The Ocean Beach line I can only guess at by knowing its length and the character of the work. I think the prices are not excessive; they are probably about what the lines cost.

10. What is your opinion as to the judiciousness of the Government purchasing these lines?—The great difficulty to my mind is that it is very hard to draw the line between these lines and some of the larger private sidings; and you might have to go step by step down until it might be considered reasonable that the Government should buy every line of rails in any way connected with the Government railways. There are hundreds of private sidings, some of which are bringing in a great deal of traffic and some little or nothing. Some of them were constructed at considerable expense by private individuals; and it is difficult to draw the line distinctly between the longer of the sidings and the smaller of the coal lines now in question. The latter were constructed in connection with the Government railways to open up and develop coal mines, and the former to open up and develop enterprises in connection with factories or other producing establishments, and I can hardly see the distinction myself.

11. Does the Nightcaps line hold a different position?—There is a slight difference in that line; if the line was going to be continued on it would be different from all the others. At present the traffic for the whole district is carried over that line to the terminus of the Coal Company's line; but if the Government line is continued, as it no doubt will be, it will be continued not from the present terminus of the Coal Company's line; but from the last station on the Government line; and the Coal Company's line will become merely a branch. People travel on now to the Coal Company's terminus because it is the nearest point on the railway to the district they want to reach; but if the line is carried on it will not go in that direction at all, and the line will then become merely a private siding.

12. What is to prevent it being made a portion of the extension?—Principally engineering reasons; it leads to a place where you cannot conveniently get away from.

13. Is there at present any amount of general traffic on this portion of the line?—Yes; but it is not in the direct road to where most of the traffic of the district will ultimately go.

14. Looking at this line by itself do you consider that it would be a judicious purchase?—If the Government were not going to extend their line further I think it would be; but I should imagine that such an extension will be made by the Government, and the Coal Company's railway would then be simply a branch off the Government line. Looking at the probability of the Government extending their line in the future, this line is in much the same position as the others.

15. *Dr. Neumann.*] Apart from reasons of State, is there any reason, as regards the lines and the working of them, why they should be bought; would any benefit accrue to the Government that does not now exist?—I do not think so.

16. Is there anything which distinguishes these from the numerous other sidings?—I do not see the distinction; the Ocean Beach line is a different sort of thing. At present it is not running at all except at race-times, and what the effect of the Government buying that would be I do not know. The working of this line certainly develops the place to which it goes; I cannot speak with any certainty as to the precise effect which would be produced; but in all the other cases the fact of the Government buying the lines would not alter the existing condition of affairs at all.

17. Is the Fernhill line much used?—I cannot say; I do not know how much coal is carried over it. They did at one time carry a good deal over it.

18. Is there any line of demarcation between a private siding and a branch line?—There is none except in the matter of length; where the Government work the branch lines, as they do, and the private sidings also, there is no difference except in extent.

19. These sidings may range from a few yards to several miles?—Yes.

20. Do you know anything of the condition of the mines attached to the railways we are now dealing with?—Some of them, I do.

21. As regards the Whau Whau mine?—I have heard that the coal is not of good quality; and I understand they are not working it at all at present.

22. Do you know the Shag Point line?—I have only seen the commencement of it from the main line.

23. Does it benefit any property except private property?—I think it is only used for the coal from the mine.

24. The Fernhill line?—I think that is only used for coal.

25. Is it doing any business?—I think it is doing a small coal trade—nothing very big—but those matters of the traffic are not in the branch of the Department to which I belong. They are in Mr. Maxwell's Department he could give you full information about them.

26. As regards the Ocean Beach line; would it cost much to put it in order?—To put it in first class repair I should think would cost from £3000 to £4000 perhaps; but this is merely a guess; I have never made an estimate.

27. Could you supply the Committee with an estimate?—Yes, I will do so (estimate now obtained) It shows £3,220 including £800 for sleepers; as the probable cost of thorough repair, and £2,060 including £500 for sleepers, is the amount required for present repairs sufficient for ordinary traffic.

28. *Mr. Gore.*] You were speaking of drawing a line between sidings and branch lines. Is there any difference between the Kaitangata and Shag Point lines?—Is it not as desirable that the Government should buy the one as the other?—I do not see any distinction except a matter of distance; I think the Kaitangata line still belongs to the Coal Company.

29. Is it not desirable that the Government should buy all the lines if they buy any of them?—I do not know if the matter has ever been put in that light before; I mean in the light that it should be advantageous for the Government to buy these lines. The general argument has been that the Government ought to buy them as a matter of justice to the proprietors. I do not think that anyone has yet made out a case that it would benefit the Government to buy them. It has been purely a question of

justice. It is hard to draw the line between these branch lines and private sidings; and if the lines now in existence were purchased by the Government, all the people who are constructing, or who may in the future construct lines of this character will also want their railways to be bought by the Government, and the matter would be never ending (for instance a Company is at present thinking of making another line to Kaitangata, and there are several others projected or proposed).

30. *Mr. Ballance.*] Are the lines you have just mentioned being undertaken by private enterprise?—Yes; and there is another in the Waikato which will cost from £5000 to £6000; it is two miles in length, partly over stiff country. Wherever a coal mine is opened in the country a branch line of more or less extent is required; and if the Government is going to buy them all it would be as well for the Government to construct them in the first instance.

31. Do you think that would be advisable?—I do not think so; it is rather difficult to say whether the coal mines they would open up would pay to work or not. It is the greatest guarantee that can be got from coal mining people of their coal mines being *bond fide* concerns that they make the branch lines themselves. If Government constructed the branch railways it would possibly fictitiously improve the value of the mines, and thus enable the owners to sell them for high prices. They could point to the fact that the Government had constructed the lines as a guarantee that the mines themselves must be valuable.

32. *Mr. Peacock.*] Can you tell how many of these coal mines are on Government property—Shag Point for instance?—I do not know how that is situated; part of it is under the sea.

33. With the exception of Shag Point are all on private land?—I cannot undertake to say.

34. Speaking generally from the fact that these branch lines aid the traffic of the main lines would it be wise for the Government (seeing that they work most of the lines) to purchase them?—I do not see what more the Government could get than they do now. The only case the Companies can make out is a case of justice; that is an injustice for the Government to get all the benefits from the Company's lines and for the Company to bear all the losses, if any from working the coal. I do not see how the Government could be better off by buying the lines, as they get the whole traffic without doing so.

35. Would not a private Company owning railways feel themselves justified in making branch lines which would tap traffic and add to the revenue of the main line?—Yes; but each case would be a matter of careful consideration before the work was undertaken and it would probably generally pay them better if some one else made and worked these branch lines.

36. Are you aware what is the usual course in the old country in these cases where the main lines are owned by private companies?—I believe the sidings are constructed by private owners; I know for certain at any rate that some of the coal owners in England have immense stocks of wagons of their own. They find that their traffic is so important that loss from delay in providing trucks, etc. is so great that they not only provide the rolling stock required to carry their coal on their own lines but also throughout the whole of the journey on the main lines.

37. Do you know anything definite about the condition of the lines under consideration?—I believe that they are in very fair order with the exception of the Ocean Beach line, which I do not think is in first-class order.

38. Can you say anything about the apparent small cost of the Shag Point line, and as to whether it has been constructed in a satisfactory manner?—I have never been over it; but it seems well constructed. It has been run over by Government stock for some time, and that would not be permitted if it was in very bad order.

39. In the case of the Whau Whau line; are you aware that the Government made the line?—Yes; at the expense of the Company.

40. But under the Government's own supervision?—It was made on plans that the Company approved of themselves; we did not dictate the class of line; we only undertook the work in order to protect ourselves, because it was made under the Public Works Act. We got a Bank guarantee from the Company to defray estimated cost.

41. But the Government would see that it was well constructed?—It did not necessarily devolve upon the Government to do so as they did not undertake to work it; they only got the guarantee from the Company and let the contract so as to guard themselves from responsibility as regards liabilities which might be involved in the construction of the work.

42. *Mr. Dargaville.*] You said just now that it was not so much a question of desirability of the Government purchasing the lines as one of justice or injustice. For instance, we have in the evidence of Mr. Maxwell that his department are gaining an advantage equal to £300 a year from the use of the Nightcaps branch; that branch having been made at a cost of £7000. It is in cases of this kind that you admit that an injustice is being done in the Government appropriating the whole of that net profit and allowing nothing to the Company for interest on money or cost of construction?—I did not, I think, go so far as to say that an injustice is being done; but that that seemed to be the only platform on which companies could by any possibility make out a case. They could not, I thought, show that the Government would be better off by buying the lines; but they might be able to show that there was more or less injustice in the Government getting a profit from their expenditure.

43. That would specially apply in cases such as that I have mentioned?—I am not sufficiently acquainted with the circumstances to be able to say that the Government really does clear £300 a year in that case. There is the cost of carrying to be taken into consideration.

44. But assuming that it so?—Mr. Maxwell says that the Government gets a net profit of £300 a year after allowing for working expenses and everything else. In cases of this kind would not the question of justice or injustice come in?—Possibly yes; but the same argument might apply to a turnpike road. If a County Council or a private individual made a road leading to a Government railway they might equally well on that basis of argument ask the Government to buy this road from them, and also to maintain it, because it was the means of bringing traffic to the railway. I am not sure that I apprehended correctly what Mr. Dargaville meant in this instance. If a profit of £300 a year is made on

the working of the Nightcaps Coal Company's line itself, then of course my illustration as regards a turnpike road does not apply to that case; but what I understood from Mr. Dargaville at the time was that £300 a year represented the net profit made by the Government in all, through carrying the Nightcaps Company's coal, not alone on the Company's line but also on the Government line. The turnpike road illustration would however still hold good as regards such of the lines as do not individually yield to the Government a net profit over their individual working expenses. Even in cases where the Government did probably make some direct profit from working the Company's lines too, there would be great difficulty in determining what the profit actually was, unless it was very large, and if the Companies worked the lines themselves in order to keep the accounts separate they would probably make no profit at all. Any small profit which the Government might make would also probably be due to the economy attained by working the whole of the traffic on a uniform system, and it is doubtful if a profit due solely to that cause could fairly be claimed by the Company.

45. I wish for an illustration of what you mean by the justice of the matter?—I merely understand that to be the platform on which the Companies make their claims, and on which it might be possible for them to make out a case. I cannot see that the Government would be better off if they purchased these railways than they are now; they have got all the traffic anyhow. It is to be presumed that when the Companies made these lines they expected to make a profit out of them. They would not probably have undertaken them for the benefit of the country at large. I should also, perhaps, point out that there is a distinct line of demarcation between these railways and the district railways which Parliament has already agreed to purchase, inasmuch as the latter had powers of rating, and were guaranteed interest, which does not apply to the railways now in question.

TUESDAY, 20TH JULY, 1886.

Mr. CHARLES EDWARD TWINING, examined.

1. *The Chairman.*] What is your calling Mr. Twining?—A Mining Engineer.

2. Can you give the Committee information as to the Nightcaps Coal Company in connection with this line?—As compared with most colonial coalfields I consider that it is one of the easiest worked and there is more coal proved than in the majority of them; that is, of course, of those that are being worked.

3. Can you give any information as to the advantage that the public would derive from the line being taken over by the Government?—I believe that it will give to the public fuel at a cheaper rate than they can get it at present. The railway is used by the public to about an equal extent as the colliery is; but I am not a resident there.

4. You wish to speak of the coalfield?—Yes.

5. *Mr. Cowan.*] Do you know the extent of this Company's property?—Yes; they have over 500 acres.

6. Is there coal over the whole area?—Yes; I believe there is not a square chain that has not coal under it.

7. Will you describe the quality and extent of it; but in the first place, what kind of coal is it?—I consider—but I am interested—that it is about the best coal we have on the East Coast of the Middle Island.

8. Are you a shareholder?—I am a shareholder; but altogether outside of my being a shareholder, I consider that it is what I have described it to be.

9. What depths of seam are there?—There is a three-feet-six seam, and there is a nine feet seam (which we are working), and there is a two feet seam below that; I think there are other seams from the out-crops. I believe there is one twenty odd feet below; but the nine feet seam will last a very long time.

10. Suppose this purchase is made you do not expect a large increased traffic of goods and coal within a reasonable time?—I think it quite possible if another coalfield should be opened; I do not go so far as to say that would happen very soon; but until population increases it will be impossible to open up another one.

11. Have you any knowledge of the district that will be served by the line?—I can speak from 1882 when I went to select the ground; at that time for a distance of fourteen miles from Otauto there was only one house, now the whole district is taken up by settlers.

12. About 335 tons of grain were carried last year from the Nightcaps district, do you think that is an increasing or decreasing quantity?—It is an increasing quantity; it has gone on increasing from the time I speak; I do not think there was a plough put into the ground prior to the railway being opened, and now nearly the whole is being cropped.

13. Do you think these quantities are likely to be continued?—Yes; I do.

14. In the Nightcaps return the total since 1881-82 is put down at 38,855 tons; do you think that quantity, is it likely to be an increasing quantity?—An increasing quantity, certainly.

15. Have you formed any opinion as to the profit it will be to the State if the Colony possesses this 2½ miles of railway?—It will be used by a large number of settlers; being a nominal terminus as you may say it will be of use to a very wide district for carriage of produce; it is even now nearly as much used by the public as it is by the Company.

16. Do you know the sum of money they offer it for—£7200 odd pounds?—Yes.

17. Do you think that a reasonable price?—Yes.

18. Is it a fairly built line?—Yes; it seems the same as an ordinary Government line; 40lb rails and it is all fenced.

MR. WILLIAM JOHNSTON, examined.

1. *The Chairman.*] Will you, Mr. Johnston, state your position in connection with this Company?
—I am a shareholder.

2. You are also Chairman of the County Council, I believe?—Yes; I have been living nearly 18 years in the neighbourhood.

3. Will you be good enough to give the Committee any information you can as to the public advantage to be derived from the Government taking over this line?—Yes; I can state that it is the outlet to a large quantity of agricultural land fit for settlement. There are some 60 settlers there who hold about 12,000 acres of agricultural land; their allotments run from 120 to 320 acres. There are also some very large sheep farming stations in the district; I think they hold about 40,000 acres of freehold and 120,000 acres of pastoral country. All the produce from these holdings comes to the Nightcaps station.

4. Anything further?—I might state that the County Council have expended considerable sums of money in making roads to these settlers. But there is not sufficient accommodation for them either as regards goodsheds, passengers platform; and the people are always entreating the Company to do something for them such as building sheds to the protect their grain. The quantity of grain will largely increase for the future because some of the new settlers have not all their land cultivated as yet.

5. *Mr. Cowan.*] This line is offered at a price that will mean £280 or £300 to be paid by the Government in the way of interest; suppose they get the money at 4 per cent. which they can do, do you think this as a branch line would be worth that amount of money to the Government?—I could only make a guess as to the returns of traffic; I know there is a very large amount of building material and fencing material up the lines. There is a considerable passenger traffic independently of the coal and grain traffic.

6. Do you know anything about the permanence of the coalfield?—Yes; there has been a great deal of expense incurred in prospecting. I believe that the coal over the 500 acres which the Company owns the top seam, is nine feet thick, the middle seam is three-and-half feet, in others there is a three feet seam; there is another seam below that which I believe has never been prospected. There is coal also over the whole of the Nightcaps block. I believe the supply of coal to be practically unlimited.

7. Suppose they were to close the coalfield would this line still be of consequence to that district?—Yes; it would be of the greatest consequence to the district; it would be a very great draw back to the district if they had no such line. They could hardly work their places without it; there are between 50,000 and 60,000 acres of agricultural land which is dependent upon the line for the carriage of its produce.

8. We have returns of the traffic to the extent of 355 tons, and 462 bale of wool, do you think that these quantities are likely to increase or diminish?—I think they will increase; the grain I should say will very much increase in quantity. I should suppose that in two or three years the quantity of grain will be trebled. I think a thousand bales of wool went from the Nightcaps station during the last season.

9. Are the returns made up to date?—They are made up to January, the 6th—that is January 1886.

10. Then this large quantity of wool would have been carried after January?—Yes; most all of it after January. The Mine Manager told me there was over a thousand bales went away during the past season.

11. Supposing it were to be extended, could it be fitted by extension to a large country beyond?—Yes; but since the Mararoa railway is extended to Mossburn the Nightcaps station draws all the agricultural land in the district until you come within the reach of Mararoa line.

12. Is the line of equal weight with Government lines in construction?—I believe it was made on the same gauge and with the same weight of rails as the line from Otauto to the terminus line.

13. Are you aware that the Government have given any promise to take over this line?—No; I am not.

14. What is that quality of the district as regards settlement; is it a district likely to maintain a considerable population?—Yes; it is of the average of the country in Southland; the land along the rivers is very good; the ridges are pretty much the same as the ridges over the rest of the country. It gives from 40 to 60 bushels of oats to the acre on some farms; I know that in some years the yield is as high as 70 bushels of oats to the acre.

15. *Dr. Newman.*] Does this line run in the middle of a plain or near a hill or where?—There is a low hill to the north of it; there is miles on both east and west of the line of good agricultural land.

WILLIAM HANDYSIDE, Managing Partner of the Nightcaps Coal Mine Company, Invercargill, examined.

1. *The Chairman.*] The Committee will be glad to receive any information you have to give as to the Nightcaps Coal Company's line besides that in your letter of May, 1885. Will you state the ground upon which you consider it advisable that it should be made a public line?—When I was coming up here the settlers got up a petition for a goods-shed and passenger station. The petition was got up hurriedly but it was signed by 190 settlers who use the Nightcaps as a terminus; I think it was presented to the House last night. The line of railway is even now a public benefit outside of the Company altogether. The railway was built in 1882 virtually to open up the coalfield. The Government went to the extent of 10½ miles. To carry it on to the coalfield required 2½ miles; it required that to reach it. I may state that the agricultural land tapped by the Nightcaps line is in round numbers 50,000 acres, consisting of four or five very large holders from four or five to six thousand acres each; I cannot be sure as to the exact acreage; there are fifty-five or sixty holders of from 120 to 320 acres; there is a number of holders from 15 to 20 of ten-acre allotments, besides from 25 to 30 storekeepers, blacksmiths, and others in Nightcaps township. In round numbers I should say, this represents 50,000 acres of agricultural land, a considerable portion of which is being brought into cultivation. Seeing that the line

was opened four years ago there has not been much time to thoroughly develop the land. I might also state that the Government, since the line has been open, have been supplied with coal on the Invercargill section at a price which gave them a considerable saving because previously they used imported coal from Newcastle, and Westport coal at a price beyond what they could since get it at from the Nightcaps. Owing to competition, in the last year on the Invercargill section of the line they have got their coal at £1000 less than they used to get it two years before.

2. *Mr. Wilson.*] What is that?—Take 7000 tons a year as the contract; if you calculate the difference between 9s and 12s a ton the price which we got two years ago, you will find that it comes to a little over £1000.

3. *The Chairman.*] You state that your Company is not a public one in the sense of being a registered Company?—No; it is a private partnership.

4. The Committee desire to see the balance sheet and other accounts?—Yes; I have brought the balance-sheet and accounts with me.

5. What did the line cost?—The railway cost altogether £7224; it is all fenced. It is constructed the same as the Government lines; the difference being that we pay for it and the Government made it in accordance with the plans of their own engineers. The length of the line is two miles twenty-four chains; but we have laid off a large station-yard, sidings (and done other things for the benefit of the public,) which bring up the total length of permanent way to 2 miles 62 chains.

6. *Mr. Wilson.*] You say that the line is $2\frac{1}{2}$ or $2\frac{3}{4}$ of a mile including siding?—Yes; and there is a large station-yard laid off which the public use; we do not require it for ourselves; we knew the capability of the district, and we knew that it would be required, and we thought it better and cheaper to make it at the time we did.

7. Can you show us the traffic that goes over the line otherwise than the coal traffic?—The traffic returns show everything; if you take the last 12 months ending the 30th April over a thousand bales of wool have been sent from there, more or less, I might not be correct as to about 40 or 50 bales.

8. At what price?—I do not think it is much; but it is easy to show the proportion of benefit to the public.

9. Will you tell us the amount of public benefit you expect from the Government taking over this line?—In addition the above, one settler alone sent 15,000 bushels of oats, as I have already said there are fifty-five or sixty settlers (farmers) holding from 120 to 320 acres each; there is also a large quantity of timber for building purposes, fencing material, stores, bricks, &c., sent by rail to the Nightcaps.

10. Your books will not show the amount of money coming from the outside public?—No; we do not get anything from the Government. They work it as if it were their own line; we do not get anything except that they pay towards maintenance of the line. I think there are three or four men employed for a distance of about 13 or 14 miles as plate-layers. I think their share would be about one-fifth of their wages through the year. About £40 or £50 would cover the whole of the up-keep. They charge us ordinary rates on all goods (coal included) and passengers.

11. Did you acquiesce in this arrangement?—We could not help ourselves; it was the best we could do. These is a considerable passenger traffic also at the same rate as if it were their own line. If we liked of course we could shut up the line; but that would hurt us and hurt the public. The Government have treated us fairly well in the matter of coal contracts, and we do not want to be nasty over it. If you wish any confirmation of my evidence, Mr. Johnson, the Chairman of the County Council of the district is in Wellington, and can give you information as to the public benefit. The present Member representing the district, Mr. Henry Hirst, knows the whole of that country; being a Member of the House of Representatives, we did not think it would be the correct thing to ask him to give evidence; but if the Committee wished further information he could give the fullest and best information as to the capability of the country.

12. *Mr. Cowan.*] This branch is in reality a continuation of the main line?—Yes.

13. Is this price that you ask the net cost?—Yes.

14. What interest do you pay?—We pay 8 per cent. on our overdraft, costing us £550 or £600 a year.

15. How long has the line been opened?—From 4th March, 1882,—four years in round numbers.

16. You say that during that time it has been costing £550 a year?—Yes.

17. Can you give the Committee any idea of the amount of freight paid to the Government since the line was opened?—I could not show it exactly; but some 40,000 tons have been taken over the line in the four years.

18. How much do they charge a ton?—Half-a-crown from Nightcaps to Wairoa; but then it is still 2s. 6d. for the first eight or ten miles.

19. So that they would charge for eight miles the same as two miles?—I might state that there was no out-put until the line was opened in 1882; there was nothing worth speaking of before 70 or 80 tons perhaps; but the average is now somewhere about 10,000 tons a year.

20. Your Company has given every facility to the Government for working the general traffic?—Yes; I might state for your information that about six months ago the Government evidently recognised the value of the line for they appointed a caretaker to look after the goods. We have nothing to do with him; we do not require to have anything to do with him; we work our coal separately altogether; but I might again state that we have storekeepers, a school, a hotel, a post office, a blacksmith, a butcher and other tradesmen in the township.

21. How many men do you employ in the colliery at the present time?—We are able to put out coal very reasonably now; we do not employ more than 25 to 30 men.

22. Can you give us some idea as to the permanence of the coalfield?—There is as much coal there as will serve Otago certainly for the next 100 years at any rate.

23. What kind of coal is it?—It is a pitch coal.

24. Similar to the Kaitangata?—It is not so pretty to look at as the Kaitangata coal, it is not so quickly lighted; but when it is alight it keeps up better: there is more body in it.

25. There is no danger of subsidence, is there, through water?—No; where it is required we timber up, using totara black pine, and carmine.

26. Then you think the supply is practically unlimited?—Yes; it will supply the whole of the district for a very long time; we did not know its value at the time we started. It was a speculation at that time; we had not proved the ground thoroughly; but it has turned out satisfactorily both as regards quantity and quality.

27. You have explained that about 50,000 acres of agricultural land would contribute to the utility of the line?—Yes; I said so.

28. Have you any idea of the traffic which comes down your line to the Government line?—I cannot exactly say; you can get the returns in Wellington.

29. Is it an increasing quantity that comes to the terminus?—Undoubtedly it is; it is so particularly on the part of the public. Owing to depressed trade there is not much grain sent down for about the last year or two; also this year the crops were shorter than usual.

30. And the out-put?—I do not know that it is decreased although it may not have increased much owing to the depressed time; people at present cannot afford to buy coal as they could before. This is only temporary, the out-put will increase when times improve, which they have now begun to do.

31. The out-put to the Government, is that an increasing quantity?—Yes; that will always increase as the railway increases. I think the average is about 7000 tons a year on that section, more or less.

32. Is it your opinion that the line could be worked cheaper by the Government?—If the Government purchase the line, I do not know that we could afford to give them coals cheaper than at present; for even at present we are cutting it very fine indeed; but it would put us in the position that we could do so if we were pushed; and by judicious management in the future we might be able to give coal for less than 9s; but you will see by our profit and loss account that we cannot reduce the price at present; but if the line is purchased by Government, we might reduce the price to the public, and thereby increase the out-put, and the revenue of the railway.

33. As a commercial speculation you would require to compete with others?—Yes; but I think the line would be safe to yield at the rate of about £300 a year to the Government.

34. Did you have a promise when you built the line that the Government would take it over?—When we built the line they said they would take coal from us; help us all they could, and foster us in every way.

35. Is it built with the same weight of rails as the Government lines?—Yes; 40lb steel rails.

36. Is it the same in every respect?—It is all fenced with barbed wire on both sides which cost us three hundred or four hundred pounds.

37. *Mr. Peacock.*] I think you said you were quite assured of the permanence of the field; is it worked at a low level, by shaft or by an incline?—In the mean-time it is an incline; if we could have afforded it we would have sunk a shaft before now. It is our intention to sink a shaft at the terminus eventually.

38. My object in asking these questions is because when you go to a depth you will be liable to accidents which might affect the out-put?—Yes; but we would still have the other opening.

39. You are now working to the dip?—Yes; we are working to the dip just now.

40. Then you would have to get rid of water?—We have a powerful waterwheel for that purpose.

41. But as you go on, the difficulty from water will increase?—All coal mines have water more or less; as a rule it does not increase much; for it was so thoroughly drained at the time you get into the dip that that there is not much water. Besides if you sunk a shaft at the terminus you could pull up the water by having a tank under the coal cage.

42. Then you have not experienced any serious indications of water in the working?—No; nothing more than anyone else; nothing more than ordinary.

43. What is the average thickness of the seam?—We have two seams; one is 3 feet 6 inches the other about 9 feet; averaging from 8 to 11. It is quite thick enough for ordinary purposes, for where you have 20 or 30 feet of thickness there is a danger of accident in taking coal out from the roof falling.

44. You said that the amount of traffic—agricultural and otherwise—was likely to increase?—Yes; as far as I have the means of knowing; I know the district very well.

45. Is the position of the line such that a prolongation would be likely to take place in future?—No; it is entirely a terminus line.

46. *Dr. Newman.*] If it were continued, would it be continued straight on or would it branch off on this side?—It might be easier to branch off at this side.

47. Have any surveys been made beyond the "Nightcaps"?—I am not aware; but I believe that Mr. Blair had some scheme of the kind at one time.

48. What is the amount you ask?—£7224.

49. What interest is charged?—8% on the cost during construction.

50. When was it finished?—March, 1882.

51. During construction how long was it?—Two years.

52. Then £1000 would be the interest?—No; not so much as that; it might be £500 or thereabout, but I cannot state now exactly.

53. Is there any other interest chargeable?—No; business is not falling off. Owing to depression there is not so much grain; but that is merely temporary.

54. Is the out-put increasing?—I cannot say it is decreasing; it is increasing this winter. We used to sell to the coal merchants in Invercargill, but they used to sell other coal, and we found that we could do better by employing our own canvasser. We took it out of their hands; we gave up that system; we have now our own canvasser and do the trade ourselves.

55. Do you think it is legitimate to charge the cost of interest during construction?—Yes

56. If they are getting the line for the up-keep do you think the Colony will gain anything by buying it?—Yes; I think so, most decidedly.

57. How?—Indirectly they are getting their coal from us at less money; less this year than they ought to get it at.

58. What advantage will the Government get by paying several thousand pounds to the Company?—The line is a great public benefit outside this altogether; it appears to be unfair to us that they should leave it upon our hands, and give us no return for our outlay.

59. Suppose the Government bought and things did not go on well; would there not be a great loss if traffic decreased?—No; there is sure to be a large increasing traffic from the public.

60. But would they not have that under any circumstances?—They would not have it unless they had the railway. I should also state there has been a large sum of money spent in road-making by the County Council; roads have been constructed in various directions converging on the Nightcaps. Mr. Johnston, Chairman of the County Council, will be able to tell you more about this than I can. From £500 to £1000 has been spent on roads leading to the Nightcaps from different parts of the up-country districts.

61. *The Chairman.*] You stated that your Company would be willing to take £7224 less the cost of making alterations in the grade; it is reported to us that it will cost £900 to alter the grade?—We have made inquiry what it would cost to alter the grade for half a mile and were informed that it would cost a couple of hundred pounds. I should also say that the grade is with the traffic; not against the traffic.

62. *Mr. Peacock.*] You put this question of buying the line not so much as the question whether the Government will derive advantage as on the fairness of a private Company having to construct such a line?—Yes; but it is of great public benefit outside that altogether. It is possible we might be able to give them cheaper coal; increase of out-put would necessitate increase of haulage. We want, of course, to increase our trade if we can, and the more coal we turn out, the larger will be the revenue derived from the Southland railways by the Government.

FRANCIS DYER RICH, examined.

1. *The Chairman.*] You are a proprietor in the Shag Point Coal Company?—It is really not a company just now.

2. We have a letter of yours to the Government in which you offer the Shag Point Coal Mine Branch Railway to the Government for the sum of £8025; can you give the Committee any further information on that matter?—Yes; I can give you information why I think the Government should buy it. In order to save time I have written a memorandum on the subject. As I have used in that memorandum the names of Mr. Ormond and Mr. Macandrew, I have submitted it to them to see that it was correct. I shall read this memorandum and then leave it with the Committee.

MEMORANDUM BY MR. F. D. RICH.

In 1876 or 1877 I interviewed the Minister for Public Works (Mr. Ormond), and proposed if Government would construct the branch railway to public coalfield, I would open mine on an extensive scale; the Minister of Public Works saw the advisability of doing so; and when the matter was under consideration, the District Railways Act was brought in; the Minister of Public Works at once wrote pointing out to me that I could construct the Shag Point line under it, saying the Government would pay 2% and the adjoining landowners 5%—making 7%. Upon this recommendation I at once acted, and upon the faith of it I committed myself to heavy responsibilities in shafts, drives, inclines, and machinery. I had the line surveyed, called for tenders, and let the contract; at this stage the Attorney-General (Mr. Stout) wrote to say the District Railways Act was not meant to apply to so short a line, and that he could not advise the Governor's assent to it, I was thus placed in a most awkward position having committed myself to such expensive works.

I then saw Mr. Macandrew, who had succeeded Mr. Ormond as Minister of Public Works, he like his predecessor at once saw the advantage of the mine as a feeder to the main line of railway, and agreed to have the line placed upon the Schedule with others which were to be authorised by the House of Representatives; this was to get over a difficulty which existed *re* the intervening land, and as the Minister of Public Works could not give any undertaking the Government would make it, and as I could not afford to wait I undertook to find the money (and the line to be constructed under the supervision of the Public Works Department), leaving the question of cost or the rent of line for future adjustment, upon these terms the branch railway was constructed; but upon asking the Railway Working Department to allow interest on the cost of construction as they were getting a large revenue from the freight on the coal besides the great benefit to the Local Department in effecting a large saving on the cost of coal (I think I may venture to say the *profit* and *saving* in one single year would be equal to the cost of the line, *i.e.*, £8112). As the Railway Department did not see their way to pay interest, I sent a petition to the House with a letter to Messrs. Ormond and Macandrew, the two ex-Ministers of Public Works, and with whom I had the negotiations (Mr. Oliver being the then Minister of Public Works), asking if my facts as set forth in the petition were correct to present it. Mr. Ormond wrote to me saying he had consulted with Mr. Macandrew, and that he (Ormond) had presented the petition and which had been referred to the Waste Lands Committee; but that consideration of it had been delayed pending the Committee getting information from the Railway Department, and ascertaining generally the truth of my allegations. At a later date Mr. Ormond wrote as follows, "Yesterday (August 18th, 1880) your petition was dealt with by the Waste Lands Committee; in the end we passed a resolution recommending the Government to pay rent for the line in the shape of interest on the cost of construction, and I think there is no doubt the Government will give effect to the advice of the select Committee." Here is the report:—"The Committee is of opinion that failing the Government exercising its power of purchase, the petitioners are entitled to be paid a rental from year to year so as to cover the interest on the cost of construction of their branch line, the more especially so seeing that it is within the power of the Railway Department to regulate the charge of haulage on the branch line so as to recoup itself in respect of whatever rental may be agreed upon." I objected to the rider or suggestion that any extra freight should be charged; that it would be simply raising the price of coal to my customers which I could do myself, and stating the ordinary rates and advantages was more than sufficient; however, Mr. J. P. Maxwell had expressed himself adversely to my claim, I therefore brought the matter before the House by petition in 1884, when the rider was left out, and the following is the recommendation of the Waste Lands Committee in favour of my claim:—"The Committee has the honour to report that, failing the Government exercising its power to purchase, the petitioner is entitled to be paid a rental from year to year so as to cover the interest on the cost of construction of the branch line, such payment to reckon during the period that the railway was working, and to apply when the railway resumes working (31st October, 1884). I could not get effect given to the petition by the Railway Department, and being absent in England in 1885. I therefore sent another petition to the House this session which was referred to the Waste Lands Committee who have again reported in terms of the above petition in my favour.

The production of coal before the construction of the railway was four and five thousand tons per annum. The line was opened in June, 1879, and in that year there was over 18,000 tons; the following year 36,000, and again 30,000, and when the mine was closed we were in a position and should have turned out 50,000, and shall probably do so again if the Government will give effect to the recommendation of the Waste Lands Committee.

After 1881 our coal landward ran out, and we applied for a right to mine seaward. We got 193 acres and the right to put in submarine workings until the mine was closed in 1883. We are now doing fairly well; we are putting out from 800 to 1000 tons per month, and that amount will go on increasing. But the mine having been closed makes it up-hill work.

3. *Mr. Cowan.*] What was the exact cost of the line, the price here as it stands is stated at £8025?—I do not know how they make that out; I got it £8112 10s. 5d. as cost of the line; I paid also Messrs. Allen Bros. £210 for the land, and I owe the Government for rails £1292; that of course would bring it down to £6800.

4. Does this line serve any other industry?—Yes; it confers very considerable benefit on a brick and drain pipe works.

5. Are these industries connected with the mine and conducted by yourself?—Yes; they are in connection with the mine; there are other kinds of goods also carried on the line.

6. How is the line worked?—By the Government; it has been from the opening of the mine.

7. Do they charge you freight upon your coal?—Oh! yes; or rather our consignees.

8. Can you give the Committee any idea of the sum you have been paying per annum for freight?—I do not know exactly how much it has been.

9. How much a ton?—I think it is under the regular scale; they wanted to alter it and pay me a rent for the line, but I said *no* I could raise the price of coal to my customers, myself, if I thought fit; I did once make up the average of freight and found that it was about 6s. per ton; that is to Dunedin, Oamaru, and Timaru, and the general average being 6s.

10. What is it from the pit to the main line?—The charge is the same as if it were on the main line; the regular tariff or scale of charges.

11. A through route in fact?—Yes; a through route; but the freight is less the further you go: if you went five miles it may be half-a-crown; but for fifteen miles it would not be three half-crowns.

12. You cannot state what it is from the pit to the main line?—No; they charge to the consignees from the pits mouth. What I think the Committee should bear in mind is this: there is a great expense in terminal charges; we receive empty trucks for instance: all that kind of work, shunting, &c., is done by ourselves, and the Government get the benefit of it. There always has been a revenue from the mine; that revenue was very considerable at one time before the mine was closed. I have a return from the Public Works Department, it shows how the out-put increased and decreased.

13. But your figures do not agree with the figures of the Department as to out-put?—Mine are correct as to out-put; probably, Mr. Cowan, this would be the excess of coal which went away in drays or was sent by steamer. The figures of the Department would refer only to coal which went over the line.

14. Can you give the Committee any idea as to the probable permanence of the coalfield?—There is an unlimited quantity of coal there; it is merely a question of funds in opening up the field; I know that there is any amount of coal. The Inspector told me some time ago that it was an extensive and splendid field. But if you have to sink shafts it will cost from £2000 to £5000, or perhaps £6000. When we were stopped it was done on the assumption that the sea had broken in. Our Manager gave evidence before the Waste Lands Committee of which Committee you, Mr. Cowan, were a member. You will probably recollect that the last question asked the Manager was "Do you mean to say that the salt water had nothing to do with the flooding of the mine?" The answer was "Absolutely nothing; it was fresh water, the sea has had nothing to do with it"; after the mine had been closed for over 15 months we determined to pump it out. We applied for Professor Ulric to come and see and report upon the mine, but he rather objected. Mr. Binns came and gave us authority to work where he had previously stopped us. We pumped it out to 150 feet below the sea level without any difficulty. The Manager informed me a few days since that he had not much water to contend with; thereby proving that there was no inbreak from the sea.

15. Suppose the same contingency to arise again; that you were stopped seaward, is there a sufficient coalfield landwards to keep this railway going?—Yes; I think so; in 1883 I offered to guarantee 25,000 tons per annum. I would not care about offering that at the present time, for it depends on whether the Government are going to assist me to re-open this mine. We have now coal enough for our own small trade; but to open up the field as it was when allowed to be flooded would take £10,000. It would take that amount to make the mine as good as when it was closed.

16. What I wanted to know was whether the permanence of this field was sufficient to warrant this line being taken over by the Government?—Yes; there is an unlimited quantity of coal there, and there has been a good deal of capital put into it. I think you could easily get the evidence necessary to prove the permanence of the supply.

17. *Mr. Wilson.*] Who would give it to us; do you think we could get it from Mr. Gordon?—You could get it from Mr. Twining, for he was specially employed to inspect and estimate the quantity of available coal for the Kaitangata Company.

18. *Mr. Cowan.*] Will you explain the kind of tenure?—I am paying £350 a year rent to Mr. Hutchinson for the next nine years, after that the right to mine becomes mine for fifty years including the above term, the principal portion of this is submarine coalfield.

19. Do I understand that Mr. Hutchinson's land is freehold?—No, only leasehold; but he pays a peppercorn rent; it will come to me at the end of nine years. The Government will have to pay for all machinery, shafts, drives, at the end of the lease or the incoming tenant.

20. Then the lease to Hutchinson was included in the grant to you?—Yes, it was on this consideration I got the long lease, because no one would find capital to go into and open up a submarine coalfield unless it was a long lease.

21. Will you explain the situation of this railway in regard to other coal mines?—The nearest coal mine south is Kaitangata 100 miles, excepting the small Green Island mine, to the north 200 miles, is the Springfield coalfield.

22. Does it supply a large district?—Yes, it supplies a very large district; the reason of its going from 30,000 to 19,000 in one year was that our coal landward ran out, but we had again gone up to 24,000 during a portion of the year. We had the submarine field open, and if we had continued we could have easily have put out 200 tons a day.

23. Then do I understand you there is no possibility of this coalfield *not* being utilized?—No, there is no danger of that; it is only a question of money in opening it up; it will be a public coalfield.

24. And permanent?—And permanent.

25. *Dr. Newman.*] Is this your own property?—It was originally a small Company; but I have bought them all out.

26. You say the out-put has been increasing?—Yes, steadily; but not to any great extent since the re-opening.

27. Have you added interest to the cost of construction of the Railway?—Not to the cost of construction.

28. No other charges?—No; there is £1290 due to the Government; they furnished rails to that amount.

29. Have you paid interest on that debt?—No; I wanted them to pay me interest on the cost of the line.

30. Before you began this line did you read the "District Railways Act"?—Yes; a copy was sent to me by Mr. Ormond.

31. Then why in the face of that did you go on?—I had the line surveyed, which cost me £600; upon the faith it was to be done under the District Railways Act.

32. Is any other property but yours served by this line?—The whole of the district is served by it.

33. Any other property?—Messrs Allen Bros. would be served by it.

34. If they unnecessarily closed your mine why did you not go in for damages?—I wanted to do so, but Messrs Chapman and Stroud, my solicitors, advised me that it was a difficult thing to go to law with the Government.

35. Was this before it was before the House, was it put in the loan Schedule?—It was made under the supervision of Mr. Blair, and placed upon the Schedule of the lines authorised to be constructed.

36. Why did you not get the money?—They said the Government had not got it. The railway was a feeder to the main line to a very great extent; I do not think there was any doubt about that, or the advisability of having it made.

37. If the Government bought the line what benefit or what gain would the Colony have by that?—I do not know what they would gain by it; it is, in my opinion, a matter of equity. I made the line upon the faith of an understanding with the Public Works Department. It induced me to spend £20,000 (independent altogether of the line), in opening up the coalfield.

38. What authority have you in writing from the Public Works Department?—Nothing more than I have already stated to you in my memo; they said they recognised the utility of the line. Mr. Ormond sent me a copy of the District Railways Act, I took the necessary steps to construct the line under that, but I was stopped by Mr. Stout saying that it was not a line which came within the meaning of the Act. Then came the alternative with the Government and my arrangement with Mr. Macandrew, the then Minister of Public Works.

39. You began the line without any assurance?—No, I did not; I commenced the survey and had to pay forfeiture and all survey expenses. After the contract was absolutely let, Mr. Stout advised that he could not give the assent of the Government.

40. But if you had the contract, why did you not go for damages?—It was on the faith of the Government that I went to such great expense; the Government paying 2% and the landowners 5%. I did not think that it committed the Government.

41. Have you consulted your lawyer to see whether you had a legal claim against the Government?—No, I have not; I went before the Committee on three separate occasions with the result as stated in my memorandum.

MONDAY, 2ND AUGUST, 1886.

Mr. H. HIRST, examined.

1. *The Chairman.*] The Committee will be glad to get any information you can give them with regard to the Nightcaps Coal Company's line, which has been offered to the Government?—The line has been open for some years and has been worked by the Government, and so far as I know it is paying them very well. It is about 2½ miles long. A large quantity of wool came over it last year, which will be very much increased this year owing to the runs being able to carry more sheep. There were about a thousand bales of wool carried last year, besides a large quantity of grain. The line serves a district of something like 20,000 acres of deferred payment land, and perhaps 30,000 or 40,000 acres of freehold land in different runs; and of course as the land is broken up and brought into cultivation a very much larger quantity of produce will be carried over the line.

2. The question is whether this line if bought by the Government would be useful for the general public in connection with the other railways or whether it is merely useful for the Coal Company by whom it was built?—Of course it was specially built by the Government for the Coal Company, but I think, from the quantity of stuff which was sent over it last year, and as there is every likelihood of that

quantity being increased, that it would pay the Government very well to purchase the line. It is clearly an extension of the main line. I should not like to say that it should be continued further but I do not think it is likely that it will be ever contemplated to continue it from the end of the Nightcaps section.

3. *Mr. Montgomery.*] What is the distance along the Government line that this wool has to go to the nearest shipping-place?—It is about forty-five miles to the Bluff.

4. The line is two to three miles long, and then the wool and grain has to be carried forty-five miles to the Bluff?—Yes.

5. If there were no Nightcaps line would not the wool and grain go by the Government line all the same?—There would be so much further to cart it, and probably a good deal of it would be delivered at Otautau, instead of Wairio, because there are no roads to Wairio.

6. It would go by the Government railway to the shipping-port, in any case?—Yes. I think, in some cases, so far as wool and crops are concerned, instead of their being brought to Nightcaps they would be brought to Otautau, and, of course, the railway would lose so much mileage.

7. It would go a shorter distance on the Government line?—Yes.

8. So that the branch line to Nightcaps probably causes more traffic on the Government line than if it were not there?—Yes, it does—it attracts traffic to the Government line.

9. *Mr. Cowan.*] Is it your opinion that the branch line to Nightcaps should be taken as an extension of the main line?—Yes, I think so.

10. We have it in evidence that this terminus at Nightcaps serves fifty thousand acres of agricultural land: do you corroborate that?—I estimate it at more, because there are seventeen thousand acres in the hands of men that own from 160 to 200 acres, and forty or fifty thousand in the hands of larger owners. No doubt, in time this would be cut up. Half of the deferred-payment land is not broken up yet, so that there would be a large increase in the grain-traffic.

11. We have it from the railway returns that 355 tons of grain were despatched from Nightcaps last year: do you consider that to be an increasing quantity?—I should think so, for the reason I stated before—that the land is not all broken up, and also that we had a very bad season last year.

12. Do you know anything about the permanency of this coalfield?—There is any amount of coal there. I suppose the seam is 25ft. or 30ft. thick.

13. Can you say, of your own knowledge, if there is any likelihood of this coalfield collapsing?—I do not think there is any likelihood of it.

14. Therefore the coal-traffic is likely to be permanent?—Yes.

15. Can you tell the Committee where is the nearest supply of coal that competes with the Nightcaps coal?—The Orepuki coal competes with it. That is about the same distance from Invercargill as Nightcaps is. No other coal competes except Kaitangata, which is a very much greater distance away—I suppose 110 or 120 miles.

16. Do you know that the coal company receive any consideration for this large traffic carried on this branch?—No; the Government take all receipts.

17. Looking at it from an equitable point of view, is it your opinion that the line should be purchased?—I think so. I think it is part and parcel of the Government line. They work it just the same as the other lines, and the coal company pays for the carriage of the coal as if it was a Government line. I think the Government should purchase it.

18. Are you aware of the offer that has been made to the Government?—I know it has been offered, but I could not say the price: about £7,000, I think.

19. It is about £7,224. Four per cent. on that amount would be £288. Do you consider that an excessive amount for the Government to take over the line at?—No, I do not think so.

20. Can you give the Committee any idea of the number of settlers this Nightcaps terminus serves?—There are in the riding 330 settlers, and nearly two-thirds of them are served by the Nightcaps line.

21. You have been Chairman of the County Council?—Yes.

22. In the matter of saving money for roads, is this branch line a consideration?—There is no doubt about that. There has not been any money expended on the main road, owing to this railway being there, and all the outer roads leading to the Nightcaps have been made, thus making two distinct roads, one north-west and the other south-west.

23. You consider that the possession of this line by the Government would be tantamount to a saving of public money to the ratepayers in the way of road-making?—There is no doubt of that. If the company shut up the line the county would have to make the main road to Wairio Station, and it is parallel with the railway.

24. *Dr. Newman.*] Are the people in the district anxious that the Government should buy the line?—I can state that I presented a petition from 180 settlers there, asking for accommodation at the Nightcaps, and if it could not be granted that the Government should buy the line.

Mr. MAXWELL examined.

1. *Mr. Dargaville.*] There is a question I should like to ask with reference to the Whauwhau line—Were you in your present position when that line was constructed?—Yes.

2. Are you aware that the Government proposed to construct it under the supposition that it was less than one mile long, and that they could have constructed it without any special legislation?—No, I am not aware that that is the case. I believe the company had some difficulty about the land, and that was the reason for constructing it under Act.

3. Was not Mr. Vickerman sent by the Government to make a survey of the line?—I should only be speaking from hearsay if I answer that; but I believe the Government had sent an engineer, and that the line was constructed by the Government for the company. That is what I understood.

4. And you cannot say whether or not it was upon finding that the line was more than a mile long, and that they could not construct it without special legislation, that they then required the

company to make it as a private line?—No, I do not think that had anything to do with it. I think it was made under Act for the convenience of the company—to facilitate their making it.

5. Was it a special Act?—It was “The Railways Authorization Act, 1884.”

6. To what extent are the Government allowed to make sidings without special legislation?—They are not allowed to go outside a limit of deviation of ten chains.

7. Is there any Act under which sidings of greater length can be constructed?—Not that I am aware of.

8. *The Chairman.*] The next line is that belonging to Shag Point Coal Company. Can you give any information about it?—The line was made by the Government at the company's expense, under authority of one of the Public Works Acts. I am not acquainted with the transaction personally. The Under-Secretary for Public Works could, I think, give evidence as to the making of the line. The line is worked by the Government for the company. I find that in 1879 there was some correspondence between the then Commissioner of Railways, Mr. Conyers, and the Minister for Public Works; and the Commissioner was of opinion that the line should be placed on the same footing as the Kaitangata line. Now, the Kaitangata Company have their own engines and work their own line; but, as I understand it, the Shag Point Company did not desire to work their own line, and they asked the Government to give them assistance by sending their engines on to the line with trucks, and taking away the trucks from the line full. That is the basis on which it was worked; and the Government have continued to do so from the first—about May or June, 1879—to the present time. The line is worked for coal and nothing else.

9. You know the terms on which it has been offered to the Government—£8,025?—No; I have heard that the company at different times suggested that the Government should pay a rental for the line, or that they should buy it; and I never could see any reason that they should either buy it or lease it, because the obligation, if any, is on the part of the company.

10. *Mr. Cowan.*] I do not think you have stated what the Government charge for freight on the line?—The Government add the length of this branch to the mileage of the Government line on which the coal is carried. If coal is sent forty-seven miles, to Dunedin, it would be charged as for forty-nine miles—that would be 2d. per ton added to the total charge. It is not a commensurate payment for working the line; but I think the Government of the day, in order to encourage the industry, were prepared to give assistance in working the line—that is to say, they were willing to run their engines and trucks down, and take them away filled with coal, even though the amount they received in rates was not commensurate.

11. Supposing that the company closed their mine in consequence of not being able to dispose of the railway, would that not be a very serious loss to the general revenue of the railways?—It would not at present, for the mine is not working to any extent; it is supplying the locomotive department with a little coal. Of course, it is very unsatisfactory that the mine should have been shut up owing to an accident. We were carrying a large amount of coal from it at one time, as the returns show.

12. Can you give the Committee any idea of how much the revenue was benefited by carrying that amount of coal?—No, I do not think I could. We have to perform a service for earning the revenue, and there is very little profit derived from carrying coal, as it costs a good deal of money to deal with it. The benefits would be indirect rather than direct. The establishment of an industry of that kind, and the population working it, bring indirect advantages to the railways.

13. Can you say what extent of country is dependent upon this coal for supply?—The company sent most of this coal to Palmerston, Oamaru, and Dunedin; but I could not say that I think that all this district was depending on the company, because there are other coals in the market. The Kaitangata, for instance, was sold even as far north as Oamaru, and the brown-coal mines sold round Dunedin. The company sent coal to Oamaru to some extent; but a large amount of imported coal was used there in preference.

14. What mileage of railway is used by the Kaitangata and Shag Point mines?—They are about equal distance from Dunedin. They are about a hundred miles apart.

15. The owner of this line states, in his evidence, that the Government are under obligation to him to take over the line: do you know anything about that?—No, I do not.

16. He talks of a promise from a previous Minister for Public Works?—I am not aware of that.

17. *Mr. Peacock.*] Are you aware of the position in which coal-branch lines are in England with regard to the railway companies, as to who makes them?—No; I have no knowledge on that point.

18. *Dr. Newman.*] Do you know whether there is any agreement in connection with this increase in the length of the line between the Government and the company?—I am not aware of any.

19. *The Chairman.*] Can you give the Committee any information about the Ocean Beach Railway?—For some years the Government worked the Ocean Beach line in connection with the Government railways. It ran from the old Dunedin passenger-station to Anderson's Bay and the Ocean Beach. It was always worked at a loss, and in 1880 or 1881 the operation of working by the Government ceased, and since that time we have only run occasional trains for the company to the races and agricultural shows held there. When the new goods-station in Dunedin was projected, it was found inconvenient to connect the Ocean Beach Railway with it, and before the goods-station was begun an arrangement was made with the company that they should have a railway-crossing at Anderson's Bay Road, so that they should then be able to run their trams to Crawford Street. For some time, I understand—I have no personal knowledge of it—they ran tram-cars on the line; but I believe the result was not satisfactory. At any rate, they have since given up working it as a tramway. Then, later on, in 1884, they came to make a fresh agreement with the Government, that, on holidays, when there was no objection to the Government using its goods-yards,

passenger-trains should be run to the racecourse and show-grounds, and at other times should work any goods-traffic there might be for the gasworks and other places on the line. That agreement is in operation now. On race-days, when our goods-yard is clear, we take passengers to the races and shows. The company pay us for the use of our rolling-stock, and we hand them over the takings.

20. The company state that the smallness of the amount of their receipts is caused by the want of a terminal site in the city, the heavy Government charges, and the fact that the line is used only on public holidays. They say it is impossible to work the line to advantage without a city terminus: can you give the Committee any information on that point?—The present terminus is in Crawford Street. That is where I understand their trams would start from if they were running. I do not know why they are not running—on that point I have no information; but I believe they have suspended running for some time. They are only charged a fair rental for Government rolling-stock.

21. Do you know how far they are affected by the want of a terminal site?—I do not think they could be prevented from running from Crawford Street if they chose to do so: they have the line down in Crawford Street.

22. *Mr. Montgomery.*] Is the tramway running from Dunedin very much used?—Yes; it is very largely patronized. The Ocean Beach is a great resort for the Dunedin people on Sundays and holidays. The other line of tram is also considerably patronized.

23. This line of railway is not running at all except upon special days?—No.

24. And then they get the Government rolling-stock at a rental?—Yes.

25. In your opinion, why is it not running at other times?—I do not know; but I conclude the reason is that they find it does not pay.

26. *Mr. Cowan.*] Can you give the Committee any idea of the traffic on race- and show-days?—I think there are several thousand people carried on show-days. In the year 1886 the gross revenue was £749—nearly all for race-traffic. Out of that they were charged, for rent of stock and for wages, £454, leaving a balance of £294, which we paid over to them.

27. We have it in evidence that it would take a large sum to put this line in working order?—Yes; it is in very bad order. It has not been kept up for some three or four years past. I suppose it would take at least £3,000: that was the estimate a year ago to put it in order.

28. From your evidence I take it that the tramway system competes with this railway?—Yes, it does undoubtedly.

29. Can you give any information as to the value of the railway?—It is in a very bad state of repair now, and could not be made properly fit for running under £3,000; and, as it made no profit during the last year, it cannot be worth much. If we worked it, it would be at a loss.

30. Even if it were repaired?—Yes. I do not see any prospect of its paying. It is not at all desirable that the line should be worked from the Dunedin passenger-station. The construction of the goods-station is such that it would be very inconvenient, unsafe, and expensive to take the line into the Dunedin passenger-station. There would be some further heavy expenditure to connect the Dunedin passenger-station—how much I have never estimated.

31. What is your opinion of it, then, as a suitable branch to connect with the Government railways?—I do not think it at all suitable: it would merely involve so much loss per annum. Its only chance of success is to work it as a tram from Crawford Street. To work it as a railway from the passenger-station I am certain would involve a heavy loss.

32. *The Chairman.*] Will you give the Committee any information you can about the Fernhill Coal Company's line, which has been offered to the Government for £6,000?—It comes under the same category as the Shag Point, Springfield, Whauwhau, and the Orepuki sidings: it is purely a coal-siding, and not worked for anything else. We run the Government engines and trucks up to the mine, and take them away again full of coal; and the company maintain the siding in good order.

33. Can you tell us how far it would be useful to the public if connected with the other lines and owned by the Government?—It would be of no more use to the public than now. There could be no advantage to the Government to pay £6,000 for it: it would be spending £6,000 to get no return for it. It is like many other sidings—the Government would gain nothing by buying them. There is no justification, so far as I see, for buying these sidings—I mean, from a traffic point of view.

34. Do you not think it would be possible to extend the traffic if the Government bought the line?—No, I do not think so.

35. You say "from a traffic point of view:" do you mean a railway point of view?—Yes; and also a public point of view. I do not see that the public would derive any advantage either.

36. *Mr. Cowan.*] I should like to ask one general question about these lines. Looking at all these railways on this list, I take it from your evidence that the Nightcaps is the only one that has any claim to be considered as an addition to the general system of railways?—That is the only one, I think, that is at all a public railway; the others are exclusively of the nature of accessories to the mines—except the Ocean Beach—which I should call a public railway. Of the coal-lines, the Nightcaps is the only one in the nature of a public line.

37. Have you formed any decided opinion as to the advisability or otherwise of the Government purchasing the Nightcaps line?—I have formed no other opinion than that which I gave the other day. I think it is entirely a matter of equity. I do not think it is for me to say whether the Government ought to take it or not. I think I said in my evidence that the Government undoubtedly had the best of the present position.

38. And from an equitable point of view you think the Government might take over the Nightcaps line at a fair price?—Yes. I think there is some public advantage in having Nightcaps as the Government terminus.

39. *Mr. Peacock.*] With regard to the Whauwhau line, are you aware that the Public Works Department promised to take over the line after it was constructed?—No, I never heard of such a promise being made, or thought of.

40. *Mr. Montgomery.*] You say that the Government might buy the Nightcaps line on equitable grounds?—I think it is open for the Government to consider the purchase on equitable grounds; there is no obligation to buy it.

41. Would there be a profit from the line if the Government took it?—No.

42. *Mr. Peacock.*] Are you not prepared to make some statement regarding the equitable grounds for purchasing the other lines?—No, I am not. I have drawn a distinction between the Nightcaps line and the other three coal-lines, because there is a general traffic on that line from which the Government gets revenue, and the others are purely coal-sidings—nothing else. The Ocean Beach Railway might be used as a public line; but, as I said, I consider we should work it at a loss. That has been our experience heretofore.

Mr. MITCHELSON, M.H.R., examined.

1. *The Chairman.*] Will you be kind enough to give the Committee any information you can about the Whauwhau Coal Company's line, which has been offered to the Government?—I do not know that I can give very much information about the line. It is a new line, and has been open only eight or nine months. It was built by the Government, and is in good condition. It is part and parcel of the Whangarei-Kamo line.

2. *Mr. Dargaville.*] The length of the line is a few chains over a mile, and they have offered it, including the land, to the Government for £5,367: do you consider that a fair price?—Yes, I should. It has cost them that, I know. They had to purchase more land than was necessary for the line, owing to their having to take it through an orchard. The owner obtained a livelihood from this orchard, and, as it was destroyed, he refused to accept any compensation unless they bought the whole property.

3. Are you aware that it was the original intention of the Government to construct this line themselves?—No, I am not aware that it was the intention of the Government to do so. During my time of office frequent application was made to me to construct the line; but, seeing that former Ministers had been opposed to all such lines, and considered that sidings should be constructed at private cost, I did not see my way clear to depart from that practice. Arrangements were made which eased the finances somewhat, and the Government issued a Proclamation authorizing the line to be constructed. They agreed to provide the railway at cost price, allowing the company to pay for it by instalments, with 5 per cent. added.

4. Was there no pledge on the part of the Government to take over the line when completed?—Not that I am aware of. I refrained, myself, from pledging the Government in any way; but if any promise was made it would be on record.

5. Does the line serve any other purpose than that of a coal-line—is it used by the settlers?—I think to a small extent. I think there are a few settlers along the line, but only a few.

6. If facilities were afforded do you think the settlers would use the line?—Yes. I presented a petition a week or two ago from settlers in the neighbourhood asking for a station, or shelter-sheds, half-way along the line.

7. If they were afforded you think the line would be used by the settlers to a larger extent?—Yes.

8. You said that this was part and parcel of the existing line. Do you mean by that the Whangarei to Kamo line, which serves the Kamo coal-mine?—Yes.

9. And the main traffic and profit of working that line depend upon these two coal-mines?—There is no doubt about that; still, it is a question whether it is profitably worked at present.

10. That is to say, the Government line may not be paying at present?—Yes. Then the question of the quality of the coal would come in. I am largely interested in one of the mines myself, and I think I can say without fear of contradiction that our failure hitherto has been owing to the coal not being such as it ought to have been.

11. Does that refer to the Whauwhau mine also?—I think the two coals are much the same. The objection seems to be that it is not suitable for steaming purposes. The Union Company have had it on several occasions, and on one occasion it cost nearly £2,000 to repair the damage to the boilers of the "Rotomahana" caused by the coal taken from the Kamo mine; but the quality has much improved since then. They took the coal, not because they liked it, but out of personal consideration to myself. It is a very good household coal. It will not bear exposure, and breaks up small in removing. I understand that if the line was extended further on there is a large bed of coal, which is a hard black coal of superior quality.

12. Is that the property of the Kamo Company?—No; I think it is mostly held by the Crown and the Bay of Islands Coal Company, and some by private individuals.

13. To what extent would the Kamo line require to be extended to tap that coal?—I think about seven miles. As far as the Whauwhau and Kamo mines are concerned, there is no end to the quantity of coal; it is the quality which is in question. Of course, there has been one drawback to both mines—the want of deep-water communication.

15. There is a proposal to remedy that now by dredging or extending the terminus of the line?—I understand the Government have abandoned the idea of extending the terminus, but that they intend commencing dredging operations, which they think will give the necessary depth of water.

16. What is the length of line from the junction of the Whauwhau Branch to the Whangarei wharf?—I think two and a half or three miles.

17. Then the Whauwhau Branch constitutes about one-third of the whole distance the coal has to be hauled?—Yes, about that.

18. Do the Government charge the ordinary rates, or is there any concession made to the company for having paid for constructing the line?—They charge exactly the same rates; and in

consideration for the Government agreeing to this line being constructed it was stipulated that the company should supply a thousand tons a month. That was part of the agreement.

19. The company have also to maintain the line at their own cost?—Yes.

20. Looking at the whole circumstances, do you not think it would be fair and equitable for the Government to take the line over and work it—that it should be placed on the same footing as the Kamo Company?—Yes. The Kamo Company have also constructed a siding at their own cost, about 10 or 15 chains long.

21. Do you think it right that these coal-mining companies should be placed at such disadvantages as they are?—No. If you take it into consideration that the line was originally made to Kamo, I think Whauwhau ought to be placed on the same footing. But before recommending that the line should be taken over I think the quality and quantity of the coal should be ascertained. If there is quality and quantity there can be no harm done.

22. You say the quality is not, in your opinion, of a high class?—It is not coal suitable for export.

23. Do you know anything personally of the quantity?—Yes: I have been in the mine several times, and, so far as I am able to judge, not being an expert, the quantity is unlimited.

24. When you say the quality is not good enough for export, do you mean out of the colony?—Yes, or for use in the colony. I look upon export as from one port to another. It is a coal you could not export at a profit to Napier, Wellington, or any other New Zealand port.

25. But the coasting-steamers use it, and it is used in Auckland, is it not?—Yes, it is used for household purposes and by the steamers—chiefly the northern steamers.

26. The company say that the amount of coal carried in January and February was 2,203 tons, providing a yearly revenue to the Government of £1,320: would your knowledge of the matter lead you to confirm that?—That is for those two months: I do not think the average is a thousand tons per month. If you look at the railway returns you will find it does not look up well.

27. Do I understand you to say that generally you would be disposed to say that the Government ought to take over the line at the present offer?—I would recommend it without hesitation if there was communication with deep water; because then, I think, the larger steamers would go there to coal.

28. *Mr. Cowan.*] Would any public benefit accrue from the Government buying this branch line?—No, I do not think so.

29. *Mr. Peacock.*] You are aware that the former secretary of the company, Mr. Sloan, had a great deal to do with the management of the mine?—Yes. I think Mr. Sloan had severed his connection with the company before the siding had been completed.

30. But before he severed his connection with the company negotiations had been entered into with regard to making the line?—I am not aware of that.

31. Do you think it was subsequent to Mr. Sloan's connection with the company that anything was done with regard to getting the line constructed?—I think so. I forget the year, but the company had sent a deputation to Wellington while the House was sitting, and I think the object of the deputation was to try to impress upon the Government the necessity of constructing the line. I think that was in 1883.

32. My reason for asking the question is this: It is understood that Mr. Sloan led the company to believe that the Minister for Public Works had given a promise that the line, when constructed, would be taken over. If he made any such statement, you would say it was not in accordance with fact?—I should say it was not. I carefully guarded myself against making any promise of the sort.

33. Could the promise possibly have been given by your predecessor, Mr. Johnston?—That I could not say. If he had made such a promise, I think it would be on the papers. I may say that I do not think any statement can be borne out by fact, because I introduced the deputation to the Premier, Sir Frederick Whitaker, and when we interviewed him the Minister for Public Works was present, and they decidedly refused to construct the line. I have Sir Frederick Whitaker's memorandum on the subject.

34. Were arrangements for the construction of the line made during your term of office?—Yes; but the agreement was entered into with my successor, Mr. Richardson.

35. Then the probability is that, if such a promise was made, it would have been made by you?—Yes.

36. *Hon. Mr. Ballance.*] You say you refused to construct this as a Government line will you give your reasons?—The reason I had was that former Ministers had laid down the general rule that all sidings were to be constructed by private enterprise—sidings serving private manufactories or coal-mines.

37. Did you agree with that rule yourself?—Yes.

38. At that time had the quality of the coal been ascertained?—Yes. One reason why I indorsed that position was that I felt, if the power was once given to construct sidings to such places, there would be no end of them.

39. Do you think that still holds good?—Yes.

40. With respect to this line?—Yes.

41. You say that the quality of the coal was ascertained at that time?—Yes; the mine had been working for ten years.

42. I mean, had you ascertained that the quality was not up to your original expectations?—It was similar in quality to that taken from the other mine.

43. I understood you to say that it did not come up to your original expectations?—I did not say that.

44. You said that your recommendation to take over the line depended on two circumstances, quality and quantity?—Yes: if the quality of the coal should prove to be good, and such as would

warrant constructing the line for the Government, I should say, Take it over; but at present, as far as I can judge, it is no better than Kamo coal.

45. Why do you say you would recommend the Government to take over the line if it communicated with deep water?—Because then, I understand, larger steamers would go for coal. At present you cannot load steamers with more than 180 or 190 tons. A large steamer would not go near any wharf to load unless it could keep afloat.

46. I understood you to say that the coal is not adapted for steaming-purposes?—Not for ocean-going steamers.

47. Do you think, in that case, large steamers would come?—I think the Union Company's steamers would come.

48. Of what description is the coal?—Brown coal. We sent a load down to Dunedin a few weeks ago, but have not yet received any report on it.

49. What expenditure would be necessary to get deep water?—About £30,000.

50. Would that be for an extension of the wharf?—No: the railway would have to cross the river and go a mile and a half lower down; they would then get 40ft. in depth.

51. Would you recommend that extension?—I always have recommended it, and I understood from the Premier that he had given his consent that it should be done: now he tells me, when he gave that promise he had no idea it was going to cost so much.

52. What was your estimate then?—£15,000. We have surveyed it and gone very closely into the matter, and I think the estimate now is £40,000.

53. What would dredging cost?—About £10,000. If dredging would effect the desired end, it would be the best and proper thing to do; but I am extremely doubtful if dredging will effect the object desired.

54. Are there many sidings of like character to this in the colony?—Yes, a good many.

55. Do you think, if this were taken over, there would be claims to have the others taken also?—Yes.

56. Do you think that taking them over would prevent the Government entertaining the question of making sidings in future?—I do not know. Of course, it is well enough to consider these things if you have got money; but if you once begin you would have to provide an amount which it would be exceedingly difficult to estimate.

57. Therefore, as a policy, you do not think it advisable to take over or construct sidings at the expense of the Government?—No; I should not recommend it in the present state of the finances of the colony.

58. *Mr. Montgomery.*] You said that one steamer injured her boilers very much by using this coal?—It was Kamo coal. The quality is much the same.

59. That is the coal which would be shipped if dredging operations made it possible for large steamers to come alongside?—Yes. I do not say that Whauwhau coal would have done the same.

60. Do you consider the Kamo coal any way inferior to Whauwhau coal?—I think it is about the same quality. I know the construction of the line has been a very great tax on this company. They worked the line at a very great disadvantage for many years as a wooden tramway, and because of the cost of keeping it in repair they were obliged to go in for this expenditure. They formed a company, and provided the means to construct the line. They sacrificed a large amount of capital. The Kamo Company, in which I am interested, has also sunk over £40,000 without the hope of getting any return so far as we can see. Of course, the Bay of Islands Company have also lost a large amount of money.

61. *Mr. Dargaville.*] But they have had their line made for them?—Yes.

62. And the Kamo Company have also had their line made for them?—Yes.

MONDAY, 9TH AUGUST, 1886.

Mr. J. C. BROWN, M.H.R., examined.

63. *The Chairman.*] Can you give the Committee any information respecting this Ocean Beach railway?—The information that I desire to give is as to how it affects my district in particular, and generally the other districts south of Dunedin. The line as at present worked is of no use, except on race- and show-days.

64. *Mr. Gore.*] You mean agricultural show-days?—Yes. What is desired by the country people is that the line should be extended; it could then be worked in conjunction with the arrival and departure of the south train; that is, the south train out from Dunedin. If that were the case, it would enable the country people to come down to Dunedin, and to have a day's "outing," so to speak, at the sea-side. They could also have an hour or two for business in Dunedin; they could avail themselves of both objects. The Ocean Beach is now looked upon as the sanatorium of Otago: a sort of Brighton to Otago. At the present time people avail themselves of it as far as they can, but the accommodation is very limited: people going down to the Taieri Beach where there is a small steamer that conveys passengers to the railway. The accommodation is very limited, not exceeding about forty; and it greatly depends upon the weather; although the cost is much greater than going to Dunedin. I may say the Ocean Beach is preferable for several reasons: it is a large beach where people can have the benefit of the sea-air and also the baths at St. Clair. At present people are unable to transact a little business in Dunedin if they require it. We believe that if this railway were running not less, say, than four trips each way it would be a great boon to country residents. From the information I have received of the company's operations—that is, the Ocean Beach Railway Company—they are prevented from running the line themselves from Dunedin. As I understand, it was at one time contemplated that a site was promised them by the Provincial Government at Crawford Street, which would, if there was a station there, enable the

company to run this line free of the Government line—either free or without any interference. The line, as perhaps you are aware, is a short level line. It is incomplete so far as it goes towards the agricultural show-grounds. There is some distance, perhaps a quarter of a mile, which people have to walk to get to the show-grounds. If that were completed—that quarter of a mile (I am speaking from memory), it may be a little less or more—I think it would increase the receipts of the line; as vehicles and trams, during these days, compete with the line, and take away a large number of passengers that would otherwise go by this railway if it were extended this quarter of a mile to the show-grounds. It may be said that the trams might be used with the same convenience to the country people as the railway. This is not so, for the reason that, arriving by railway, they have to go a considerable distance to get the trams, and then the trams do not always suit the arrival or departure of the train. It would, in the first place, be very uncertain, for you must be aware that the time of the trams for arriving is not fixed. It would depend upon the passengers taken up on the road, and therefore there would be great uncertainty as to catching the train leaving for the south. Considerable time is taken up in both ways. What we desire is this: either that the line should be worked by the Government or the company; that the company should have the land given them, as was promised by the Provincial Council, according to the understanding upon which the line was made. I have heard it said that it is not possible to work this Ocean Beach Railway from the Dunedin station. That I cannot understand, for this reason, that it is worked from Dunedin station at times when the line is very much worked, as on race-days, when people are coming from all parts of the country, and the line to the racecourse is used to its fullest extent: I believe a train runs almost every quarter of an hour, and each train is loaded with passengers. All this traffic is carried within a few hours, and therefore it is quite certain that the Government could overtake such an immense traffic on both days. I speak in round numbers, but I should say there must be 8,000 or more people that would go over the line the first day: the trains are long, there is a large number of carriages, and they are crowded with people, proving that the line at a particular time, when there is a great strain upon the working of railways, does overtake a very extensive traffic. That will increase. It must do so as population increases: a greater number of people attending the agricultural show and races, and the requirements of the Ocean Beach district becoming greater for sundry purposes. The line also, with a short extension, can be made available for defence purposes—the place at Lawyer's Head.

65. *The Chairman.*] That is already in evidence: they state that in their application?—My contention is that this line should be worked either by the Government or the company: if not worked by the Government, that facilities should be given to the company for working the line; if not worked by the company, that the Government should work it as they do now at certain times in the year. On show-days and race-days the traffic is immense. Of course, this would be the greatest boon to the people of the country I represent.

66. *Mr. Montgomery.*] Respecting the statement made by the Secretary of the Ocean Beach Railway, I think, that the Government have not fulfilled a promise they gave the company of a station: what do you know about that promise?—I know of it as a former member of the Provincial Council of Otago; it is in the record of the Votes and Proceedings of the Provincial Council of Otago for the year 1875. I may state that I looked it up only a few days ago, and it may be got here from the library.

67. Can you produce it?—Yes.

68. I understand you to say that you will produce all the evidence of a promise on the part of the Government, which promise remains unfulfilled?—Yes; it is in the Votes and Proceedings of the Provincial Council for 1875. I would also desire to state that all the material to the agricultural show cannot positively go over the line, because it now terminates in a bog or soft place, so that exhibitors have to get their exhibits there by road; whereas, if this line were completed to the show-grounds, the exhibits would be sent over it from various places.

69. What I want is the agreement which, it is said, exists between the company and the Government, that the Government would give them a station?—So far as I read this (Votes and Proceedings of the Provincial Council of Otago, 1875, produced), it is the proposal made at the time; the agreement would be subsequent, so that Mr. Bastings could give evidence on that point. This is, as you know, prior to the construction of the line.

70. Is there an agreement?—I do not see an agreement here; this is the last record of the Provincial Council, so that the actual agreement would be subsequent to this.

71. Then, you do not know?—I have no more connection with the company than you have, but—

72. You do not know that an agreement exists?—I understood at the time that their proposal was assented to.

73. *The Chairman.*] Do I understand you to say that an agreement was made between the General Government and the company that a promise made by the Provincial Government would be carried out?—The company was formed and the works undertaken on some understanding or agreement.

74. *Mr. Montgomery.*] What evidence have you of this agreement?—I may state that I have not read it all over. I only know that there was certain correspondence.

75. *Mr. Cowan.*] You understood that a promise was made, but no agreement was entered into?—I cannot say there was no agreement. I understood that the company would not make the railway unless they had a terminal site, and that such was to be given to them.

76. Do you know the terms on which this company at present occupy their terminus?—No; I do not

Mr. HORACE BASTINGS examined.

77. *The Chairman.*] The Committee is informed that you can give them some information as to the terms on which the Ocean Beach Railway was originally constructed, and as to some

alleged promise made by the Government at the time of its construction?—There was a promise made by the Provincial Government. It is all in the Votes and Proceedings of the Otago Provincial Council for the year 1875. You will see it all there.

78. What was your position: were you in the Provincial Council at the time?—Yes.

79. Were you Secretary of the province?—I forget whether I was in office then or not.

80. You will see on page 196 where the station was to have been?—But the proposition fell through and we renewed it again. There was an original company: the new company bought up its interest with the intention of working it. We made application to see if we could not get a site. I saw Mr. Vogel at the time, and we went to see Mr. McKerrow. The place which he pointed out was not in a position that would be of any use to us as a site. The alteration of the main line has altered the position we used to run to altogether. If we could have had the site which we originally expected to have had, we might have run there and done a profitable business; but the Government have taken up all the reclaimed land up to the spot where we made application to have the station. The company expected to get that, otherwise they would not have constructed the line. I can give you no further evidence than what is on record in these Votes and Proceedings.

81. *The Chairman.*] As to the site they were to have in Dunedin, is there an agreement respecting that?—There is. It is contained in this [book]. There is a final letter from Mr. Donald Reid, Provincial Secretary.

82. *Mr. Montgomery.*] What happened?—We never got it; that is what happened.

83. You say you never got that?—No; the Government wanted this identical land. All that portion near Rattray Street was wanted for the General Government line.

84. *Mr. Gore:* There were some 68½ acres.

85. *Mr. Montgomery:* When you formed the Ocean Beach Company the terminus was farther down towards Princes Street than what it is now.

86. *The Chairman.*] Now it is in Crawford Street?—Yes; it did not suit then, but it would suit us now if we could get a site there. But the Government has monopolized the whole area where we were to have the station.

87. *Mr. Montgomery.*] Did the Government take up the ground on which your site was?—They took the ground that was promised; they have taken about 60 acres altogether.

88. Did they take away the ground on which the terminus was?—Yes.

89. And applied it for general purposes?—Yes, they applied it for general purposes; we ran into Dunedin old station.

90. Did they give you separate accommodation?—We have no separate accommodation. We can have no ground that they can give us on which we could make a separate and distinct station for ourselves.

91. If you ran into the Government station, would you be prejudiced by letting the old ground?—We could not interfere with their working it; to run it ourselves we should be likely to interfere with their regulations. As far as the old site is concerned they have appropriated it for other purposes. It is thrown open as vacant land, which they are going to plant with trees.

92. *Mr. Gore.*] Am I correct in saying that the old railway station is turned into a reserve, and the new station is removed back: that the Government have taken up the land?—Yes.

93. *Mr. Montgomery.*] What is the grievance of the company: is not the terminus good enough for them?—Yes; but they would not allow us to run in.

94. Is that the grievance?—We have offered to sell to the Government because they have facilities that we have not. They have a station. When we use it on race-days they charge us so heavily. Mr. Maxwell thinks it is not excessive; we think it is. We think this is a property they could easily work. We are offering it at a very low price. There is a good bit of freehold land in connection with it.

95. If you were allowed to run into the Government station you would not be prejudiced?—No; if we were allowed all requisite facilities, but it is hardly to be expected that the Government would allow us.

96. Have you an agreement in respect to the number of trains to be run, and, if so, has that agreement been complied with?—We have not been running at all for a long time.

97. Has the contract on the part of the company been fulfilled in regard to the exactness of the conditions?—I do not know whether there were conditions to run trains at stated times.

98. You are not aware whether they have fulfilled all the conditions of their contract or agreement?—No; I do not know.

99. One of the conditions was that there should be certain trains run?—I am not aware whether that condition was imposed or not. I know it generally is imposed. If it was imposed in this case it has not been fulfilled.

100. If such conditions were in the agreement they have not been fulfilled?—They have not been fulfilled.

101. *Mr. Gore.*] When the line was first completed, do you know from your own knowledge how trains were run then?—They ran constantly.

102. You say they ran regularly?—Yes; there were two trains every hour when the line was first started up to the time this alteration took place.

103. Can you tell the reason of the trains stopping?—It was this difficulty about the station-site.

104. *Dr. Newman.*] Does the Ocean Beach tramway interfere with the profits of the line?—I am a director of the city tramways. No, I think not; the Ocean Beach Railway takes people to the entrance to the grand stand.

105. I am speaking of ordinary times, apart from all special days?—In summer the tramways are induced to take passenger-traffic. That is a great rendezvous. I have seen on holidays a large number of children and others there.

106. Why does not the railway run passenger-trains on Saturdays?—I cannot say how it is.

107. Do you think it would be profitable?—I am sure it would.

108. Then, why do they not do it?—I do not know; in the first place the line wants extending to St. Clair; that would not be possible without increased expenditure; they would want to extend the line to St. Clair, about a mile.

109. At what cost?—It is barely a mile: it would be very inexpensive; it is dead level.

110. Are you a shareholder?—Yes.

111. *Mr. Barron.*] You say this belonged originally to——?—The Ocean Beach Railway.

112. The Ocean Beach Railway went into liquidation, did it not?—Yes.

113. And the present proprietors of the line purchased from the liquidator?—Yes.

114. Do you know whether all the conditions of the Act under which the railway was constructed were complied with, in so far that consent was got in writing from Government to the assignment?—Yes; it was all done through the secretary.

115. So that the company is legitimately under the Act?—Yes.

116. In the construction of this railway was St. Clair to be the terminus?—Yes.

117. So that the line has not been completed as originally intended?—No.

118. Do you know that within the last few years the population of St. Clair has greatly increased?—Yes.

119. *The Chairman.*] Mr. Maxwell says, in reply to a question (21) put to him by the Committee, that the Ocean Beach Railway might be used as a public line, but he goes on to say, “I consider that we should work it at a loss; that has been our experience up to now.” Has that been so: is it the case that the line has been worked with a loss when in connection with the Government?—It has only been worked on the occasion of race-days; there has been a revenue derived from coal going over it for gasworks; how much I cannot say.

120. *Mr. Barron.*] But as one knowing the locality, is there a growing traffic there?—There is a growing traffic there, and I am sure there would be immediate revenue accruing to the Government.

121. What is the price?—£11,500.

122. *Mr. Wilson.*] Mr. Bastings, you stated that this company took the railway from the liquidator; do you recollect what it cost the present company to take it over?—There are many of the present owners who were in the original company. The original company sunk over £20,000 in it.

123. What was the value put upon it when this company bought it?—I can hardly tell you that: the old shareholders took shares in the new company so as to get some of their capital back; the price that was put on it I do not remember.

Mr. Barron: It would be a nominal price for the purpose of winding up the old company and making the transfer.

APPENDIX.

Mr. H. HOWORTH to the CHAIRMAN, Public Account's Committee.

DEAR SIR,—

Wellington, 4th August, 1886.

Re Fernhill Railway.—At your suggestion I beg to state the following circumstances, which, as a promoter, and formerly director of the company, are within my knowledge concerning the above railway. I have read the report of Mr. Ford, and, generally speaking, I confirm what he says; but there are advantages connected with the purchase by the Government which I wish more fully to mention and elucidate for the information of the Committee.

The advantages of purchase are, I submit: (1) the low price asked for the line, being, as I understand, £6,000, or only about half the actual cost; (2) the release of this amount of capital invested in the railway will enable the colliery to be further developed, and an increased revenue will result; (3) the present and prospective advantages of the line as a feeder to the main line and as an investment.

The special advantages of this colliery may be best described in the words of Professor Black—namely, that Fernhill, in his opinion, is the Stourbridge of New Zealand. The fireclays which lie to hand ready for manufacture have been proved to be equal to the finest fireclays in Europe, and are eminently suitable for the manufacture of cements, bricks, tiles, and pottery of every description. The sand-quarry has a face of 50ft., the strata ranging from gravel to the finest sand for glass-making; and, besides the marketable purposes for which sand is required, artificial stone—for paving, kerbing, and channelling—culverts, drain-pipes, troughs, and other heavy ware can be made at Fernhill at a cost sufficiently low to compete with outside markets, and, as compared with the Wellington Corporation works, at less than half the cost. Cement and artificial-stone works would have been entered upon long since but for the absorption of capital in the construction of the railway. The capital invested in the colliery is a guarantee that the proprietary will continue to prosecute these objects and promote the important industries at present lying dormant.

I desire also to point out that the monopoly enjoyed by the Government prevents the Railway Department from dealing with special cases independently of tariff-rates, the rates for some products being disproportionate to their value. For example, the freight on a truck of sand from Fernhill to Dunedin is 10s., while the selling-price is £1 2s. 6d.; thus leaving 12s. 6d. to cover labour, expenses, and profit. The gain in the transaction is largely in favour of the Government.

As regards coal the Fernhill line is excessively handicapped by the Government—first, by the Walton Park line being made and maintained at Government expense, while the rate charged to both companies is the same; secondly, by the rail-age-allowance to the Kaitangata Company for long distance. This allowance enables that Company to sell small coal—which is carried as dross—in Dunedin at 10s. per ton, in competition with Fernhill and other Green Island coals. The natural facilities and the labour-saving appliances used for working the mines at Fernhill alone enable the company to compete with other companies in the district provided with railway-accommodation by the Government. Official correspondence on the subject of this railway also shows that the railway was constructed by the company under the promise of the then General Manager; that a concession of 6d. per ton would be allowed as against the Walton Park line; but, instead of this, a shunting-charge of 1d. per ton was added to the tariff-rate before the department would consent to work the line.

For the foregoing reasons I hope the Committee will favourably consider the application for purchase.

I have, &c.,

F. J. Moss, Esq., M.H.R., Chairman, Public Accounts Committee.

HENRY HOWORTH.

Mr. C. FORD to the FERNHILL RAILWAY and COAL COMPANY, Dunedin.

Dunedin, 24th July, 1886.

GENTLEMEN,—

I have the honour to report as follows on the Fernhill Branch Railway, and on the various reasons why the Government should purchase this line:—

The Fernhill Branch Railway runs in a serpentine route from the Abbotsford Railway-station, on the Government Main South Trunk line of railway, to the Fernhill Coal-mine—which is situate in one of the hollows in the Chain Hills Range—and passes through lands belonging to various owners. All the property which this line actually passes through is situate in the Dunedin and East Taieri District, Blocks VI. and VII.—chiefly in the former. The whole of these lands—or nearly so—are coal-bearing, and would, no doubt, be worked by, or on behalf of, the various owners if the railway passing through them belonged to the Government and was made equally available to all without heavy way-leave charges. I annex hereto a tracing, which I have prepared from various records, showing the connections from the Government railway to the Fernhill Coal-mine by means of this branch railway, and also the roads which intersect the same (and by means of which some little general traffic might be brought to the line either inwards or outwards). Attached to the plan is a key-map, showing the existing connections by railway from Fernhill to Dunedin on the one hand, and Mosgiel, Outram, Hindon, &c., on the other; and also a suggested extension of the Fernhill Branch Railway until it joins the Otago Central line, and then passes forward across the Taieri Plain until it joins the Outram Branch; also a section of the gradients of the Fernhill Branch Railway. The plan also shows the position where best Green Island coal may be expected to be met with, and the distances from the present Fernhill workings, with a plan of the workings on a larger scale.

The construction of this branch railway was originally authorized by special Act of Parliament, and was carried out and constructed under the direction and control of the Public Works Department, Dunedin, at the cost of the Fernhill Company. It was handed over to the company in July or August, 1883, the Company having paid the department the sum of £6,368, being the cost of the construction to that date, exclusive of the purchase of the land necessary for the construction of the railway. As the line was handed over to the company in a very indifferent state of completion (whatever the cause may have been) by the Public Works Department, the Fernhill Company have, since they received possession, been compelled to spend fully the sum of £2,000 for widening cuttings and embankments, and thoroughly draining and ballasting the line. This sum does not include the ordinary repairs which would be required to the line, but is entirely for work chargeable against construction account.

The company have also acquired the freehold of the land upon which the railway is constructed, at the following prices: Mr. Brown, 3 roods 15 perches, £200; Mr. Freeman, 8 acres 1 rood 33 perches, £450; Mr. J. Andrew, 2 roods 22 perches; and Mr. D. Andrew, 2 acres 2 roods 32 perches (the last two were free grants, but are worth, say, £30 per acre), £100. Totals, 12 acres 2 roods 22 perches, worth £750. In addition to the foregoing items, there are the items of necessary legal charges for purchase of land, agreements with Government, &c., interest on money borrowed for the construction of the railway, incidental and other charges, all of which are fair items to charge against construction account. These items amount, according to the company's books, to £1,506 8s. 7d.

Thus, then, putting the various items together, we have the cost of the line made up as follows: Payments to Public Works Department, £6,368; further necessary construction by the Fernhill Company after receiving the railway from the Public Works Department, £2,000; purchase, &c., of freehold of land, £750; legal costs, interest during construction, and incidental expenses specially incurred on behalf of the railway, £1,506 8s. 7d.: making a total of £10,624 8s. 7d., as representing the purchase of freehold and construction of railway. As the line is 1 mile 60 chains (1½ miles) in length, with about 35 chains of sidings, the cost has been £6,071 per mile including the sidings, or, if the chainage of the sidings be added to the mileage of the railway, the distance will be about 2 miles 15 chains, and the cost per mile will be reduced to £5,657. If the price the Fernhill Company are asking for the railway (£6,000) be calculated in the same manner then the price per mile will be reduced to £3,429 including the sidings, or £2,743 if the chainage of the sidings be added to the length of the line.

The railway makes a total rise of 162½ft., or an average gradient from Abbotsford Station up to the mine of 1 in 56·86. The gradients, however, range from level to 1 in 30, which latter is the steepest. The details of the gradients, starting from the Abbotsford end, are: Fall, 1 in 66, for 8 chains, 8ft.; level for 7 chains; rise, 1 in 165, for 20 chains, 8ft.; rise, 1 in 42·429, for 45 chains, 70ft.; rise, 1 in 66, for 17 chains, 17ft.; rise 1, in 41·25, for 10 chains, 16ft.; rise, 1 in 30, for 27 chains, 59·40ft.; level for 6 chains: total length, 140 chains; rise, 170·40ft.;

deduct, fall, 8ft.—total rise from Abbotsford to mine, 162·40ft. The tracing annexed hereto shows this section in better form.

The line has been made more with a view to its permanency, and to the consequent reduction of annual charges for repairs, than to any immediate saving of cost. Materials of the best quality, and which were procured by the Public Works Department, were used throughout on the permanent way. The wisdom of this has been shown by the smallness of the cost now ruling for the maintenance, the figures being only £11 per month, or at the rate of £75·428 per mile per annum; whereas the average Government charge on the length of the Hurunui-Bluff line and branches for 1885-86 has been £165·72, or, if the charges for maintenance of buildings, structures, and for miscellaneous be struck out, the rate for 1885-86 will be found to be £113·595 per mile per annum. It must be borne in mind that, had the Fernhill branch line been several times the length, the cost per mile per annum would have been considerably less, although the total annual cost would have been more. The work would be arranged to better advantage. For the first two years, or two years and a quarter, of course, this item of maintenance was very much larger, owing to frequent slips from the sides of the cuttings, and settlement of embankments, insufficient drainage, &c., but all these have been successfully dealt with, and now there is only the maintenance to look forward to. In estimating the value of the railway, the Government should bear in mind the fact that the line is not a new one just completed, but one upon which the Fernhill Company have borne the cost necessary for the first few years of a railway's life—I mean the cost of slips, subsidences, &c.—and have not allowed the line to deteriorate, but have very considerably improved upon its condition when passed and handed over by the Public Works Department to the Fernhill Company. It is now in first-class order from end to end. The rails used throughout were iron, of 42lb. to the yard. They are flat-bottomed, or T section, and are well secured to the sleepers, which are full-size (7ft. by 8in. by 4in.), and are cut from good sound wood to Government specifications. The sleepers are placed at the usual distances apart from one another, as allowed by the Public Works Department. The rails are all well and carefully curved where requisite, and are laid with a good amount of pitch, proportionate to the curves, and securely jointed together by means of fish-plates and screw-bolts. The whole line has been well ballasted, and, as an almost unlimited supply of good ballast has all along been close at hand in the company's sand- and gravel-pits, the platelayers have not stinted its use, but have had as much as ever was requisite to keep the line well packed and boxed up.

At present the Fernhill Company are very much handicapped over the question of the railway and freights generally on coal, consequent upon the action of the Government. The line is owned and maintained by the Fernhill Company, and yet the Government charge rates as from the colliery. That is, they get rates on a mile and three-quarters of line belonging to and maintained by a private company. This, I think, on the face of it, seems manifestly unfair, and doubtless if properly placed before Government would soon be remedied. There are two methods by which the extent of this handicapping may be calculated. The first is freight on a mile and three-quarters of railway, at say, 8d. per ton per mile (which I gather is about the average freight). This amounts to 54d. per ton for the whole length of railway, which, at the exceptionally low rate of 7,500 tons per annum (the output for 1885-86, when the sales were practically stopped for a long time on account of a fire in the mine), amounts to £164 per annum, and, as the company very soon hope to send out fully four times that quantity, the sum would amount to £656 per annum. The second method, which is the proper way to look at the matter, is the actual cost to the company. This may be reckoned by adding the following charges together: namely, interest on the capital expended on the railway, the annual cost of maintenance, and the depreciation. As the Fernhill Company would be unable to borrow money solely upon this class of property under 8 per cent. per annum, even if they could get it at that, and as the line would only be of actual use to them during the continuance of the leases, and consequently there must be a very considerable allowance for depreciation, which I estimate at 5 per cent. per annum, the figures would work out something like the following as the extent of the annual handicap of the Fernhill Company in comparison with any other Green Island coal company: Interest on capital value of line, £10,625, at 8 per cent., £850; maintenance—labour and material, £165; depreciation, &c., £10,625 at 5 per cent., £531 5s.: making a total of £1,546 5s.

The Fernhill Company are compelled to take into consideration the contingency that at the end of their leases the line may possibly be practically useless to them; for it is quite possible that some other firm might secure the leases of coal. To the Government, on the other hand, the line will always be equally valuable, for the coal-mines at Fernhill will continue to be worked by some firm or another, and revenue will be always derivable from this kind of traffic from this mine.

To put the matter into comparative figures, the traffic (inwards and outwards added together) of the Fernhill and Walton Park collieries, and the expenses incidental to the same, according to the official returns as printed in the Public Works Statements, were as follows:—

	Fernhill Company.			Walton Park Company.		
	1883-84.	1884-85.	1885-86.	1883-84.	1884-85.	1885-86.
Total traffic returns as per Public Works Statements	£1,594 12 3	£1,742 14 5	£1,055 0 5	£2,239 5 9	£2,688 0 3	£1,825 9 8
Government maintenance costs as per Statement	Nil	Nil	Nil	£693 5 0	£628 13 1	£636 19 4
Percentage of maintenance costs only to gross traffic from mine	Nil	Nil	Nil	30·958	23·387	34·893
Tonnage output by rail	9,047	11,405	7,500	15,678	28,641	16,514
Average freight per ton	3s. 6·3d.	3s. 0·67d.	2s. 9·76d.	2s. 10·29d.	2s. 3·29d.	2s. 2·53d.
Rate per ton of cost to Government (maintenance only) on branch-lines	Nil	Nil	Nil	10·616d.	6·382d.	9·257d.

A very cursory study of the above table will show how much more valuable is the Fernhill Branch Railway to the Government than the Walton Park Branch. It will be seen that for last year the maintenance expenses reached the fearful rate of 35 per cent. on the total revenue for goods coming off and going on to the Walton Park Branch line, and not on the proportionate amount of revenue properly due to the line. Without actual figures before me (they do not appear to be given in the General Manager's report on working railways) I can only roughly guess at the proportionate amount of revenue which, in fairness, should be credited to the Walton Park Branch; but I think it would be a very liberal allowance to take one-third. Now, one-third of the gross revenue would be £608 9s. 11d., while the maintenance charges are £636 19s. 4d.; to which must be added the mileage cost of locomotives, £275 9s. 9d.; wagons (in estimating this item I have taken half the amount shown in "carriage and wagon repairs" of the reports), £43 6s. 4d.; traffic expenditure, £344 1s. 10d.; general charges, £57 6s. 11d., and sundry charges, £16 17s.: making a total of £1,374 1s. 3d., or considerably more than double the receipts. It may, perhaps, be hardly fair to charge against this branch-line the average expenses on the Hurunui-Bluff line; but, even allowing for that—which will be liberally provided against—if we only charge one-half the average amount we should then have:—

Receipts.		£	s.	d.	Expenditure.		£	s.	d.
Proportion of freights .. ..	..	608	9	11	Maintenance .. ..	..	636	19	4
Loss on working, allowing nothing for interest on the construction-capital ..	..	397	0	5	Locomotives .. ..	..	137	14	11
					Wagons .. ..	..	21	13	2
					Traffic expenses .. ..	..	172	0	11
					General charges .. ..	..	28	13	6
					Sundry charges .. ..	..	8	8	6
Total .. ..	..	£1,005	10	4	Total .. ..	..	£1,005	10	4

Another interesting point which the table of comparisons between the Fernhill and Walton Park mines brings to our notice is that the freights obtainable for coal from the Fernhill Mine have been higher all along than from the Walton Park Mine, the difference for the three years in favour of the Fernhill coal being: 1883-84—8.01d. per ton; 1884-85, 9.38d. per ton; 1885-86, 7.23d. per ton. The Fernhill Company have evidently gone further afield for their orders, and consequently send their coal longer distances on the railways. They are therefore more valuable consignees to the Working Railways Department. As the Fernhill Company bring larger freights per ton at a very materially less cost to the Government, I think they (the Fernhill Company) are, on that account, justly entitled to some large amount of favourable consideration on the part of the Government. In making the above comparisons I have selected the Walton Park Company, not so much because I think they are unduly favoured, but because they are more similarly situated, each being at the end of a branch railway kept open almost for the sole object of securing the coal-traffic from these mines.

Take another instance of the very unfair manner in which the Fernhill Company are treated as against other colliery-proprietors. If the Fernhill Company wish to sell coal at the Abbotsford Station the charge would be 2s. 6d. per ton payable to Government, whereas it would only be the same from Walton Park, although the Walton Park coal would travel some three miles on the Government lines, part of which distance would be on the Main South Trunk line of railway; whereas the Fernhill coal would not travel at the outside more than a hundred yards, if that much, and all of this hundred yards would be on station-sidings only. Even though the Fernhill Company put in a siding of their own upon their own freehold, the charges would remain the same if the present regulations existed, although the coal never went on to the Government railways at all. It seems reasonable for the Fernhill Company to expect that the least the Government can do is to put all the coal-mines on an equal footing as regards freights; and the simplest way to do this would be by purchasing the branch line from the present proprietors and continuing to charge freights as from the mine.

That this line would pay the Government well when worked in conjunction with their other lines I think there can be no doubt, for there would be no increase of staff beyond, perhaps, on the average, one platelayer; while, on the other hand, a large amount of other traffic than the present one would shortly be secured. Doubtless, Mr. James Freeman would arrange to load all his coal on this line, and, by so doing, would very materially increase his trade, as he could afford to sell at a much less cost, and still secure for himself the same profits per ton. This would be caused by the long length of haulage below and above ground which he would be able to do away with, as also the high rents he has to pay for way-leave in order to get to the present loading-stage. In conversations which I have held with Mr. Freeman upon the subject of arranging for the loading of all his coal on the Fernhill Company's branch railway he has several times informed me that he would be willing to do so, and would put down a shaft close to the Fernhill Branch Railway, somewhere near the spot shown on the plan, and marked thereon "Approximate site proposed for Mr. Freeman's coal-mine," if he could make any satisfactory arrangements with the Fernhill Company for way-leave over the railway. The former management of the Fernhill Company, being somewhat jealous of Mr. Freeman as a coal proprietor, and fearing the consequences of giving him facilities to get his coal more cheaply into the markets, fixed the almost prohibitive price of 6d. per ton for way-leave only. Mr. Freeman would have had to put in and maintain at his own cost all necessary sidings for his traffic, to pay a considerable proportion of the cost of the maintenance of the branch railway, and also to pay all charges for the haulage of his goods and coal over the line; and, in addition to all, to give a guarantee of a fixed monthly revenue. On these terms being submitted to him Mr. Freeman very naturally declined them, as he had other, though not so suitable, outlets for his coal on more favourable terms than these; but he was willing at the time to pay something for the cheapening of costs to him. Moreover, by inducing Mr. Freeman to load his coal on this branch line there would be an indirect benefit to the Government, which would be no benefit at all to any one else. The traffic on the main line up the gradient to Abbotsford Station from Mr. Freeman's present loading-stage would be lightened to the extent of Mr. Freeman's traffic, and the wear and tear on that piece would, consequently, be diminished. Mr. Freeman would haul the coal up the extra height and load it into trucks at less cost to himself than he can do the same work at his present mine and loading-stage; and the Government loco would simply have to take the empty trucks up and bring the coal, &c., down hill from the new mine, instead of dragging the coal up a stiff incline. By arranging with the People's Coal Company their coal might all be loaded on the opposite side of the railway, on the sidings into the sand-pit, without any extra cost for working expenses to them; and then the set of points and crossings could be removed altogether from off the main line. On a single line it is most desirable to keep the number of points and crossings as few as possible, for one way or the other the points must be facing points, and therefore always a source, more or less, of danger.

Then, again, there is the Fernhill Company's own mine, from which they hope shortly to send fully four or five times the amount of coal into the market that they are doing at the present time. From the very inception of the mine nothing but poor coal—some has been much better than others, but all would properly be called poor coal—has been worked. There can be but little doubt that this is owing to the coal being opened up in a spur which, in reality, is only a slip from the main hills behind. The coal hitherto opened up is consequently broken and full of foreign matter, which makes it at the best only a second-rate coal. This is being remedied as rapidly as possible, for the present management are pushing on with very commendable zeal to cut right through this bad and broken patch until they get into the solid ground beyond where this slip broke off from. On the tracing annexed, both on the general plan and the plan of the workings, I show, by means of a blue circle, where I think the approximate line between poor and good coal will be found to run, and beyond which I therefore think the good coal will be found. This, you will see, is only some five or six chains from the point, in an easterly direction, where the roads have now been driven to. It will, consequently, not take very much longer to reach this solid ground. Should my expectations be at all fulfilled, the traffic on the line will soon be many times what it now is. Again, in a northerly direction, good coal could be reached after some little continuing on of the drives in the solid coal until the fault at (C) has been reached in that direction, when it (the fault) would have to be mounted, and the coal opened up on the top side. There would then be a field of coal opened up sufficient to supply all the requirements for Green Island coal for many many years to come. The coal, when thus opened up, would be worked very cheaply indeed, and would enable the company to get their coal used in lieu of much of the poorer classes of imported coal, thus securing a profit for themselves, bringing extra revenue to the railways, and reducing costs to our local manufacturers, and, through them, to the public at large. The whole of the hill-country behind the Fernhill Company's property is supposed to contain deposits of this brown lignite coal. It has been proved to exist in the same range of hills facing on to the Taieri Plains, and backing towards Fernhill; so that one may fairly presume, especially as the coal-measures are easily traced between the two points, that the intervening country is all coal-bearing, as it is undisturbed by any violent contortions which would lead any one to suppose that the coal has run out or has been thrown out. With such a very large field behind it, which can be more cheaply and easily worked through Fernhill than elsewhere (in fact, through Fernhill is almost the only way of working most, if not all, of the back-country), there will always be a colliery worked and a large traffic on the line. Unfortunately for the interests of the Fernhill Company, they have spent, as has already been shown, something like £11,000 in making a railway to their mine, instead of putting the money into the mine itself to develop the resources of the hills, and thus making it worth the while of the Government to construct the railway to obtain the traffic. By having pursued this course it makes it almost impossible for the mine to return anything like interest upon the money invested, particularly under the present method of working the line. Now that the company can see, or think they can see, their way to better prospects, they wish to have the money obtainable for the railway to prosecute their legitimate business—the opening-up of large coal deposits, and the employment of considerable numbers of workmen at good wages. As a portion of the money spent on the railway is really urgently required for properly opening up the mine, I think the Fernhill Company have done wisely in asking only about two-thirds of the cost from Government, and writing the balance off their capital account. Both parties to the bargain should be well satisfied, for the Government buy the line at a very cheap rate, and will probably be able, by means of this branch railway, to relieve the main line of some of its traffic; and the Fernhill Company, though heavy losers, obtain the use of the money for pushing ahead more energetically than ever in opening up good and readily-marketable coal.

There is also another point that it may be worth the while of the Government to consider, and that is, as to how best to relieve the stress of traffic on the main south trunk line of railway as the Otago Central Railway gets opened up and the rich country behind that line sends traffic into Dunedin. By continuing the Fernhill Branch-line of railway through the hills and connecting on to the Otago Central line a loop or second line would be formed from Abbotsford Station to some point on the Otago Central line, on the Taieri Plains; and by a short connection the line could be made to join on to the Outram Branch. This I have approximately sketched on the key map, and coloured brown. This would relieve the Chain Hills portion of the main south line of much traffic, and enable more trains to be run from Dunedin to Mosgiel, &c., without spending money on doubling the main line; and, at the same time, a very valuable section of the Green Island coalfield would be opened up. By opening up a line of railway through Fernhill to the Otago Central and Outram Branch Railways, on the Taieri Plain, a very good extra traffic would spring up in coal from the Green Island District. As an instance of what I mean, there is the goldfield of Hindon, practically at a standstill for want of cheap motive-power to crush the quartz; and I am informed by miners who have been at work on the Hindon field that, if the Green Island coal could be landed there cheaply, there would be one or two crushing batteries started immediately, with several more soon following on. There is, seemingly, plenty of water for battery purposes, but not sufficient for motive-power. What they want is good cheap coal, and it seems as though the Railway Department will have to take it from the Green Island District if gold-mining must be revived at Hindon and its surrounding district. I am told that this goldfield of Hindon would support some hundreds of gold-miners if good and cheap fuel were available for motive-power.

There is also the question of brick-making, which some day will be a very considerable industry at Fernhill. The clays are highly suited to all kinds of brick-making, and I fully anticipate seeing large works at Fernhill before many years have passed by. The fire-clays are exceptionally good. As proving this I have selected, and quote below, a testimonial from Messrs. Palmer, Booth, and Co. (formerly Messrs. Davidson and Conyers), late of the Otago Foundry, Cumberland Street, Dunedin, as it may be interesting to some who read this report to know what highly refractory clays we have in our very midst, when, at the same time, we are importing Stourbridge, Garnkirk, and other English made fire-bricks—sending the money for the same out of the colony, when it might all be kept here and circulated about with great advantage to all concerned. The testimonial is as follows: "Otago Foundry, Dunedin, 30th October, 1884.—We hereby certify that we have used the Fernhill fire-clay for about six years, and can confidently recommend it for all kinds of foundry purposes. It is superior to any imported clay. After being heated and cooled several times, there is no sign of any crack, and it lasts much longer than any other we have used. We find, in practice, it is better to mix it with half sand (sharp). We made a brick of pure clay, and tested it in the brass furnace with some Stourbridge bricks. The Home-made bricks were entirely destroyed by the heat, while the Fernhill brick came out quite as sharp at all the edges after being exposed in the furnace for sixteen hours.—PALMER, BOOTH, AND CO."

There have been several proposals made to establish brickworks at Fernhill, but, owing to one reason or another, they all fell through. In one instance which came under my own knowledge the man who offered to take the matter up stipulated that no freight should be charged on the Fernhill Branch-line, as it belonged to the company. Now, as Government charge all freights as from the mine (although the railway does not belong to them, and is not in any way maintained by them), the company could not agree to the demand, as it would have meant a concession of something like 1s. 3d. to 1s. 6d. per thousand bricks. I am convinced that had the line been a Government line at the time the question of freight would never have been raised, and there would now be a large and prosperous brick and tile-works there, employing a number of hands directly, and requiring a considerable amount of fuel daily, thus giving indirect employment to a few others in the coal-mining trade.

In making up this report I have endeavoured to look at the matter as much from what I suppose might be the Government standpoint as from that of the Fernhill Company, and I feel sure that, by judicious management and reasonable encouragement, the line can be made a very valuable feeder and relief to our railways.

I have, &c.,

CHARLES FORD,
Mining Engineer and Surveyor.

The Fernhill Railway and Coal Company, Dunedin.

Mr. H. LOGAN to the CHAIRMAN, Public Accounts Committee.

SIR,—

Dunedin, 16th July, 1886.

We beg to acknowledge receipt of your telegram in reference to the Fernhill Railway.

In reply to your request to send last balance-sheet and list of shareholders we have to state that the Fernhill Railway and Coal Company has ceased to be a public company for some considerable time. The business was purchased by private parties in the beginning of 1885, and has been carried on since that time under the old name, the only alteration being that the word "Limited" was left out. Although the company only paid the Government the sum of £6,162 odd, this does not represent the total cost of the line, as the company had to expend over £2,000 more in widening cuttings and taking away slips before it was in a proper condition. There has been no slip on the line now for a long time, and we look on any danger from this cause as past. The heavy rains this winter made no difference to the banks, although they were all cracked and dry owing to the long-continued drought.

We may state that the Fernhill Coal-mine was not, in our opinion, worked properly by the former owners, or by this time the revenue to the Railway Department would have been about three times as much as at present. Our reason for saying this is that, until the end of February last, when we purchased the property from the then proprietor, the coal had only been worked in what has been a slip from the main body of coal, and, consequently, was very much deteriorated in quality by this disturbance, becoming broken up and mixed with stone, sand, &c. We at once started to drive through this faulty coal, and are now within a chain or two of a large bed of as good coal as there is in the Green Island District. We have not tried in any way to increase our trade, as we preferred waiting until we got on to the good coal, yet we have increased our returns to the Railway Department. We can put our coal into the trucks for 2s. per ton at least cheaper than any other mine in the district, owing to the way in which our works are situated. We do not require any shaft or engine to work our mine. You will therefore see that we can easily treble our output the minute we get on to the proper coal, which we know, beyond question, exists under the part of our property towards which we are now working. We may mention that Mr. Freeman, whose ground our line runs through, would have been using our line ere this were it not that he would require to pay us 6d. per ton for every ton going over it. If the line was Government property Mr. Freeman would use it at once, as his mine is becoming very expensive to work from his present siding owing to the heavy haulage he has; but if he sunk a shaft beside our line he would then work his mine to the rise instead of to the dip as at present. The line costs us only about £2 15s. to £3 per week to maintain, so that with even our present output the Railway Department would derive a net revenue of £1,000 per annum from it at least.

We are having a report prepared by Mr. Ford, mining engineer, which we will forward to you. We have also requested Mr. Henry Howarth, of Wellington, who was formerly a director in the company, to give evidence before you. If there are any other particulars you may require, kindly let us know, and we will furnish them without delay.

We are, &c.,

THE FERNHILL RAILWAY AND COAL COMPANY (H. T. LOGAN).

The Chairman, Public Accounts Committee, Parliament Buildings, Wellington.

The SECRETARY, Whangarei Coal-mining Company, to the CHAIRMAN, Public Accounts Committee.

DEAR SIR,—

The Whangarei Coal-mining Company (Limited), Auckland, 12th July, 1886.

We have to acknowledge your telegram of the 8th instant re Whangarei Branch-line, with thanks.

Enclosed please find balance-sheet for year ending the 31st July, 1885; also list of shareholders, both of which are certified as correct. During this twelve months the mine was closed whilst the line of railway was being constructed, and when the balance-sheet was made out it was still under construction, as the railway is only put down at £4,115.

We notice from the papers that a petition has been laid on the table which prays that a second-rate station should be put on our section. We know for a fact it would be a great convenience to many of the settlers round the mine and the men working at the mine, and be an item of revenue to the department.

F. J. Moss, Esq., M.H.R., Chairman,
Public Accounts Committee, Wellington.

I have, &c.,
T. JAMES,
Secretary, Whangarei Coal-mining Company.

The SECRETARY, Whangarei Coal-mining Company, to the CHAIRMAN, Public Accounts Committee.

DEAR SIR,— The Whangarei Coal-mining Company (Limited), Auckland, 15th July, 1886.

It may be impossible for the next few days for the company to send to Wellington any representative to give evidence *re* Whauwhau Branch-line. So, in lieu thereof, we append a few of the principal reasons for our asking the Government to take over the line, for the Committee's consideration.

We have divided them in two parts: First, that the Government, recognizing and wishing to foster native industry, intended to construct this line—as shown by actual grant of £2,000; but, things turning out differently to expectations, the company provided the money for construction under the distinct verbal promise that within a short time the Government would take it over. Secondly, the injustice of paying full freight for coal from mine, a quarter of the distance being over our own line, the interest and cost of maintenance being a yearly charge of about £600; the inconvenience of the present system; the revenue, and how it might be increased.

There are a few minor points which we have mentioned in ours to the Premier of the 21st June, which we will not now recapitulate. We think Mr. Mitchelson would give information in regard to these points raised.

F. J. Moss, Esq., M.H.R., Chairman,
Public Accounts Committee, Wellington.

I have, &c.,
T. JAMES,
Secretary, Whangarei Coal-mining Company.

WHAUWHAU BRANCH-LINE.

Actual Grant of £2,000.—A number of years ago Mr. Ormiston, then member for Mangapai, obtained a grant of £2,000 to be put aside by the Government for the purpose of making a tram-line from our mine to the river. It was about the time of the change of Governments from Provincial Councils, and, consequent on this and Mr. Ormiston's death, together with the influence brought to bear by the owners of the Kamo Mine (just discovered at this time), the money was used to pay for compensation on the line to the Kamo Mine.

Ministerial Promises.—The company saw they could never develop the mine without providing better carriage, so they wrote to and interviewed Ministers on several occasions. The Kamo-Whangarei line being built, the company wanted a branch line to their mine, and Ministers, recognizing the justice of the petition, promised to construct the line, but the company was to borrow the money for the making of the line. It was to be constructed under Government supervision, and on its completion was to be taken over by the Government. The money was borrowed and handed to Government in sundry bonds, and now stands as borrowed money by the company, to be repaid when the company shall have the money returned by the Government. Mr. Mitchelson can give you evidence on these points.

Present and Future Revenue.—The output at the present time exceeds 1,000 tons a month, in spite of the bad times, which affect us very much. This means a yearly revenue to the Government of £1,200 per annum. We pointed out in previous correspondence (see letter to Sir R. Stout, 21st June) that this can be augmented very much by an expenditure of a few pounds in a flag-station for the use of settlers. And we notice that a second petition has been presented to the House by these settlers, praying that they may use this line. We believe fifty families signed it, who would willingly make use of this line, and that the revenue would be thus increased. The distance from the mine to river wharf is four miles (more or less); for this we pay railage 2s. per ton. Of this distance 1 mile 3 chains is over our own line, for which we pay in interest and maintenance £600 (about). So that, if we send down 1,000 tons in a month, it costs us—railway freight at 2s.—£100; one-twelfth of yearly interest, &c., £50: equal to £150, or 50 per cent. more than other mines on the same line!

Balance-sheet and List of Shareholders forwarded.—From these you will see that the company is in every way a legitimate one, the shares being in the hands of a good number of people. We would refer you to our letter to Sir R. Stout, dated the 21st June, in which we mention other reasons.

The GENERAL MANAGER, New Zealand Railways, to the CHAIRMAN, Public Accounts Committee.

SIR,—

Railway Department, Head Office, Wellington, 10th July, 1886.

I have the honour to inform you that I have an account of the working of the Riverton-Nightcaps branches for 1883-84, which will fairly represent the results of working the branch as a whole. It would take some time to make out a statement for the past year, and I therefore beg to submit that for 1883-84, which will probably not differ materially: Length, 49 miles; revenue, £12,251; expenses, £10,204; net revenue, £2,047. The length includes the coal company's line, 2 miles 24 chains. It cannot be readily estimated what precise value the coal company's extension would be to the Government line; but there clearly is an advantage, as all the trains make the coal-mine the terminus. The attached return shows the particulars of goods received at and forwarded from the coal-mine station.

I have, &c.,
J. P. MAXWELL,
General Manager.

The Chairman, Public Accounts Committee, Wellington.

P.S.—I also enclose a return of the coal traffic on the Whauwhau, Shag-point, Fernhill, and Nightcaps Branches for the past six years.

Inwards and Outwards Traffic, Nightcaps Station, Year ending the 2nd January, 1886.

	Outwards.	Inwards.
Drays, wagons, &c.	2	4
Trucks, chaff .. .. .	..	3
Cattle	12	3
Sheep	32	119
Pigs	1	..
Wool (bales)	462	1
Timber (trucks) .. .. .	..	14
Timber (superficial feet) .. .. .	..	160,200
Grain	355t. 9cwt. 2qr.	49t. 2cwt. 2qr.
Merchandise	15t. 5cwt. 0qr.	158t. 15cwt. 3qr.
Minerals	2,046t. 14cwt. 0qr.	43t. 10cwt. 1qr.

NOTE.—This statement of traffic is not for the ordinary financial year; but, having been recently got out for purposes of consideration of the traffic on the line, it is now submitted as giving an approximate statement of the traffic on the line other than coal. The statement of coal-traffic for each financial year will be found in another return.—J. P. MAXWELL.

RETURN OF COAL TRAFFIC from WHAUWHAU, SHAG-POINT, FERNHILL, and NIGHTCAPS, from 1880-81 to 1885-86.

Mine.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	Total.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
WHAUWHAU .. .. .	..	..	..	..	..	..	10,290*
Shag-point	31,685	22,840	18,298	20,214	360	6,448	99,845
Fernhill	6,490	4,045	3,383	9,047	11,405	7,500	41,870
Nightcaps .. .. .	..	335	8,311	10,623	11,734	7,852	38,855
Total	38,175	27,220	29,992	39,884	23,499	32,090	190,860

* For 43 weeks only; mine opened 24th August, 1885.

List of the Proprietors in the Nightcaps Coal Company: William Handyside (managing partner), Invercargill; William Johnston, farmer, Nightcaps; William Murray, merchant, Melbourne; John Roberts, merchant, Dunedin; John Dalgliesh, merchant, Invercargill; Charles Edward Twining, mining engineer, Dunedin.—WILLIAM HANDYSIDE, Managing Partner.

(Memorandum.) Public Works Department, Engineer-in-Chief's Office, Wellington, N.Z., 15th July, 1886.—In reply to your inquiry, made through the General Manager, Railways, re extension of Nightcaps Railway, I have to state that the line has a gradient of 1 in 40·7 on a 20-chain curve for 44 chains. It can be reduced to 1 in 50, without altering the alignment, for about £900; and by deviating the line the cost may possibly be made a little less. There is no necessity for altering the gradient at present, as it is in favour of the mineral traffic; but it will be desirable to do so if ever the line is extended for any considerable distance.—JOHN BLACKETT.—F. J. Moss, Esq., M.H.R., Chairman, Public Accounts Committee.

The SECRETARY, Dunedin, Peninsula, and Ocean Beach Railway Company, to the CHAIRMAN, Public Accounts Committee.

SIR,— The Dunedin, Peninsula, and Ocean Beach Railway Company (Limited), Dunedin, 9th July, 1886.

I have the honour to acknowledge receipt of your telegram of to-day's date, and, in reply, advise you that the only revenue of the company has been the net amount received from the Government, after deducting charges for repairs, maintenance of line, and hire of rolling-stock, the smallness of this amount—as mentioned in my letter of the 9th June to the Hon. the Minister for Public Works—being caused by the want of the terminal site in the city, the heavy Government charges, and the fact of the line only being used on public holidays and race meetings, it being absolutely impossible for the company to work as a private concern for the convenience of the public with the ordinary daily traffic without the said terminus.

I have, as you are aware, forwarded with above-mentioned letter a statement of the gross takings of the company, as supplied by the Government.

The railway was valued by Messrs. W. N. Blair and H. P. Higginson, in December, 1878, at £17,000, as per copy enclosed; and, again, by Mr. Blair, in April, 1881, at £18,000, the difference being the increased value of the freehold; but since then the population all along this line of railway has increased to an enormous extent, and at the St. Clair end, where in 1881 there were only two or three houses, surrounded by fields, there is now a very large population.

On every afternoon, Saturdays and holidays especially, the beach is thronged with pleasure-seekers, most of whom would go by the railway, if running. To give you an idea of their numbers I have the honour to hand you an instantaneous photograph, taken on a Saturday afternoon.

As instructed, I beg to hand you certified list of shareholders.

I have, &c.,

MONTAGU PYM,

Secretary, Dunedin, Peninsula, and Ocean Beach Railway Company (Limited).

F. J. Moss, Esq., M.H.R., Chairman, Public Accounts Committee, Wellington.

Dunedin, 24th December, 1878.—The Chairman of the Dunedin, Peninsula, and Ocean Beach Railway Company.—SIR,—I have the honour to hand you herewith the valuation of your railway made and certified to by W. N. Blair, Esq., and myself.—I have, &c., H. P. HIGGINSON. Certificate: We, the undersigned, having duly examined and measured the works and appurtenances of the Dunedin, Ocean Beach, and Peninsula Railway Company, hereby declare the value to be £17,000. In addition to the works in the main lines and sidings, this valuation includes the siding to Musselburgh Quarry, the permanent-way material in stock, and the land occupied by the railway through the Township of Musselburgh. It does not, of course, include the preliminary and legal expenses, which are also chargeable to capital account.—H. P. HIGGINSON, and W. N. BLAIR.—Dunedin, 24th December, 1878.

Dunedin, 28th December, 1878.—The Chairman of the Dunedin, Peninsula, and Ocean Beach Railway Company.—SIR,—With respect to the valuation of the above line, I have the honour to send you the separate amount arrived at under the following different heads: Earthwork, including formation, ditching, and pitching, £5,231; bridges, culverts, level-crossings, and fencing, £973; permanent way (material only), £2,876; ballast, sleepers, and platelaying, £3,780; stations, platforms, &c., £2,300; sand, £1,000; engineering supervision, and contingencies, £840: total, £17,000.—I have, &c., H. P. HIGGINSON, C.E.

Extract from Mr. Blair's report of the 7th April, 1881.—“From recent examination and measurement I estimate the value of the Dunedin, Peninsula, and Ocean Beach Railway at £18,000.—W. N. BLAIR, M. Inst. C.E.”

List of Shareholders in the Dunedin, Peninsula, and Ocean Beach Railway Company (Limited), all fully paid up: William McLauchlan, 1,350 shares, £1 each; John Fergusson Harper, 7,384 shares, £1 each; David Proudfoot, held by C. C. Kettle, 508 shares, £1 each; E. B. Cargill, Dr. T. M. Hocken, H. Bastings, and others, 1,800 shares, £1 each; T. M. Hocken (Dr.), 1,592 shares, £1 each: total shares, 12,784. Mortgage of £4,500, at 9 per cent.—The above is a correct list of the shareholders in the Dunedin, Peninsula, and Ocean Beach Railway Company (Limited).—CHARLES C. KETTLE, Notary Public, Dunedin, 9th July 1886.

The UNDER-SECRETARY for PUBLIC WORKS to the CHAIRMAN, Public Accounts Committee.

Re Ocean Beach Railway.

SIR,—

Public Works Department, Wellington, 10th August, 1886.

In reply to your questions of yesterday's date, as per copy of your letter attached, I have the honour to state as follows:—

I. The railway was constructed under the authority of the fourth section of “The Railway Companies Act, 1875.” The Governor's assent to the construction of the railway was given on the 27th June, 1876.

II. When the railway was authorized, no conditions as to maintenance and running trains were stipulated for, as the Act provides that the Governor may from time to time prescribe regulations fixing tolls, fares, minimum number of trains per diem, and quantity and quality of rolling-stock to be used on such railway. The Act also provides for the Governor appointing an officer to inspect the railway at any time, and for compelling the company to keep the line in repair.

III. The termini of the line, as authorized by the Governor, were as follows: 1. Junction with Government line, 57·70 chains from south end of Dunedin passenger-platform. 2. At Hastings, close to Forbury Race-grounds. 3. Anderson's Bay.

The line to Hastings stops a little more than a chain short of what was originally intended. The branch to Anderson's Bay was originally intended by the promoters to have been made to Portobello, but it was only authorized to be made as far as Anderson's Bay.

The Chairman, Public Accounts Committee.

C. Y. O'CONNOR,
Under-Secretary for Public Works.

The MAYOR of DUNEDIN to the CHAIRMAN, Public Accounts Committee.

(Telegram.)

HOPKINS Government will see its way to take over Ocean Beach line, as it will greatly benefit citizens in many ways.

Dunedin, 10th August, 1886.

The Chairman, Public Accounts Committee.

JOHN BARNES,
Mayor of Dunedin.

RE KAMO COAL.

Memorandum.—With reference to the report of the 28th July herewith, the coal from the Whauwhau Mine is the same quality as that reported upon.—E. MITCHELSON.—3rd August, 1886.

S.S. "Hinemoa," Wellington, 28th July, 1886.—The Secretary, Marine Department, Wellington.—Sir,—I have much pleasure in reporting favourably on the last quantity of Kamo coal received on board the "Hinemoa," at the end of May last. I have used Kamo coal in different steamers for the last six years; and can say, without doubt, the last was by far the best I have ever used from that mine, and, if well screened, will compare most favourably with most of the other New Zealand coals.—I have, &c., W. G. LODDER, engineer, s.s. "Hinemoa."—I quite agree with Mr. Lodder as to the quality of the last lot of Kamo coal we got for the "Hinemoa." When using that coal the "Hinemoa" steamed quite as well as if she had been using Bay of Islands coal.—JOHN FAIRCHILD.

RE PURCHASE OF LINES.

The CHAIRMAN, Public Accounts Committee, to the Hon. MINISTER for PUBLIC WORKS.

SIR,—

Wellington, 10th August, 1886.

The Public Accounts Committee this day resolved that the Government be asked whether it is their intention to purchase the lines of district railway referred to the Committee on the 5th July (on your motion), provided the Committee recommend the prices as suitable.

The Committee adjourned till eleven to-morrow, pending your reply, in order that they might come to a final conclusion.

The Hon. the Minister for Public Works.

I have, &c.,
F. J. MOSS.

The Hon. MINISTER for PUBLIC WORKS to the Chairman, Public Accounts Committee.

(Memo.)

THE Government referred this matter to your Committee with a view of getting its opinion as to whether or no it would be judicious to purchase these lines.

10th August, 1886.

EDWARD RICHARDSON.

By Authority: GEORGE DIDSBUY, Government Printer, Wellington.—1886.