Mr. OLIVER NICHOLSON examined.

Witness: I am managing clerk to Mr. Mackechnie, solicitor for the Kaihu Valley Railway Company. The title of the Kaihu Railway Company, from the Wairoa River to the boundary of Mrs. Dargaville's block, consists of a certificate of title in the company's name, which certificate of title Mr. Mackechnie holds as solicitor for the Kaihu Company. The Kaihu Valley Railway Company have covenanted with Mr. Mackechnie, as Mrs. Dargaville's trustee, to execute a declaration of trust that they would hold the railway-line passing through the block for railway purposes only. From the boundary of the Dargaville Township to the Kaihu Creek the line passes over a road taken under the Native Land Acts. From the Kaihu Creek up to the Native reserve in Nimmo's block, and from the boundary of the Native reserve up to Mr. Tinne's, the vesting order has been signed by the Judge, vesting the land in the Kaihu Company. This order has not been registered, but Mr. Mackechnie holds it subject to a lien for costs. From Nimmo's block, through Tinne's, a vesting order has been issued by the Court, vesting the line in the Kaihu Company, and this vesting order Mr. Mackechnie holds. The certificate of title and the two vesting orders are held by Mr. Mackechnie subject to a lien of £556 7s. 7d. Before obtaining the two vesting orders through Nimmo and Tinne's lands, the Kaihu Company executed two deeds of covenant, whereby they covenanted with Nimmo and Tinne to carry their goods and passengers from their blocks at rates rateably in proportion to the rates charged on other portions of the line. They also covenanted to take one truck once a day for the convenience of these people, to carry their goods. I think that is about all in connection with the title. No vesting orders have been made, nor has the title of the company been completed to the line from Tinne's land to the terminus. No compensation claims have, as far as I am aware, been made on the company for such last-mentioned portion.

257. *The Chairman.*] I think you said in your evidence that the railway-line through the Dargaville Township (about half a mile) was given subject to the line being always used for railway purposes?—Yes. This was covenanted for at the same time as Mr. Mackechnie consented to make the application to the Court for a vesting order.

258. I suppose after it ceased to be a railway the land would revert to Mrs. Dargaville?—Yes; that is mentioned in the deed.

259. Is the deed registered?—No; before Mr. Mackechnie could register it a mortgage to the Crown was placed on the certificate of title.

260. You say it is part of the agreement with Nimmo and Tinne that a truck should go up once a day for their use?—Yes; I believe it is.

261. Is that registered?—No; because the vesting orders are unregistered. I could produce the deeds of covenant and these particular clauses.

262. I should like to see these deeds of covenant. [Deeds produced.] ?—As far as this particular title of Dargaville's is concerned, Mr. Mackechnie lodged a vesting order, upon which he had a lien for costs. No costs had been paid on the application by the company. Between the time of the lodging of the vesting order and the issuing of the certificate of title I found out that the mortgage to the Crown was in the Land Office, and I surmised that Mr. Kissling would indorse the fact of the mortgage on the certificate of title before handing it back. I then went up to the Land Transfer Office and withdrew the registration of the vesting order. Mr. Kissling then saw me in connection with the matter, and said that Mr. O'Connor and himself and the secretary of the company had arranged that a certificate of title should issue to the Kaihu Company on the vesting order, and asked me to relodge the vesting order so that the certificate of title could be issued. I relodged the vesting order; but when the certificate of title was issued it contained the indorsement of the registration of the mortgage to the Crown.

WEDNESDAY, 26TH FEBRUARY, 1890.

Mr. ROBERT CLAPHAM BARSTOW examined.

Witness: I wish to correct my evidence given before the Public Accounts Committee, in Wellington, with reference to blocks Kaihu Nos. 3 and 4. I then stated that they were Native lands. I now find that they are part of the estate belonging to Mr. Nimmo, and included within the vesting order. I also wish to allude to Block XI, Waipoua Survey District, in regard to the position of the line through the trig. station. That line should have been considerably to the north, so as to include the main body of the kauri, which was a point the company were most particular to secure. The line by some mischance, as I have already stated in my evidence before the Public Accounts Committee, was drawn in the Survey Office so as to exclude that timber. I consider that this has very much lessened the value of the land Crown-granted to the company. I acquiesced in the Crown-grant boundary in the belief that the line included the kauri which has been left out; in fact, Mr. Percy Smith pointed out to me that the line did include the kauri I have referred to, which is now shut out. The company had an estimate from Mr. Norman Campbell as to the cost of taking the logs from the bush on to the line of railway: the average cost is 1s. 5¼d. per 100ft.

263. *Mr. Monk.*] In what manner was it to be conveyed to the line?—Mr. Norman Campbell would have taken it all by driving, and pointed out upon a plan the position where he would put the dams. On the other hand, Mr. Richard Mitchelson, if he had undertaken to get out the timber for Matthew's syndicate, would have brought a portion of it out by tram. Mr. Mitchelson's estimate is also 1s. 5d., and he was willing to enter into a contract to bring it out at that price. As showing the value of standing kauri, I refer to a recent purchase of Mr. Trounson of three sections from the Government to the east of the Kauri Timber Company's property. Mr. Trounson lives in close proximity, and has dealings in kauri timber. He paid at the rate of nearly 10d. per 100ft. on the estimated quantity of kauri timber. This estimate takes no account of the value of the land. It would be much more difficult to bring this timber to the line than that in the endowment. I mention this to show by comparison the value of the kauri in the company's endowment.