

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.;