

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.

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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.