

realizing a revenue to the colony as before stated, and has been opened up at an expense of over £20,000, and capable of turning out 150 tons per day, the Government should take the necessary steps to recoup the company the cost of the line, £8,024.

The company have always been under the belief that, when the line was handed over to the Government, they would be paid the cost of construction, or be allowed interest on their capital, as the annexed telegram will show. The company therefore trust the Minister for Public Works will see his way to relieve a young and struggling company from this burden, when the very reproductive nature of the work is taken into consideration.

F. D. RICH.

New Zealand Government in Account with the Shag Point Coal Company (Limited).

1879.	The Shag Point Branch Railway :—	£	s.	d.	£	s.	d.
Nov. 5. To	Jesse Coates's contract	5,808	5	11			
	New Zealand Railways, carriage on rails and timber ...	247	19	7			
	Legal expenses	201	1	0			
	Sundries: Blacksmith work, &c.	4	12	8			
	Reid and Duncan, survey	470	0	0			
						6,731	19 2
	Public Works Department, for rails, points, and crossings					1,492	14 9
	Total					£8,024	13 11

No. 4.

The DUNEDIN, PENINSULA, and OCEAN BEACH RAILWAY COMPANY to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Dunedin, 9th June, 1886.

I have the honour, under instructions from the Dunedin, Peninsula, and Ocean Beach Railway Company (Limited), to place their railway-line and concession under offer to the Government for the sum of £11,500, this price representing considerably less than half the actual cost of construction.

I shall feel greatly obliged if you will bring this matter before the Cabinet, and for your kind consideration I would respectfully lay before you the following facts in favour of this line being acquired by the Government :—

1. This railway is the only one constructed under "The Railway Companies Act, 1875," and is actually an extension of the Dunedin and Port Chalmers line; and, owing to the fact that the Government have not fulfilled a promise made when the line was first constructed to give the company a station-site in the city, the company has been unable to work their railway separate from the Government system with advantage.

2. That, owing to the Government not supplying the site for the terminus as agreed, the company have thereby been much hampered in the running of trains for ordinary traffic.

3. The whole of the present revenue—and that an increasing one—is for passenger-traffic on race- and show-days, and for the carriage of coal to the gasworks only. (Statement of receipts since June, 1883, attached.)

4. If the railway were the property of the Government, the Port trains could be run over this line, as a part of the suburban railway-system, at very trifling extra cost, and the returns would be increased to an enormous extent.

5. It would, in the hands of the Government, prove of immense value to the Defence Department, as, with little cost, it could be extended to both Lawyer's Head and St. Clair, to within a few chains of the batteries, and at any time could be utilized for the conveyance of men or ammunition.

6. If required, the twenty-one years' lease of the South Dunedin Endowment (as per plan enclosed) could be secured, and the formation of a series of coal sidings would greatly relieve the present station-yard accommodation, and would satisfy the residents on the flat, who have for some time past been calling on the Government to supply this want.

7. Running through a densely-populated district, this railway will speedily prove to the Government one of its most remunerative lines; and it must also be taken into account that, in addition to the passenger-traffic, a large goods-traffic would be secured. Several coal companies are anxious to establish coal dépôts at Anderson's Bay, Musselburgh, South Dunedin, and St. Clair, and would send all their coal by rail, saving handling, and thereby reducing the price to consumers by at least 2s. 6d. per ton.

8. Then, again, all the stock, machinery, &c., going out to the show-grounds at Tahuna Park would be taken by rail; a siding into the park could be easily made, the distance being only about two hundred yards. Freight on stone and bricks from Beggs's Quarry and sand from the beach is estimated to produce from £400 to £500 a year.

Finally, I would respectfully point out for your special consideration that the price asked by the company for the line does not amount to the value of the station-site which the Government at that time agreed to give the company as before mentioned.

Awaiting your favourable reply, I have, &c.,

MONTAGUE PYM,

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

The Hon. the Minister for Public Works, Wellington.