

206. Do you know of any one familiar with it, or who has reported on it, because we want information as to whether you would make arrangements to bring such timber to the line, or whether you would bring it out to tidal water by creek?—Our Inspector made a short report on this, but he had not sufficiently explored the country to speak with certainty; he, however, believed the timber could have been got out cheaper without the railway, but there is no report which would enable me to speak with certainty.

207. What price per hundred do you think would induce you to make arrangements to clear your forest, or get the timber out of the Kaihu Valley and deliver it to the Dargaville wharf?—I have formed no idea.

208. What led me to ask was that we were led to understand at Dargaville that a good deal of discussion *pro* and *con* had passed between yourself and the Kaihu Company, and that you would have a determined purpose in your mind as to how you would act?—There was no discussion on that point. The company, I believe, were prepared to make some concession, but I understand the Government schedule rate would be 1s. 2d. and 1s. 3d. per hundred. I believe the company intimated as much, but not directly, that they would be prepared to make rates that would be more advantageous to the Kauri Company than that.

209. When the Kauri Timber Company made arrangements with the Kaihu Railway, did you not fix a tariff?—Our arrangement with the Kaihu was for the delivery of the timber in the river.

210. Only endowment timber?—Yes; that is the timber that belonged to them. Their contract was to deliver it into the water.

211. At what price?—3s. 6d. I think, but I am not certain.

212. And at that time you had no negotiation for the rate at which your timber was to be carried?—No; that was not part of the arrangement, but it was held out as an inducement. That was one reason why we went into the contract, to enable them—first, to build a railway; and, secondly, to work it so that they would be able to carry our timber at a low rate.

213. Is it correct that your company was to advance them £20,000 to help them to complete the line?—I think it was £25,000.

214. Was that without interest?—No; they were to pay interest. The original arrangement was this: We looked upon it as two contracts. One contract was that they were to deliver the timber at a price named—I think it was 3s. 6d.—with the further inducement that they were to carry our timber; and then, to enable them to complete their contract, we were to advance them, on the completion of the first section, £15,000 upon the security of the two-thirds of the endowments—security to be given over the whole of their endowments before the last payment of £10,000 was made, amounting in all to £25,000. In other words, they were to give the whole of the security for the advance of £25,000. We found they had not power to do it, and it then fell through.

215. *Mr. Macarthur.*] What is your estimate of timber in the Kaihu Valley that would go by the railway?—We have various estimates, but what would go by railway I could not say. It is variously estimated at about 100,000,000ft.

216. Is that the whole of the timber, including what would go by rail and other means?—I believe it would all go by rail; but I am not clear; I have only been past it a couple of times.

Mr. WILLIAM HENRY HALES examined.

217. *The Chairman.*] You are District Engineer in the Auckland District?—Yes.

218. You passed vouchers as progress-payments for the construction of the Kaihu Railway—advances to the company for progress-payment?—Yes.

219. Did that necessitate your inspecting the line from time to time?—No; I did not inspect it at all until the final completion of the railway.

220. Will you just state to the Commission your opinion as to the construction of the railway—as to its character—if it is well constructed or otherwise?—It is a good railway, and it is constructed in accordance with the Government standard contract specifications. In every respect it is a good work.

221. The weight of the rails is, we understand, 53lb. to the yard, and they are steel rails?—Yes.

222. And the sleepers are kauri?—Yes.

223. Considering the traffic upon the line being principally timber traffic, do you not think lighter rails might have done to bring it along at a slow speed?—Yes; but it is a question whether there would be any advantage.

224. The apparent advantage would be that the lighter rails would be cheaper?—But the wear of rolling-stock, &c., would be so much greater.

225. Even at slow speeds?—Yes. Of course 40lb. steel rails would be quite good enough for such traffic as that.

226. I suppose there would be a good deal of expense shifting the rails and replacing them, supposing that were thought of?—Yes; because you could not use them without carrying them a considerable distance.

227. Could you say how much it would cost to shift the rails and replace them?—It would cost about 1s. 9d. or 1s. 6d. a yard, as it did at first.

228. *Mr. Macarthur.*] That is, to take them up and put them down in another place?—Yes. I do not think it would be worth while when you consider the expense.

229. *The Chairman.*] Might it not pay in this way: that partly-worn-out rails might serve?—Yes; you might use old rails that had been used in heavy traffic. There might be a saving in that case.