

45. Could you say what size vessel it was?—She was a three-masted vessel of about 600 tons, I should think.

46. Who loaded her?—I do not know.

47. Do you know the depth at low water?—I do not.

48. *Mr. Monk.*] Do you remember the tonnage of the large vessel that was loaded some ten or twelve years ago?—I was not here then.

49. But you have heard of her?—Yes.

50. *The Chairman.*] Do you know the rise of the tide?—I think it is about 9ft. Spring-tides would be a little more—about 11ft. I have seen English vessels from Home, loaded with railway-iron, and drawing a lot of water, come up to the Railway Wharf. I believe they were not injured in any way. They would bed in the mud at low water, of course.

51. Were they lightened?—I have not heard of it.

52. Where are you working now?—At Kahikatea, for the Kauri Timber Company.

SATURDAY, 8TH FEBRUARY, 1890.

Mr. JAMES McMULLEN DARGAVILLE examined.

*The Chairman:* The object of the Commission, as you are no doubt already aware, Mr. Dargaville, is simply to inquire into the present state of the Kaihu Valley Railway Company, and also as to its future prospects. You, of course, as one of the original promoters and a present director of the company, might wish to make some statement regarding it. We have received some information from Mr. Barstow regarding the present financial position of the company, and are now here more directly in relation to what I might call the future prospects of the railway, as regards the likelihood of traffic and the probable development of the kauri bushes at the head, and generally as to the probability of the railway being a successful enterprise.

*Mr. Dargaville:* Well, Mr. Chairman, of course I would rather that you gentlemen should question me upon any particular points with reference to the whole enterprise as may seem best to you; but perhaps you will do that later on. I would content myself now with giving a very brief account of the affair from its inception down to its present state: In 1883 it occurred to Mr. Mitchelson and myself that the Railways Construction and Land Act might be advantageously availed of for the purpose of getting a railway up this valley. We sent a Mr. Fulton up from Wellington to make a flying survey and to report to us what the probable cost of the line would be; and he reported, I think, that a cheap line, suitable for the timber trade, might be made for £59,000, or thereabouts. In face of that, and in face of reports that we had as to the quantity of kauri timber that might come to us as an endowment, and the quality of the land also round about that locality at the head of the line, we considered it good enough to form a company for the purpose of constructing the line in terms of the Railways Construction and Land Act. Mr. Mitchelson left Wellington and came up to Auckland, and obtained a number of colleagues in the enterprise there—the present shareholders of the company, in fact. We then negotiated with the then Government—the Whitaker-Atkinson Government, I think it was called—for the construction of the line. The basis of our estimate was: A railway-line to cost, say, £60,000; and from the report of Mr. Palmer, a surveyor, who was sent up here to give us a report on the quantity of timber, and of, I think, a Mr. Nicholson, of Port Albert, and Mr. Mitchelson's own idea of what was there, we estimated that we should have from 70,000,000ft. to 120,000,000ft. of timber. In view of these things, and the quality of the land between there and the head-waters of Hokianga, we thought it would be an exceedingly good enterprise, and would open up the district. We therefore contracted with the Government in terms of the contract that is now in existence. You will see that the estimated cost of the line was £3,000 a mile, which would be about £60,000 for nineteen miles and a half. That was on Mr. Fulton's estimate, but it turned out to be too low altogether. Well, the shareholders were called upon to pay up to the extent of, I think, £7,000 odd in money, and we went on with the construction of the line. In course of time we found a difficulty in quitting our debentures, because of a legal point raised in London that we had no power to give a mortgage over our endowments as security to the debenture-holders. I forget what the point was, but in London some sharp lawyer raised a point showing that we could not give our endowments as security for these debentures. Finding ourselves without that security, we asked the Colonial Government to either amend the Act or to guarantee our debentures—which latter they, with the consent of Parliament, agreed to do to the extent of some £50,000, taking a mortgage over the line as security. We went on very satisfactorily after that, until we found ourselves involved in legal difficulties with the Kauri Timber Company, to whom we had proposed to sell our kauri. The estimated quantity of kauri had by that time been considerably reduced, and I think was stated as between 50,000,000ft. and 60,000,000ft. The Kauri Timber Company agreed, I think, to give us £25,000; but for some reason—I fancy because they were not financially in a position to do it just then—they withdrew from their undertaking, leaving us rather in a corner, because we had in the meantime contracted with Mr. Fallon to finish the line on the strength of what money we were going to get from the Kauri Timber Company for our kauri. We supposed we held a legal agreement out of which they were unable to wriggle, but it turned out otherwise. I may say that the fact was that we were then left in such a position that we were not able to pay our contractor, Mr. Fallon, who had consequently to knock off in the middle of his contract. It transpired about that time that many of the shareholders of the railway company became involved in financial difficulties themselves. The affairs of six or seven of them became so involved that they could have been of no assistance to us. The cause of Government interposition arose from the fact that we have not been able to pay the interest due on our debentures for the last two half-years.

*The Chairman:* There was Mr. Matthews also.