

of timber. They are supplying their mills in the meantime by picking out two or three million feet in one remote place, and two or three millions in another. As to the quantity of timber in the Kaihu Valley, I am not an expert at giving an opinion on matters of that kind, but I believe that there is 100,000,000ft. or 150,000,000ft., including what belonged to Dr. Campbell. I mean in the whole basin, in addition to the kauri on the endowment, which I estimate at between 50,000,000ft. and 60,000,000ft., which must of necessity nearly all come down by the railway, in preference to any other system of bringing it down to the main river. It is quite possible that some of the timber might be brought by a tramway to a point in the Kaihu Stream from whence it could be floated down. That would be, I should think, from 20,000,000ft. to 25,000,000ft. of the nearest timber to this end at the north-east side of the valley. I am perfectly satisfied that without enormous outlay, and without certain rights of roads across the railway, which they will have to get parliamentary authority for—that they cannot bring the other timber to a point at which it can be floated. If they brought a tramway down, crossing the railway-line in various places, then of course the timber could be trammed down, but at greater expense, to a point at which it could be floated. Mr. Ware, who was managing director of the Union Sash and Door Company, had careful inquiries made upon the point, and he talked about the practicability of it, with a view of inducing us to bring their timber down on very low terms. I doubt, however, that he ever had any intention of giving practical effect to it, and I think he would perhaps be prepared to say so now.

55. Your evidence on that point amounts to this: that the railway affords superior facilities for bringing the timber down to the main river at cheaper rates than the remoteness of the Kauri Timber Company's forests would allow?—Certainly the railway would be the cheaper way now, at the ordinary rates. I wish to add this: When Mr. Blair, who is the managing director, or general manager, of the Kauri Timber Company in Melbourne, was last here, he hurried us up, saying, "We will take 20,000,000ft. a year from you;" and we pressed on for the purpose of meeting Mr. Blair's wishes in the matter. But Mr. Blair went away, and Mr. Holdship assumed control, and then the trouble began.

56. What you now say goes to prove that it would be more advantageous to bring the timber by railway than by any other way?—Yes. Our offer was to bring the timber for 1s. a hundred, I think, from sixteen, seventeen, or eighteen miles, which is lower than Government rates. We also made other concessions in measurement for bark, &c., but they apparently thought our necessities were such that they could cut us down to 5d. or 6d. a hundred.

57. *Mr. Macarthur.*] There is one question I should like to ask. It seems that the Bank of New Zealand claims to hold 200 fully paid-up shares. We can find no trace of it in the minute-book of the company?—There are no fully paid-up shares in the company. They do not hold them, for the simple reason that there are none. If there were they would be shown on the register, or in the minute-book of the company. There is no record of anything of that sort that I know of.

58. As a matter of fact they do hold them, and they are signed by the secretary of the company. There has been no authority to give them, but they have been given?—This is the first I have heard of them. They would represent £1,000.

59. Mr. Barstow was unaware of it until he was shown the shares?—I have no hesitation in saying that, if such shares are in existence, they have been irregularly come by.

60. It is an extraordinary thing that the board of directors should have no knowledge of a transaction of that sort?—The only explanation that can possibly be given is that some shareholder, who was unable to pay his calls, may have had a lesser number of fully paid-up shares awarded to him in lieu of his other shares, upon which £1 or £1 10s. would be paid; but it is a preposterous thing that such a transaction should have been gone into without the knowledge of the whole Board. No language that I could use would be too strong to describe it.

61. *Mr. Monk.*] You know where the present terminus is—that is, the one when Mr. Fallon's contract is completed?—Yes.

62. Do you consider that is the approach, or right place, for the timber on the endowment?—Well, if the line could be carried on further, of course it would be all the better for taking out the timber—say half a mile or a mile further on; but when we came to compare our means with the desirability of the thing, we found that we were stopped for want of capital from even contemplating the extension of the line.

63. Do you not think two miles would be better?—The original idea, I was given to understand, was for the terminus to be at the back of Nathan's house, and that is the best terminus for reaching that timber, even though the value of the endowment timber must be very much affected. The original idea was to carry it sufficiently far into our endowment to enable us to utilise the endowment with as little additional outlay as possible.

64. Am I not right in saying that even half a mile further the endowment would not be reached? It would cost too much if you had to bullock it down to the terminus even half a mile—it is a very broken country; whereas if you ran about two miles and a half further up the valley, you would get to the centre of the timber?—I am aware that the extension of the line would facilitate getting the timber from the large clump. Of course, the timber in the Mangatu Valley would not be affected in any way by it, but one particular large clump of timber could be got at with greater facility by extending the line in the way that you indicate. I may state here for the information of the Commission that we have had a very careful estimate made of the probable cost of getting that and the whole of the timber out to the fixed terminus at the end of Fallon's contract or below it, and Mr. Campbell and Mr. Richard Mitchelson went into it with a view of hauling it out by contract, and they gave (as I am informed) a written undertaking to get out the whole of the kauri timber on that endowment at a rate (delivered on to the railway-wagons) of 1s. 5½d. to 1s. 7½d. per 100ft.—that was to be the average cost.

65. Was that the written tender—viz., 1s. 5½d.?—Yes; and I think Mr. Matthews was armed with a legal written tender from fairly responsible persons when he went to Melbourne and Sydney