

1890.
NEW ZEALAND.

KAIHU VALLEY RAILWAY.

REPORT OF COMMISSION APPOINTED TO INQUIRE INTO TRANSACTIONS BETWEEN THE
GOVERNMENT AND THE KAIHU VALLEY RAILWAY COMPANY (LIMITED).

Presented to both Houses of the General Assembly by Command of His Excellency.

COMMISSION.

To all to whom these presents shall come, and to JAMES MCKERROW, of Wellington, in the Colony of New Zealand, Esquire, Chief Commissioner of Railways; DOUGLAS HASTINGS MACARTHUR, of Feilding, in the said colony, Esquire, M.H.R.; and RICHARD MONK, of Helensville, in the said colony, Esquire, M.H.R.; greeting:

WHEREAS on or about the sixteenth day of September last the Public Accounts Committee of the House of Representatives of the Colony of New Zealand, to whom had been referred certain matters in connection with the Kaihu Valley Railway Company (Limited) and the Government of the said colony, reported to the said House, among other things, that a full investigation should be made into the facts by a Royal Commission, which should visit the locality and recommend the steps that in the interests of the colony it might be expedient to adopt: And whereas a copy of the said report and of the minutes of the evidence on which the same was founded is hereto annexed [see Parliamentary Paper I.—8A of 1889], and, in accordance with the recommendation contained in such report, it is expedient that a Commission should be appointed for the several purposes therein and hereinafter mentioned and set forth:

Now, therefore, I, William Hillier, Earl of Onslow, the Governor of the Colony of New Zealand, in pursuance and exercise of every power and authority enabling me in this behalf, and having confidence in your knowledge, ability, and integrity, do hereby, with the advice and consent of the Executive Council of the said colony, appoint you, the said

JAMES MCKERROW,
DOUGLAS HASTINGS MACARTHUR, and
RICHARD MONK,

to be Commissioners, by all lawful ways and means to inquire into the several matters and things mentioned or referred to in the said report of the said Committee of the House of Representatives, or in the minutes of evidence accompanying the same, or which relate to the several dealings and transactions between the Government of the Colony of New Zealand and the said Kaihu Valley Railway Company (Limited) therein mentioned or referred to, and into all the facts and circumstances connected with or incidental or relating to the security entered into or given by the said company to the said Government, and into all matters and things touching and concerning the same respectively. And (subject, however, to the express terms hereof) I do authorise and empower you, or any two of you, to make and conduct such inquiry under these presents at such place or places within the Provincial District of Auckland, in the said colony, as you may deem expedient, and to call before you and examine on oath or otherwise as may be allowed by law, at any place where such inquiry may be held, such person or persons as you may think capable of affording you information in the premises; and I direct that all such evidence shall be fully and fairly taken down and transcribed in writing, and shall be signed by the person or persons giving such evidence. And I also hereby empower you to call for and examine all such books, documents, papers, maps, plans, accounts, or records as you shall judge likely to afford you the fullest information on the subject of this Commission, and to inquire of and concerning the premises by all other lawful ways and means whatsoever. And I also direct that you, or any two of you, shall visit the locality of the said railway, and of the endowment of land held by the said company in connection therewith, for the purpose of obtaining information in relation to this inquiry. And I declare that this Commission shall continue in full force and virtue, and that you, the said Commissioners, or any two of you, may from time to time proceed in the execution thereof, although the inquiry be

not regularly continued from time to time by adjournment. And I do hereby require you, with as little delay as possible, and not later than the thirty-first day of March next ensuing, to report to me under your hands and seals your opinion, resulting from the said inquiry, in respect of the several matters and things inquired into by you under or by virtue of these presents; and that you state and recommend what steps, in the interests of the colony, it may be expedient to adopt, having regard to the several transactions between the said company and the Government of the colony, and in what manner effect should, in your opinion, be given to such recommendation. And, lastly, I do hereby declare that this Commission is, and is intended to be, issued subject to the provisions of "The Commissioners' Powers Act, 1867," and "The Commissioners' Powers Act 1867 Amendment Act, 1872."

Given under my hand, and issued under the Seal of the Colony of New Zealand, at
Dunedin, this twenty-fourth day of December, one thousand eight hundred and
eighty-nine.

Issued in Executive Council.

(L.S.) ONSLOW, Governor.

RIVERSDALE WALBROND, Acting Clerk, Executive Council.

REPORT.

TO HIS EXCELLENCY THE GOVERNOR,—

We, the Commissioners appointed by your Excellency on the 24th day of December, 1889, to "inquire into the facts and matters relating to the several dealings and transactions between the Government and the Kaihu Valley Railway Company," and "to state and recommend what steps in the interests of the colony it may be expedient to adopt," have the honour to report as follows:—

The company was promoted to construct a railway of nineteen and a half miles, from Dargaville to the kauri forests at the head of the Kaihu Valley.

We find on inspection of the ground, and from the evidence appended, that the estimates of the quantities of kauri timber relied on when the project was introduced are greatly in excess of what actually existed in the forests, and that even this amount has been seriously diminished by recent bush-fires.

As the timber traffic was the main purpose for which the railway was projected, the prospect of its paying is greatly lessened on the reduced estimated quantity of kauri timber. The traffic from other sources is comparatively insignificant, and, as the area of the country suitable for settlement, lying into the railway, and to be served by it, is of limited extent, no great accession of traffic can be expected even when the timber is all removed and the bush occupied by settlers.

Sixteen and a half miles of railway have been completed, and open for traffic, for about a year.

The returns of revenue and expenditure from March, 1889, to 1st February, 1890, a period of forty-eight weeks, are respectively £1,071 14s. 3d. and £1,121 11s. 7d., or a loss of £50 in working-expenses for that period. The cost in maintenance and repairs has been much less than it will be in future, and there is no immediate prospect of an increase in miscellaneous traffic. Therefore, unless the timber traffic is developed, it is certain that the line would be worked at such a loss as to justify it being closed as a railway. As, then, the timber available, even if it should not be further destroyed by fire, can only supply a traffic for a few years at most, it would not be in the public interest to take over the debts and liabilities of the company, amounting to fully £35,000, inclusive of the cost of finishing the three miles of line in Fallon's and Mitchelson's contracts, in addition to the guarantee of the colony of £47,000 debentures, bearing interest at 5 per cent. per annum, which is now being paid by the Treasury.

As the above guarantee is a colonial liability from which there is no escape, we recommend that the Government should, in terms of the mortgage deed held by the Government as security for the debentures, take steps to realise the railway property by offering it for sale. Should the property fall to the Government, the line should only continue to be worked on the condition that the owners of the kauri forests agree to an early conversion of their timber, and so create traffic. Failing this latter arrangement, or a sale, the rails and rolling-stock should be removed. In such a case, an estimate by Mr. Hales, the Government District Engineer, shows that value for £10,000 would be recovered of the £47,000. We are of opinion, moreover, that, whatever arrangement, if any, may be entered into for the completion of the line to the nineteen and a half miles terminus or further, under no circumstances should it be at the expense of the colony.

Under any of these recommendations the position of the company will be that the endowment of 14,501 acres, and the uncalled capital, will be available to meet its debts and liabilities.

(L.S.) JAMES MCKERROW.

(L.S.) D. H. MACARTHUR.

(L.S.) RICHARD MONK.

March, 1890.

The CHAIRMAN, Kaihu Valley Railway Commission, to the Hon. the MINISTER for PUBLIC WORKS.
SIR,—

Wellington, 18th March, 1890.

I have the honour to hand you herewith, for transmission to His Excellency the Governor, the report of the Commissioners appointed to inquire into matters concerning the Kaihu Valley Railway.

The following is a list of documents also enclosed, being the records of the Commission:
1. Evidence of Mr. J. A. Raymond. 2. Evidence of Mr. J. M. Dargaville. 3. Evidence of Mr. F. W. Matthews. 4. Evidence of Mr. E. H. Hardy. 5. Evidence of Mr. T. H. Barstow. 6. Evidence of Mr. A. B. Wright. 7. Evidence of Mr. G. Holdship. 8. Evidence of Mr. W. H. Hales.

9. Evidence of Mr. D. Fallon. 10. Evidence of Mr. T. Kissling. 11. Evidence of Mr. O. Nicholson. 12. Evidence of Mr. R. C. Barstow. 13. Information obtained and furnished to the Commission by Mr. C. Y. O'Connor: (1) Sources from which funds for construction of railway were derived to 4th January, 1890; (2) total expenditure from all sources up to 4th January, 1890, as deduced from company's annual statements; (3) total liabilities as existing on 4th January, 1890; (4) summary statement of expenditure and liabilities; (5) list of contracts for construction works; (6) total cost of construction works to 4th January, 1890; (7) results from working the railway for twelve months ending 4th January, 1890.

I have, &c.,

JAMES MCKERROW,

Chairman of Commission.

The Hon. the Minister for Public Works.

MINUTES OF EVIDENCE.

FRIDAY, 7TH FEBRUARY, 1890.

Mr. JOSEPH AUGUSTUS RAYMOND, Mangawhare, examined.

1. *The Chairman.*] You are a bush contractor Mr. Raymond?—Yes.

2. We understand you have had considerable experience in the business?—I do not know about great experience, but I have had experience of some eight or nine years now; but I am entirely ignorant of the locality of the Kaihu.

3. Can you tell us what is the general cost or price of putting logs into the river—for instance, all up the Wairoa?—Well, of course the prices vary very much: if the timber lies easy for bullocks, so that it can be hauled straight into the water, the price is less; if a tramway has to be constructed, of course that construction has to be added to the cost of getting out the timber—it will then cost so much more.

4. In your case, do you undertake to deliver the logs at the mill, or do you simply undertake to put them into the creek?—Into the creek generally. It has been so in all cases that I have been engaged in. The logs are just put into the creek, and then the rafting is all done by the company—at least, it has been so far. I understand, however, that there are contracts to be let, and are let now, where the timber is to be delivered into the booms: for instance, at the Awakino I believe they are letting contracts in which they require the contractor to deliver into the booms.

5. Could you name the range of prices in regard to the delivery of logs into the creeks?—There have been contracts let—three or four to my own knowledge lately, though I have not had any—one was at 1s. 9d., another at 2s. 2d. In the one at 2s. 2d. the timber had to be trucked, I suppose, on an average, a mile.

6. That is including the construction of tram?—Yes. I may say that with regard to the contract at 2s. 2d. there was nothing in it. The man has finished and there is nothing in it.

7. Then, I suppose, after the logs are got into the stream it is the mill-owner who sees to the floating of them down himself?—Yes; but I believe in this case the parties had to maintain the booms and be responsible for any loss, which, under the circumstances, seemed to me to be very hard, because the booms were down at the river, and they lived a mile away in the bush.

8. Of course, in taking these contracts the quantity of stuff, no doubt, would be an element in the price?—Most decidedly.

9. What is generally the amount of timber included in a contract—say, at 1s. 9d.?—In this case I believe there were 1,500,000ft. at the 1s. 9d. I think there were 2,000,000ft. in the contract at 2s. 2d.—that is, as far as I have heard.

10. That is 1,500,000ft. at 1s. 9d.?—Yes.

11. That is by the process of drawing into the water with bullocks?—Yes.

12. I suppose the distance of tramway would average about a mile?—I do not know what distance it was there, and I could not tell what the average would be in this case, but I do not think it was much over half a mile. It was on the main river.*

13. *Mr. Macarthur.*] What price are they giving for timber in the round—buying it, I mean?—I think here 4s. For instance, if a private party had timber and delivered it into the water where the steamers can get it, it is as high as 4s. and 4s. 6d. for good sound timber.

14. That would be delivered on the main river?—Yes, or where the steamers could get it. I have heard of parties on the Mangonui, working private bushes, getting as high as 4s. for timber in the round.

15. What do you reckon is the average cost of driving timber? I mean in dams. Can you give any estimate at all?—There is no such thing on this side: it is all either taken out by bullocks or by tram, the bullocks hauling it to train. There has been one dam that I know of—it was up in Dun's bush; it was the only dam I know of used for drawing the timber into the main river.

16. Then you can give no idea?—Well, I believe his price was 2s. 9d.; but I think, perhaps, Mr. Monk could tell you the price of that timber.

17. Does that include getting the timber into the creek?—Yes, and letting it through his dam; and after it went through it was rafted at the company's expense. All the driving by dams is on the east coast; as far as I know, only tram and bullocks are used on this side.

* This answer refers to the contract at 1s. 9d., when the distance was half a mile. The average distance trammed was about a mile or a little over. The tram was one and a half miles long.

18. What does a tram cost you per chain here?—I suppose a tram can be put down now for about £3 to £3 10s. a chain.

19. Wooden rails?—Yes; they are made out of kauri rickers: they come very cheap that way.

20. What size rails do you put in?—About 8in. by 5in. or 8in. by 6in.

21. There is a great difference in your prices up here; that accounts for it. You put very large timber in some trams?—Yes; that and the broken country would make a difference.

22. Do these prices you have given include felling and hauling timber out of the bush, and everything?—Yes, everything. Of course there are higher prices for bushes more difficult to work; if they are handy to the river they are cheaper. It has been as high as 2s. for round and 3s. for squared, and trammed for a mile and three-quarters on an average.

23. *Mr. Monk.*] I would like to put this to Mr. Raymond: Suppose that you had a contract to deliver timber at the Aratapu Mill, would you prefer bringing it down to the Kaihu, six or seven miles, where the logs would float, or bringing it right down to the end of the terminus here (in both cases, you see, you would have to raft)? Would you not prefer as much as possible putting them into the water and saving haulage between that point and the terminus?—Yes, most decidedly. It is just a question, as far as the water-carriage is concerned, of what it would cost to get the creek made so that you could bring the timber down.

24. I am speaking of that portion where there is no improvement required—where it is perfectly clear—between here and the flax-mill?—Oh! give me the water. I know what rafting can be done for. I had charge of the rafting for three years and a half in the Awakino.

25. You call it rafting—it is what is more generally known as poling. Have you had experience in poling timber down when freshes are on, from the part where they are going down by the fresh to the part where they reach the stop-booms?—Yes; for three years and a half I had charge at the Awakino.

26. What cost do you think you incurred per 100ft. upon timber in passing it down that way—what additional cost—that is, after it is put into the creek?—I kept a rough account of what it cost for rafting, and I found that each succeeding year reduced it, on account of my improving the creek. When I first started with the Awakino it cost as high as 5d. per 100ft., but at the end of three years I took the timber down for 1½d.

27. That is by taking away the snags, &c.?—Yes, I improved the creek every summer—a distance of eleven miles. I knew the distance well because I had walked it so many times.

28. The Awakino was a pretty bad creek?—Yes, it was very bad; but I do not think there is a finer creek on this coast now.

29. *Mr. Macarthur.*] How does it compare with this Kaihu Creek?—I have only been in the Kaihu once, and that about seven years ago; so that I could not say without going over it again. Of course there is still water in this creek—the Kaihu I mean—and salt water backs it up. In the Awakino it only backs it up to about two miles beyond the booms.

30. *Mr. Monk.*] What do you think is the difference in value between timber brought out, as you have shown, by trams and bullocks, and placed at the disposal of the saw-mill in a day or two, or a week, and timber that would lie in the creek for six or twelve months, as it would in the Awakino, making it worm-holed?—I should say the difference would be 30 per cent.

31. Would it not very much depend on the thickness of the sap?—Oh, yes! of course.

32. You are presuming that the sap is thick?—Yes—6in.

33. Well, that is very heavy?—It is often met with here; I have frequently seen 9in. of sap.

34. *Mr. Macarthur.*] Then, in the 4s. you gave, to what class of timber did you apply it. There is a difference of 30 per cent. between the two classes of timber—which could you get 4s. for?—That would be for the green timber.

35. Then timber that has been driven or rafted would be 30 per cent. less than the other. If it was worm-holed you would have the sap deducted by the mills—if it was worm-holed they would only pay you for the heart?—Yes, if it was your own timber; if the company's, it would not make any difference in the contract price. I think 3s. 9d. is the average price of timber; 4s. is the maximum—that is, for kauri belonging to private individuals.

36. *The Chairman.*] Have you any knowledge as to the quantity of kauri still available up the Wairoa and up the Maka?—No, I have not.

37. Of course the price would rise if it was getting scarce?—Yes. It will cost more every year, I should say. All the close handy timber is pretty well gone.

38. *Mr. Monk.*] Do you not think the prices which you mentioned in the first place—1s. 9d. and 2s. 2d.—low, as compared with the price that was going for some time? Is your statement of values only a special instance?—Yes. If I had tendered for the 2s. 2d. contract my price would have been 3s.

39. Is there a great deal of contracting going on—what they call bush contracting and stacking—at a price that proves to be too low, where there is considerable loss and difference between the actual cost of the timber and the contract price, that loss always falling on the mill-owner, being added to the cost of the logs?—Yes, it has been so in the past, but I understand it is not to be in the future—it is to be at the contractor's loss.

40. Then do you not think, as you say that in the future the intention of the mill-owners is that the bush contractors shall bear the loss, that, as a consequence, the contract prices will rule much higher?—Yes, I should say the price ought to rule higher.

41. *Mr. Macarthur.*] They would pay up to 2s. 6d.?—Yes.

42. Do you think they are getting timber out lower now?—Yes, decidedly; every one is complaining that there is nothing in the work they are doing.

43. *The Chairman.*] Have you ever seen any vessels loaded here at the wharf with timber for Australian ports?—No, not up here; but there was a vessel loaded with kahikatea at Graham's, from some eight miles further up the river.

44. For Australian ports?—I do not know.

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.

Mr. Dargaville : Yes. When the Kauri Timber Company refused to pay us the £25,000 upon some legal point, they said it would have been *ultra vires* to have sold this bush or given a mortgage over it. We said, "Very well; let the matter be off altogether. We can sell our kauri elsewhere." They, decidedly to all appearance at first, assented to that, and we appointed a Mr. Matthews, who lives in this neighbourhood, to go to Australia, to his friends and connections in the timber trade there, to form a company and buy our forest. He went over, and met with a fair amount of success in Sydney in the first instance, and then he went to Melbourne, and was, I understand, doing well in the matter there, when the Kauri Timber Company in Melbourne wired over to their agents here to lodge a caveat, which had the effect of preventing our dealing with the forest any further; and Mr. Matthews's negotiations were brought to an abrupt termination. So the Kauri Timber Company would neither deal with the thing themselves nor advance us money, nor would they allow us to deal with anybody else in the matter. That, of course, left us completely stranded. On appeal to the Supreme Court the caveat was ordered to be removed. We then proposed to proceed against the timber company for damages. Some legal difficulties, however, intervened, and we did not make any headway in that direction. With reference to the prospects of the line, of course, any evidence that I may give on that point would be more a matter of opinion than of fact.

The Chairman : Necessarily so.

Mr. Dargaville : I have been engaged in business here for twenty years, and have been about the district pretty nearly the whole of that time, and I may say that I consider that the piece of country that this railway will tap is the gem of the whole country north of Auckland; but, owing to its inaccessibility through want of roads, people know very little about it so far. The kauri in the first instance would have given a very profitable traffic to the line, and we, the promoters of the line, relied upon a very good return from that trade alone. But the more important and permanent trade we relied upon was the settlement of the country north of the terminus of the line, between there and the head-waters of the Hokianga. Perhaps I might mention incidentally that the traffic of the line during the last three or four months has more than paid the working-expenses of it, even in its present unfinished state, and without hauling out any timber, and without the settlement of any land. The gum trade and trade incidental to the population that will always be found hanging about a piece of good country such as the head of the valley undoubtedly is, has proved sufficient to pay the whole of the wages, salaries, coal, and maintenance of the line for the last four months, and to make up deficiencies which arose previous to that. If the forest once be opened and the land in the district settled, I feel confident that it will be as profitable a piece of railway as there is in this or any other colony, as far as my experience goes. Had I the capital I would have no hesitation in taking the whole thing out of the hands of the shareholders now at the present time, so satisfied am I that it is a genuine, legitimate enterprise. Further than that, sir, I may perhaps be allowed to add that from the very inception of the thing the directors have behaved in an unselfish and public-spirited manner. They have not drawn a shilling of money in any shape or form; they have drawn nothing in the way of promotion-money or of honorarium; nor, with one or two trifling exceptions, have they drawn anything for travelling-expenses. But, of course, you will be able to see all that on going into the accounts and books of the company.

The Chairman : Yes, we discovered that when in Auckland.

Mr. Dargaville : Mrs. Dargaville, who has a life-interest in the estate of Dargaville, and I have given a piece of land to the company for a station, and for purposes of the line generally, and for the station-manager's house, free of compensation. I do not claim that that was altogether an unselfish act, because the establishment of a line of this kind would be an advantage to the rest of the estate; but I only mention the fact. And I may say that nothing has been paid in the way of compensation for land taken for the line yet. Messrs. Nimmo and Tinne set up claims through their agents; but the advantage conferred upon their property by the line was considered an equivalent for the land taken. There is a small piece of land, however, in respect of which the Natives will make some claim for compensation; but proceeds of the sale of the debentures to the extent of two or three hundred pounds are reserved by the Government for that, and are considered sufficient to meet any claims the Natives may make. I do not know that there is anything else to add at present. If you should require further information, I would prefer that you should ask questions.

54. *The Chairman.]* To the Commissioners, the most obvious resource that would bring traffic to the railway is the kauri timber. I would like to ask this question, because it bears on the development of these bushes. Can you say of your own knowledge what general extent of kauri timber there is in this district to keep the mills going; because if these bushes are worked out, and the kauri getting far back, so as to become difficult of access, that would turn attention to the forests at the head of the railway?—It is notorious that the bulk of the kauri forests in this district have been worked out, and that what the Kauri Timber Company, which is the owner of most of the forests in this district, is doing now, is clearing up the remnants of scattered forests. They have no large bulk of timber in any particular locality that I know of except in the Kaihu Valley. They have now no such cheap or handy timber, because they have to go further back to get it out, it being, as I said before, the remnants of the bushes that are left. It appears to me as if they had taken advantage of the necessities of the railway company in order to extort terms from them, because when we made proposals to them they objected to the rates we proposed to charge, and said they could do very much better than that yet. They have been advised, to my own certain knowledge, by their own officers to take out certain timber from near the Kaihu Valley Railway; and rather than give the railway company the traffic, they have allowed the forest to remain untouched, and have scraped up timber in other directions, their object doubtless being to force us to take their timber out at a very much lower rate than the Government rate. The offers that we made to them were considerably lower than the Government standard rates at present for the haulage

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

to negotiate for the sale of it. That evidence, however, I think you can get in a more direct and satisfactory way from other quarters; but the information given to me was that the average cost on the whole of the timber on that endowment was to be 1s. 5½d. to 1s. 7½d.

66. That would be a distance of two miles and a half?—No, the average distance is nothing like so far as that. The Mangatu timber is close by.

67. Do you estimate that there is 12,000,000ft. up the Mangatu?—We have been informed there are ten or twelve millions up that gorge. I cannot speak of my own knowledge. I am only telling you of the estimates we have received. The distance of the kauri could be estimated on the map. I think you are overestimating it.

68. *Mr. Monk.*] I may ask if you are thinking only of the portion that is in the endowment, while I am estimating it over the whole of the timber that is to come out on that line; and in that case I believe I am rather underestimating the distance at an average of two miles and a half?—I think Mr. Matthews would be able to tell you more about it. I have not seen the document. I believe the 1s. 5½d. to 1s. 7½d. included the loading on to the trucks on the railway-line. Of course, I do not profess to know half as much as Mr. Monk does as to dealing with timber. I merely tell you as a fact that these men offered to take the timber out at 1s. 5½d. to 1s. 7½d. per 100ft., and that Mr. Campbell's estimate was 1s. 5½d.

69. I think you are aware that contracts which Mr. Campbell let for nearly double that money and for shorter distances on behalf of the Sash and Door Company resulted in a loss to the company, and I ask you to consider what greater advantage the present times offer, and in a country which is very rough, that could make it possible for you to recommend the Commission to believe that it can be brought down for 1s. 5½d., with the present price of 4d. for cross-cutting?—The falling and cross-cutting is done for far less nowadays, also the hauling.

70. It used to be 5d. at one time?—A great deal depends upon the quantity of timber to come out; and if a man has to take out scattered timber, and a road to make for every few trees, the rate is then much higher than for a huge mass of kauri trees in one particular locality. But, as I said, I am not giving an opinion as to what the bush may be brought down for, but am merely stating a fact. And Mr. Barstow will no doubt be able to produce to you the written report of Mr. Norman Campbell that the cost would be 1s. 5½d.; and I think Mr. Matthews made some sort of conditional contract with Mr. Richard Mitchelson and others for taking out the whole of that timber and putting it on the trucks.

71. You mentioned as a fact that the timber is in one huge bulk. Now, there is one main patch, but as a fact it is particularly scattered, and there are a great number of bushes that are separated by ravines and gullies from the line of approach to the terminus—I am speaking now from personal observation?—I am speaking of the one large clump of timber.

72. What quantity do you estimate is in that large clump?—We have had it estimated at 30,000,000ft.

73. You have had information which makes you think it was very much overestimated?—We have had information which makes us believe that, instead of from 80,000,000ft. to 100,000,000ft., 50,000,000ft. or 60,000,000ft. would be nearer the mark—that is, in the whole of the 39,000 acres reserved, from out of which the company was to select an endowment.

Mr. Monk: We have seen the country ourselves.

Mr. Dargaville: I am aware of that. I believe Mr. Fulton is still of opinion that a cheap line, suitable for hauling out timber, having its station in the paddock at the foot of the Church Hill, and utilising the then existing public wharf in Dargaville, could have been constructed for £59,000 or thereabouts; but the directors of the company were so satisfied with the prospects of the railway that they resolved to construct a line in every respect up to the standard of the best Government lines. This they have so far done. In the times referred to by Mr. Monk the falling and cross-cutting of kauri used to cost 5d., and even 5½d., per 100ft., and the practice was either to roll the logs out by means of timber-jacks or to construct a tramway to each clump of kauri of sufficient quantity: now the cost of falling and cross-cutting is 3d. to 3½d. per 100ft., and logs are placed on "catamarans" (large sleighs) and hauled out by bullocks at a cost of less than half what the old system used to cost. This, and the fact that dams can be used with advantage, may account for the great difference between Mr. Monk's estimate of the probable cost of taking out the timber and that of other experts. Another difficulty that the company found it impossible to get over in the attempt to sell their endowments was the high prices put upon the land by the valuers and the fact that the Government were selling land close by upon the deferred-payment system at from one-third to one-fourth of the minimum price the railway company was restricted to by the terms of their contract with the Crown.

Mr. FREDERICK WILLIAM MATTHEWS, Mill-owner, Mangawhare, examined.

74. *The Chairman.*] Of course you know that this Commission is inquiring into the position of the Kaihu Railway Company, and as to its future prospects, more particularly in regard to the kauri timber. We have seen your name in connection with the enterprise, and we thought we would like to ask you a few questions. You have been over the ground?—Yes.

75. Do you think that it is likely that the kauri timber could be brought down from those bushes to the trucks at the end of Fallon's contract, and then brought down to the mills by train, as cheaply as timber could be floated down to the river from other places where it is obtainable in the Wairoa?—Well, much depends on the price the railway will fix on it for carriage.

Mr. Macarthur: Let us take 1s. as the standard.

76. *The Chairman.*] Assuming it to be 1s., you know the end portion of the contract, where the ford is?—Yes, I know the place.

77. What do you think would be the cost of bringing kauri timber round there, two or three miles, to that point, per 100ft.?—Well, if you take the whole of the endowment—and I presume the endowment includes all that forest at the back?

78. It would if Fallon's contract were finished?—To let the whole forest it could be brought out cheaper than by cutting it up. But, taking the whole of the Kaihu endowment, and bringing it to the junction of the Waima and Mangatu, I consider that that timber could be delivered to the water as cheap as any timber in the Wairoa.

79. What would be the estimated cost of bringing it that distance?—My idea was to dam the Waima and bring that large block of timber down that way, and put it on the trucks at the bridge: that was one scheme. Another scheme I had for dealing with the kauri was, not to bring it over the railway in logs at all, but simply to put up a mill and cut it up there: that was the way I had intended to deal with it had I been successful in forming a company. Now, I consider that that kauri could be brought down and loaded on the trucks for 1s. 6d. per 100ft. all over at Waima Junction.

80. How much do you estimate is in the endowment, and within that portion the company would get, supposing the railway were completed?—An outside estimate was fifty millions.

81. Do you reckon the 1s. 6d. for hauling them?—It is for bringing them to the dam and boom at the Waima. Our idea was to let a good big contract here for this large bush, and then we had our arrangements made to let the whole of the timber to be brought to that point for 1s. 6d. per 100ft.; then it was a question whether we should erect a mill and bring it down in the sawn state.

82. *Mr. Monk.*] Then you decided it was safe to put timber there?—Yes: we should have put a dam, and a boom at the end of the dam where the logs were to stop. I could get that block of timber out and put into the dam and booms for 1s. 6d.

83. I understand, then, that it would never pay to haul it down by bullocks to the station?—I do not think it would—the country is too broken.

84. You know Nathan's store: suppose the line were continued away up to the flat place parallel with the bush, then it could be brought that way by Nathan's store?—I would not make such a contract if the water-carriage was not feasible. I would bullock-tram it to the terminus of the railway.

85. Then that would supersede the railway or a tram?—It would be a continuation of the railway.

86. *Mr. Macarthur.*] There is no water there: how do you propose to get the timber across the ridge that runs along there?—There is a creek there.

87. But the ground slopes away from the Waima?—Yes, there is a creek in which you could bring it down to the Waima.

88. *The Chairman.*] Could you say approximately what is the cost of bringing the timber on the Waimata* back down the Kaihu Stream independent of the railway? Suppose you bring the timber down from the Awakino, as you are bringing it down now, what is the cost by the time you get to Dargaville with it?—The last contract that was let to bring it to the booms was about 2s. 4d.; it is about 2s. 6d. by the time it gets to the mills.

89. Is there a large quantity of timber up there at the two-and-fourpenny rate now?—It is nearly worked out now.

90. In any case, apparently, the railway and bringing it out in the manner you say, it would cost at the very most about 2s. 6d. by the time it was here, and 3s. for taking it down to the mill?—Yes. The next good big block of timber that is accessible is the school endowment.

91. Where is that?—Just about Mangarata. There is a good block of timber, but it will be a question what is to be paid for royalty.

92. Is there not some difference between timber trucked and brought down by railway and that brought by water. We have had some evidence that there would be a difference of 30 per cent. You see in one instance it could be brought straight to the mills as it is wanted, and in the other it will have to remain in the water?—Yes; when it remains for some time in the water it becomes perforated with a little fly which eats into the bark and worm-holes it. I do not think there is any advantage in bringing it straight to the mills, as you say, from the bush, because in the other case you can put it into the tidal water as you want it—say ten logs to-day and twenty to-morrow.

93. *Mr. Monk.*] It has first to pass to the Waima and then to the Mangatu. You could only bring it down in freshes, for which you would have to wait; you could not bring it down in the ordinary current?—We would put two or three dams in the Waima and drive it that way; that is what our idea was. I differ with you in regard to freshes.

94. *The Chairman.*] And in your plan you would not deteriorate the value of the timber in any way?—No.

95. *Mr. Monk.*] What is the shortest time in which you have known logs to be perforated by the beetle?—As you know, very much depends upon the season of the year in which you fell it. The Awakino timber has been perforated within a month or six weeks that I know of. It may be that up at the Awakino the beetles are very bad: now, Otira was not so bad. The locality seems to make a difference in those beetles: whether they are thinner in the high land or not I do not know.

96. Of course, if you think you would get it down by driving it without its being beetled, you are right, but my experience is that the beetle would get at it before you got it away. By putting in a considerable number of logs you would carry away the dam?—I would not put in a considerable number.

97. That would carry the dams and everything with it?—I think we could get a hundred logs in.

98. You could not carry on a storing process: if you did you would run the risk of beetling?—I have logs down here in this boom that are not beetled. Our idea was to cut up the timber up there, and not to cut it here at all. By doing it that way we could, of course, run it into the mill

* The Waimata Block would be brought down cheaper by tram to the tidal water of the Kaihu Stream and floating to the mills.

as we wanted it; and if we found that the water would not allow us to do so we could take a tram.

99. In that case, to what extent do you think you would diminish the value?—Twenty per cent. If timber is stored waiting for freshes the loss is 33 per cent.

100. Fully that, would it not?—Yes; I think 20 per cent. would be about it. I would like to say, with regard to timber estimates, that the bushes invariably turn out more than the estimates if the estimate is done fairly in the rough. I estimated the quantity of kauri timber in the endowment at 50,000,000ft. I believe that to be a safe estimate, because other estimates made similarly have turned out to be slightly below the actual quantity produced from the bushes.

101. I think the Chairman has a wrong impression—viz., that cheap timber is becoming scarce: is there not still a sufficient supply of timber in the Wairoa and tributaries for the mills?—Yes; and there is a quantity of timber that could be brought from the Mongonui and Puhupuhi to supply that.

102. *The Chairman.*] At a greater cost than at present?—Not so very much. Contracts are being taken cheaper every year; they are much cheaper than they were years ago. Provisions are cheaper, also means of transit, &c.

103. *Mr. Macarthur.*] Have you ever considered the practicability of putting up light mills at the bush itself, and sending the cut timber down by rail?—Yes; that was one idea of ours.

104. But you were speaking of the point down at the junction?—Yes; the bush would have been inaccessible to the railway, and we did not go into the cost.

105. Where do you get your supply from?—I fetch my supplies about seventy or eighty miles up the Mangonui, with its tributary, and the Wairoa. It comes from the Marereta and other blocks. There are about 7,000,000ft. to come down there to be delivered to my mill.

106. Is that a contract?—Yes.

107. What is the price of that?—That is costing much more than the railway company would charge. I have to compete against my neighbours, and that raises the price of timber.

108. Still you think there is a large amount of timber to be got at 3s., exclusive of royalty?—Oh, yes!

109. *Mr. Macarthur.*] About the proposal you had with the Kaihu Valley Company. Had you any one ready to take it up when it fell through, owing to the action of the Kauri Timber Company?—I had it mostly arranged, but it was not fixed up; their action stopped us dealing with it at all.

110. Would there be any chance of a renewal of such an offer?—I do not think so just now.

111. Even if the difficulties were out of the way?—I think not.

112. Supposing the Government were in a position to deal with the timber, do you think there would be any chance of working it immediately?—I think there would in time. I think it would take six months. Much depends on the money-market in Melbourne and Sydney. I had got £12,000 in Sydney subscribed towards it. It was about the time of the land-boom. Several gentlemen told me that if I had been there a little sooner they would have taken the thing up. If it was offered to any one as a whole they would want fourteen years to work it, and I do not think you would get a company to work it. Fourteen years would mean a little over three million and a half a year; that would be a small thing for the railway.

113. *Mr. Monk.*] What royalty would be given to the Kaihu Company for it?—1s. carriage and 1s. royalty—that is, the company would get 2s.

114. And it would cost 1s. 6d. to bring it to the booms at Waima Junction?—We were to pay £24,000 up to sixty million, or any lesser quantity. They estimated it at sixty million; our estimate was fifty million. Then there was an agreement to pay 6d. on the production over sixty million.

115. *The Chairman.*] Do you think there would be any danger of the bush being destroyed by fire if the gum-diggers were allowed in it?—There is always a risk of kauri being destroyed by fire. With several parties there, of course the danger would be considerable. I think the operations of the gum-diggers should be confined to the winter season. There is nothing to hinder them from putting a match to the dry kauri.

116. *Mr. Macarthur.*] If the timber was to be cut up into blocks it would be got out much quicker than letting it to one company, because in getting it in blocks like that you could tie any man down to getting it out in five years or so?—Yes. The chances are, if you did, the railway would be utilised for the whole of it.

117. Do you think bullocks could not draw it out?—These men would join and tram it out, and care would have to be taken that rights-of-way were reserved through each other's blocks.

118. Would the Government be able to obtain a sufficient guarantee from these people that they would clean the blocks out?—Yes; it would be to their advantage to clean it up.

119. Is there any chance of getting the money paid down to begin with?—No; the capital is not here.

120. Would the Government or the purchaser take the risk of fire?—The purchaser would take the risk of fire.

121. Suppose the man take the risk, and he was not a man of substance?—Well, the fire does not burn the bush right out. But it should be worked out at once, before the fire has had time to take effect and the worms penetrate it and make it worthless, which will be in about nine months.

122. *The Chairman.*] To what purpose could the land be put after the kauri is taken off?—Well, I do not know. I have never thought of it. I suppose the timber is the great thing, and the gum coming down from that district. I suppose the line could be used to open up the Hokianga, or turned round towards the Mangakahia.

Mr. EDWIN HENRY HARDY examined.

123. *The Chairman.*] You are the Government Surveyor over the Kaipara District, Mr. Hardy?—Over the Wairoa North District.

124. You have been visiting these kauri forests, and making an approximate survey of their contents?—I have.

125. Could you supply the Commission with a report and map showing what you have done, and the manner in which you have made your estimate?—I could do so if you wish it. It is my duty to send a report to the head of my department.

The Chairman surmised that in that case the report would reach the Commission in due course. [For copy of report, see page 17.]

MONDAY, 10TH FEBRUARY, 1890.

Mr. THOMAS HULME BARSTOW examined.

126. *The Chairman.*] You are manager of the Kaihu Valley Railway, Mr. Barstow?—Yes.

127. You have handed in two returns showing the revenue and expenditure for twelve four-weekly periods?—Yes. [For copies of these returns, see page 18.]

128. I observe that the expenditure is slightly in excess of the revenue?—Yes—about £50.

129. Have you any statement or explanation to make in regard to that?—When the company took over the line they commuted the three months' maintenance which the contractors should have carried out for £150, whereas the actual charges were about £260 odd. Of course, the charge had to be borne out of working-expenses against maintenance.

130. How many men have you now engaged in maintenance?—Four.

131. Do you consider that is sufficient all the year round?—An average of six men all the year round.

132. What are you paying the maintenance-men?—7s. 6d. for the gangers, and 6s. for the platelayers.

133. Wet and dry?—Yes; wet and dry for half-time. The only others employed will be the engine-driver, fireman, and guard.

134. What do they receive?—The engineer 10s. 6d., fireman 8s., and the guard at present £80 a year. The engineer works a little over quarter-time, and the fireman a little over half-time. This arrangement of broken time has been in operation since the middle of May with respect to the maintenance-men, engineer, and fireman.

135. You are the only other?—I am the only other.

136. Can you say what are the total charges per month for wages, salaries, and all?—They average about £72 per month.

137. I think I noticed from the minutes that your salary is £350 a year and house?—Yes. Of course, I take the two duties.

138. You have no stations along the line; they are all worked as flag-stations?—Yes.

139. How many trains do you run per week?—Eight—four up and four down.

140. Your principal goods traffic, I presume, is kauri-gum?—Yes.

141. And a few stores?—Yes, and stores.

142. Have you formed any opinion as to the future traffic of the railway, exterior to the development of the kauri bushes?—There is only the gum that I know of, and as to that the only guide I have got is the number of men on the field: there are more diggers on the field than there ever was before. Of course, it all depends on the weather how long they stay on the field.

143. Have you noticed whether there is much through passenger traffic from Hokianga?—I have not noticed it, not knowing the Hokianga people.

144. At any rate, it is not sufficiently extensive to be noticeable?—No; except at race-meetings, when sixty to a hundred come down.

145. Has there been any proposal to utilise the timber that has been cut down in connection with the railway?—None whatever that I know of.

146. Now, in regard to rolling-stock, what have you got?—Two locomotives, Class A and Class F; one carriage, Class D, Price's build; one van, which is a composite brake-van, and sixteen wagons.

147. Is your rolling-stock in fairly good order?—One engine in thorough working-order—the F, the best one. A, wants £10 or £12 to put her in thorough condition; it just wants new brasses.

148. You require to send to Auckland, I presume, to have repairs effected?—Yes; but the driver, who is very clever, can do any running repairs. The wagons would require about £20 to put them up to Government standard.

149. If any large timber trade was commenced you would of course require additional rolling-stock?—Yes.

150. With regard to the wharf, can you say what is the depth there?—I have the Engineer's soundings. It appears to be about 21ft. at high-water mark at the wharf.

151. What is the range of tide?—About 12ft. I have never actually measured the range, so that is only hearsay. I would here like to make an explanation myself to this effect: that where the returns look so low it is on account of the exceptionally wet weather we had here in the winter time. The floods started in May, and lasted through June, July, and August; they were the heaviest known for twenty-two years.

152. I notice that in March you had returns higher than in any other month except January?—Yes; they were running full time, and there was a race meeting in Dargaville.

153. There is another thing I notice in the returns. In May there is a sudden drop in the receipts. I presume it would be somewhat due to the cessation in Fallon's contract?—Yes. Then I went to half-time, and it meant a difference of £50 a month. There were no privileges granted except to Mr. Fallon and his clerk.

154. *Mr. Monk.*] What are the sleepers made of?—Kauri.

155. Have you noticed how they are standing? Are they showing any signs of decay, or have you formed any idea of how long they will last?—From the experience I have gathered, I should say they would last up to six or seven years, if they are good first-class hard kauri sleepers. They have taken up a lot of kauri sleepers between Auckland and Remuera, where they had been down for six years, and this place is equally well drained. There are better sleepers now obtained on the line, and they are being used by the Government at 3s. 6d. or 3s. 3d.; these have to be delivered at Helensville at that price.

156. Then, you think puriri sleepers could be obtained along the line for 3s. 3d.?—Well, I like to be inside the mark.

157. Supposing that you had only the natural resources to rely upon for traffic on the line—settlement, and cultivation, and that kind of thing—you would have very small traffic on the line at present?—Yes.

158. You regard gum-digging as a very fluctuating thing?—Well, it is steady to a certain point, but beyond that it fluctuates. For instance, the diggers will take some time to work what is called the Manganui Swamp, where they will be leaving when the wet weather comes. The diggers are now working what is called Muriwai—in fact, the gum is coming down the line now which otherwise would be shipped *via* Kawerua.

159. *Mr. Macarthur.*] Have you any arrangement with the diggers about royalty on the company's endowments?—No; it was not thought worth while to put on a ranger to insist on it.

160. Is there any regulation as to taking kauri-gum in the endowments?—There were regulations, which it was the duty of the Engineer to look after, and they were posted up at the bushes.

161. What is the usual royalty paid by men to other people?—I have no idea. As a rule, I believe, a yearly rental is paid for a field. I could not say.

162. At present the men taking the gum are paying you nothing for it?—Well, the gum does not altogether belong to us. I believe it was leased to Mr. Mitchelson and brothers on condition that they thoroughly drained it; and they estimate that the drains will cost £600.

163. Do you know anything about the conditions of the agreement?—No; except that above stated. They have a ranger looking after it. Of course they reported to me that men were digging on the swamp.

164. You have no instructions as to enforcing the agreement?—No; none whatever.

165. *The Chairman.*] Have you access from the main road to the present terminus?—Yes—on sufferance only, I believe.

166. Are the Natives charging anything for the use of it?—Yes. I may say that I was told the Natives were charging a small rental of 7s. a week to each trader. I know they were charging that, and I do not know whether it has been altered. There is access by the main Hokianga Road, which crosses the line at Ahikiwi, 14 miles 22 chains from Dargaville.

167. *Mr. Macarthur.*] What does coal cost you here?—It has cost me £1 10s., but I am now getting it for £1 4s. It is the best Newcastle coal. A hundred tons could be got at £1 1s.

168. Have you ever considered the advisability of burning wood instead of coal?—We do not consider it would be a saving, but I have not tried the relative merits.

169. Is there any down-grade on the line at all, or is it all one continuous grade?—There are three going from here to Oparake. The heaviest is 1 in 53, and they are very short. The sharpest curve is an eight-chain radius.

170. You require very little steam-power?—We might come down half the distance without steam.

171. Have you a ballast-supply along the line?—Yes, and there is any quantity of it; and it would be a matter of arrangement with the Natives. It is of good quality, but expensive.

172. How many sleepers have you in stock for continuation of the line?—1,786 I think would be the exact number. There are ten rails only—that is to say, we have nothing for Mr. Fallon's contract.

TUESDAY, 18TH FEBRUARY, 1890.

MR. ARTHUR BLUNDELL WRIGHT examined.

173. *The Chairman.*] You are a road engineer in connection with the Crown Lands Department?—Yes.

174. You have been over the country, I understand, between Taheke and the head of the Kaihu Valley?—Yes.

175. By the district known as the Waiouku Plateau?—Yes.

176. Would you inform the Commission the nature of the land on that line of road?—Yes.

177. State it as shortly as you can, and as to its suitability for settlement?—Looking at the map, the road-line I have laid off runs along the top end of all the rivers that are flowing into the sea. From the top of the hill to the Waimamaku the first portion is slightly broken; then it cuts flat country of very good quality. In fact, the whole of the Waimamaku Valley is splendid land. Then from the head of the Waimamaku Valley to the Waipoua the land is of good quality, but not so good as the Waimamaku. From the Waipoua into the Mangakahia it is good land. From the Waipoua again to the Waima branch of the Kaihu the land is broken, and of not such good quality. Then in the open bight between the Waima and the Mangatu the land is of inferior quality.

178. What is the total length of this road-line from Taheke to the Kaihu Valley?—I should say about twenty-four miles, but there has been no survey made.

179. You have merely made an exploration survey, I understand?—Yes; that is all.

180. Generally, is the land suitable for small settlers?—From Taheke to Waipoua, one-half the distance, the land is suitable for small settlers.

181. Then the other half, from Waipoua to Kaihu?—The sections would require to be larger, the country being rougher.

182. What is the nature of the timber along the line?—Towai and rimu are the principal timbers.

183. No kauri?—No.

184. How much land suitable for settlement in small areas do you think lies along this road from Taheke to the Kaihu?—About 22,000 acres, including the greater portion of the Waimamaku Valley and the head of the Waipoua.

185. *Mr. Monk.*] You have some idea of the present value of fruit, and what is likely to become the ultimate value of fruit as a matter of commerce?—Yes.

186. How much do you estimate it at on an average per pound?—I do not think the average value would be over 1½d. per pound to the producer.

187. Would there not be a greater expense in sending fruit by the Kaihu Valley route than in sending it across to the east coast *via* Kawakawa, or direct by shipment by the west coast *via* Hokianga?—Yes.

188. *The Chairman.*] If a man wished to get to Auckland from Taheke for certain in a certain time, a road being in existence from Taheke to the head of the Kaihu, which line would he prefer, going to Kawakawa by the east coast or going by the Kaihu route?—I should say the Kawakawa.

189. What is the general height of the road above sea-level over the Waiouku Plateau, and the general nature of the country through which it passes?—It begins about 2,000ft. and gradually descends. It is moderately flat throughout until you get to the head of the Waipoua; from there it descends.

190. Then, the name Waiouku Plateau is a complete misnomer?—Yes, as a plateau.

191. *Mr. Monk.*] You spoke of the land as being very good: what is the quality, volcanic or ordinary?—It looks alluvial, and is of a brownish colour, and appears to have had a volcanic wash in it.

192. Is it deep soil?—Yes; the Waimamaku Valley is the best soil I have seen for some considerable time in the North. I was told by one of the settlers that he got at the rate of 20 tons of potatoes to the acre.

Mr. GEORGE HOLDSHIP examined.

193. *The Chairman.*] I understand you are managing director of the Kauri Timber Company?—Yes.

194. You are aware that we are inquiring into the Kaihu Valley Railway Company's affairs?—Yes.

195. Your company has a large property on the line of the Kaihu Valley Railway—a large timber property?—Yes.

196. We would like to know if you can tell us if there is any likelihood of your bringing that timber into the market?—That depends upon circumstances, one of which is the cost.

197. Supposing that you contemplated bringing that timber into the market, would you be likely to use the railway?—I suppose we would use it, at the schedule rates.

198. At what point on the railway would you be likely to connect?—I am not well enough informed to answer that point correctly, but I think the first connection would be about twelve or fourteen miles up from Dargaville, and I think further along then, some couple of miles I believe, there is another point at which it would connect.

199. Presuming that the rates were satisfactory, would you be likely to avail yourself of the opportunity of bringing timber down from that property?—I think if the rates were satisfactory, and if we were certain that the thing would be continued, the chances are that we would begin to work at once and continue to work. That is the course I should recommend.

200. *Mr. Monk.*] Supposing that you made terms with the railway which you considered satisfactory, I understand then that you would be ready to guarantee a settled quantity per week or per annum?—I do not think there would be any difficulty about that. Of course we would only guarantee according to our wants.

201. Can you name the quantity you would be likely to want per week?—Well, I should think perhaps up to a quarter of a million per week.

202. Now, suppose that arrangements could not be made with the line which you deem satisfactory, or suppose that you could not get any concession upon the present schedule of prices, do you think you could bring the timber out by other means at a cheaper rate?—Well, I am not well enough up to speak as to that; I really have no personal knowledge, nor would I at the present time raise the question. What we would do would be to work all the other timber that we have first, leaving that to the last—that is, we would work the cheapest timber we could get if we could not get concessions.

203. How long do you think your sources of supply on the Wairoa would keep your mills going before you would fall back on the Kaihu Valley?—I should think eight or ten years. Of course I am not going to say that we might not find it to our advantage to bring out a certain proportion at schedule rates, assuming that we continued the other course. The matter has only been considered in a general way.

204. Have you noticed that a great number of fires have occurred in the Kaihu Valley, the timber now standing in a dry state, and if not utilised at once it would be wasted?—The chances are that the dry timber would be taken out in any case, whether concessions were made by the Railway or not.

205. That forms a very large portion at the present time, and the fire at the time we were up in the Valley was burning through a valuable portion of Crown timber; that was the week before last. That is on the right-hand side going up, about a mile above Maropua. Have you noticed that large quantity of timber on the right-hand side of the Kaihu Valley, going up, is some distance from the line?—It goes back a considerable distance, but I have not much knowledge of it myself.

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.

230. *Mr. Macarthur.*] What would be the saving?—The value of old rails is about £3 15s., and the new steel rails £7; that would be a saving of £3 5s. [See statement subsequently furnished by Mr. Hales, printed on page 19.]

231. How long do you think the kauri sleepers will last?—About seven or eight years—that is, you would have to renew them gradually.

232. Do you know what the sleepers cost?—3s. each—that is, 5,334 sleepers, £781 12s. 11d., for the Kaihu Valley Railway.

233. That would lay about two and a half miles?—Yes. This material was on the ground before the Government had anything to do with it.

234. *Mr. Monk.*] Is there not some error as to the sleepers costing so much—3s.—because puriri sleepers only cost 3s. 2d.?—I do not think we ever get any sleepers delivered for less than 3s.

235. Do you know whether any attention has been bestowed on the use of branches cut out of large timber. It has been stated that the branch timber has been cut out of some small stuff so long as it is hard?—That may be so, but of course only timber of the best quality is accepted.

236. I merely put the question to you to know whether supervision has been exercised in that direction?—We always exercise the greatest supervision, but the kauri is a very difficult timber to deal with in that way.

237. *Mr. Macarthur.*] I would like to know about the matter of progress-payment: on what principle do you vouch for the payments if you did not supervise the work?—On the certificate of the engineer; he sent in the details every month, and on these, advances were made to the company from the Trust Fund.

238. Then you had no guarantee that they (the contractors) would be paid by the company?—No; of course I had to trust the company; it was made as an advance direct, and the money was handed to them direct to pay.

239. *The Chairman.*] Then, they might pay it to the credit of their account if they chose?—They might do so, but it would be deceiving the Government, for whom I was acting. The intention was to hand the money to the contractor.

240. But the Government had no guarantee that the contractor would have got it?—No. I got the certificate of the engineer that this money was due on the contract, and on that certificate I signed, generally with the secretary and one of the directors of the company. A cheque for the amount was passed into the secretary's hands for payment, and on my vouchers I retained the engineer's certificate, which I have.

241. *Mr. Macarthur.*] If that railway were converted into a tramway worked by horses, would it not be worked more cheaply?—I do not think so.

242. Do you know anything about the titles to the land—as to their completeness or otherwise?—None of them are complete, I think, yet.

Mr. DANIEL FALLON examined.

243. *The Chairman.*] I understand you are a contractor of the Kaihu Railway?—Yes.

244. How many miles were on your section?—2 miles 21 chains.

245. And the amount of the contract?—Was about £12,450.

246. When did you stop operations?—In April last.

247. And how far do you consider you were on with the contract?—I consider I have about seven-eighths of the formation done. I think there are about 4 chains of cutting and about 13 chains of bank to complete.

248. And how many bridges?—There is the 90ft.-span bridge at 18 miles 40 chains; I think there are three 20ft. spans, one 40ft. span, and one 90ft. There are two of 75ft., five of 15ft., five of 20ft., and one of 75ft., with three of 20ft. and one of 15ft. attached to it. Nearly all the timber for the bridge-work is on the ground. The trestle-work of the big bridge is up, with the exception of the far side and the longitudinal counter-struts.

249. How long might you take to finish the contract, supposing you were to go on with it again?—In favourable weather, in about four months. All the ironwork is completed, and the whole of the bridges are completed or in hand.

250. What payments have you received from the company?—I have received one payment of about £636 12s. 7d.

251. Is that the only payment?—Yes. Of course the £500 deposit was returned to me.

252. And you have a mortgage of £5,000?—Yes; a second mortgage on the endowment.

253. You have not received in money and in mortgage sufficient for the work done?—Oh, no! I think the last payment was £670 odd, less 20 per cent. that was deducted for the contract.

WEDNESDAY, 19TH FEBRUARY, 1890.

Mr. THEOPHILUS KISSLING examined.

254. *The Chairman.*] You are District Land Registrar, Auckland?—Yes.

255. Could you supply the Commission with a statement showing the position in regard to title to the various lands over which the Kaihu Valley Railway runs?—I will do so, but it may take some days. You mean the position in which the Government stands in respect of its mortgage to the lands which are covered by the Kaihu Valley Railway Company.

256. *Mr. Macarthur.*] I would go a little further than that, and say as to the position in which the Kaihu Company stands in respect of its titles?—Yes. [For copy of statement, see pages 19–21.]

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. 5½d. 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.

PLAN OF KAIHU VALLEY RAILWAY CO'S ENDOWMENT

To accompany Report of February 12th 1890

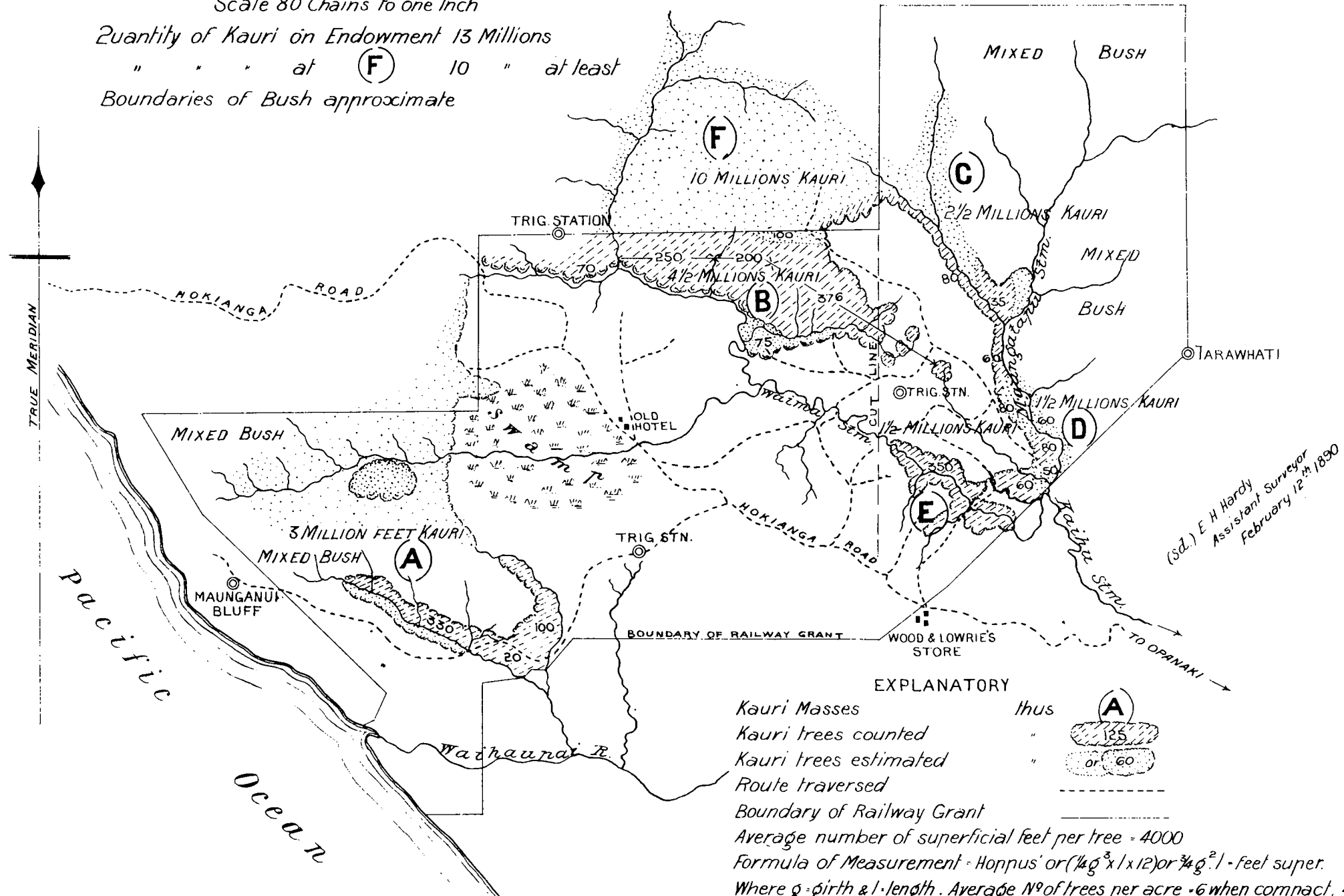
"K"

Scale 80 Chains to one Inch

Quantity of Kauri on Endowment 13 Millions

" " " at (F) 10 " at least

Boundaries of Bush approximate



(sd.) E. H. Hardy
Assistant Surveyor
February 12th 1890

REPORT ON QUANTITY OF TIMBER ON COMPANY'S ENDOWMENT.

The CHIEF SURVEYOR, Auckland, to the CHAIRMAN, Kaihu Railway Commission.

SIR,— New Zealand Survey Department, Auckland, 18th February, 1890.

I have the honour to forward for your information a report by Mr. Surveyor Hardy on the kauri timber standing upon the Kaihu Valley Railway Company's endowment in Waipoua and Tutamoe Survey Districts. In the event of your requiring a room for your sittings, I have much pleasure in placing the Land Board room at your disposal at any time excepting Thursday next, when the Board will be sitting.

THOS. HUMPHRIES, Chief Surveyor.

J. McKerrow, Esq., Chairman, Kaihu Railway Commission, Auckland.

Mr. E. H. HARDY to the CHIEF SURVEYOR, Auckland.

SIR,— Camp, Te Kopuru, 12th February, 1890.

In obedience to your instructions of the 29th January, I beg to submit report upon the quantity of kauri timber standing upon the Kaihu Valley Railway Company's endowment, Blocks XI., XII., XIII., Waipoua, and IX. and XIII., Tutamoe Survey Districts.

1. *Boundaries*.—I have had no difficulty in picking up the boundaries of the endowment. The kauri-masses are so defined as to be easily located within them.

2. *Routes*.—Routes taken to inspect timber are marked in dotted lines on plan.

3. *Method of estimating Timber*.—Wherever it has been possible to count the number of trees such has been done, by myself and two assistants, each independently of the others. As the greater part of the timber lies on the sidelings, counting has not been difficult. An error of 250 trees would make a difference of 1,000,000ft., not an unreasonable variation. An allowance of six trees, or 24,000ft. superficial, per acre has been made for portions which could not otherwise be estimated.

4. *Average Contents of Trees*.—From my own measurement of 525 standing kauri trees at Mangakahia and Tutamoe, and of the area covered by masses of kauri, I am persuaded that an average tree contains 4,000ft., and that six trees go to the acre. A reliable authority corroborative in this matter is Mr. Raymond, who measured every tree in his contract of 8,000,000ft. of kauri at Awakino, the result giving 4,000ft. per tree; area unknown.

5. *Formula*.—The formula for measurement is that called after Hoppus, viz.,—

$$\begin{aligned} & \left(\frac{1}{2}g\right)^2 \times l \text{ for cubic feet;} \\ & \text{or, } \frac{1}{4}(g^2) \times l \text{ for feet super;} \\ & \text{when } g = \text{girth and } l = \text{length.} \end{aligned}$$

According to this, an allowance of 20 per cent. is made for squaring and bark.

6. *Value of Timber*—

At (A), near Maunganui Bluff, tram or skid-road, 3,000,000ft., at 4d. per 100ft.	£ 500
At (B), (D), (E), and part (C), Waima and Maungatu Streams, water-carriage, 8,000,000ft., at 9d.	3,000
At (C), branch of Maungatu Stream, tram, skid-road, or water, 2,000,000ft., at 6d.	500
Total, 13,000,000ft., valued at	4,000

7. *Timber adjoining Endowment*.—From what can be seen of the timber at (F), I estimate a quantity of not less than 10,000,000ft. In no other direction in the vicinity is there any payable quantity of kauri.

8. Every step in the measurement of this timber has been fully explained to the Kaihu Valley Railway Commissioners on the ground.

For further information see plan marked "K."

I have, &c.,

EDWIN H. HARDY, Assistant Surveyor.

T. Humphries, Esq., Chief Surveyor, Auckland.*

* Mr. McKerrow wishes me to state that in my examination before the Railway Commissioners I explained that my instructions required me to send a report upon the kauri to the Chief Surveyor. The Chairman surmised that the report would be sent through to Wellington in due course.—E. H. HARDY, Assistant Surveyor.

STATEMENTS FURNISHED TO COMMISSIONERS BY DISTRICT ENGINEER,
AUCKLAND.

KAIHU RAILWAY.—TOTAL LENGTH of LINE LAID, as per Engineer's Final Certificate, including Sidings, 30,718 Lineal Yards=17·45 Miles.

To cost of old 40lb. rails landed at Dargaville with new fastenings,—

24ft. rails, 40lb. yard—	£	s.	d.	£	s.	d.
Rails, 7,678=1,099 tons, at £4	4,396	0	0			
Fish-plates, 15,356=58 tons, at £10	580	0	0			
Fish-bolts, 30,712=10 tons, at £30	300	0	0			
Spikes (half), 54,618=13 tons, at £12	156	0	0			
				5,432	0	0

To taking up present line and stacking at Dargaville, 30,718 lineal yards at 9d. ... 1,151 18 8

To relaying line with old 40lb. material, including haulage on line, 30,718 lineal yards at 1s. ... 1,535 18 0

8,119 16 8

Less value of 53lb. material taken up,—

24ft. rails, 53lb. yard—	£	s.	d.
Rails, 7,678=1,453 tons, at £5	7,265	0	0
Fish-plates, 15,356=78 tons, at £9	702	0	0
Fish-bolts, 30,712=12·8 tons, at £25	320	0	0
	8,287	0	0

Less freight and handling to where required, 1,543·8 tons, at 15s. ... 1,157 17 0-

7,129 3 0

Total loss £990 13 8

KAIHU RAILWAY.—PROBABLE VALUE of PRESENT RAILS, SLEEPERS, and FASTENINGS, if taken up.

24ft. rails, 53lb. material—	£	s.	d.	£	s.	d.
Rails, 7,678=1,453 tons, at £5	7,265	0	0			
Bed-plates, 15,356=22·2 tons, at £9	199	16	0			
Fang-bolts, 30,712=28·1 tons, at £8	224	16	0			
Fish-bolts, 30,712=12·8 tons, at £25	320	0	0			
Spikes, 109,236=26 tons, at £8	208	0	0			
Fish-plates, 15,356=78 tons, at £9	702	0	0			
Sleepers, 34,551, at 1s.	1,727	11	0			
				10,647	3	0

Less cost of taking up rails, sleepers, and fastenings, 30,718 lineal yards at 1s. ... 1,535 18 0

Less freight to where required—

Rails and fastenings, 1,622 tons, at 15s.	1,216	10	0
Sleepers, 2,300 tons, at 10s.	1,150	0	0

3,902 8 0

Total £6,744 15 0

KAIHU VALLEY RAILWAY.—LIST of ROLLING-STOCK from Engineer's Certificates.

Engine "A 22," £705 13s. 3d.; 6 low-sided wagons, £488 5s. 2d.; 10 low-sided wagons, £822 12s. 7d.; 1 tricycle and fittings, £16 18s. 3d.; brake-van, £262 15s. 3d.; "F" engine, £1,463 8s. 3d.; matting for carriage, £1 3s.; one first-class carriage, £150; freight on same, £15; erection, £1 16s.; freight on lamps, 6s.; putting lock on brake-van, 1s.; 8 seats for trucks, £1; Sept., 60lb. waste for "F" engine, £1 5s.; 15cwt. coal, trial trip, 18s.; oil, waste, and packing 15s.; add 12 per cent. on £172 4s., £20 13s. 3d.: total, £3,952 10s.

STATEMENT FURNISHED BY DISTRICT LAND REGISTRAR, AUCKLAND.

STATEMENT of the POSITION of the TITLE to the LINE of RAILWAY of the KAIHU VALLEY RAILWAY COMPANY in the LAND TRANSFER OFFICE, AUCKLAND.

THE railway passes through the following blocks of land: 1. Tunatahi Block, No. 1844, upon part of which the Town of Dargaville is situated; Vol. 54, fol. 29. 2. Kaihu No. 2 Block, No. 3509; no registration. 3. Kaihu No. 1 Block, No. 1946B; Vol. 26, fol. 46. 4. Kaihu No. 4 Block, No. 4976; Vol. 43, fol. 40. 5. Part Kaihu No. 3 Block, No. 4975; Vol. 26, fol. 45. 6. Part Kaihu No. 3 Block, No. 4975; Vol. 26, fol. 46. 7. Kaihu No. 1A, No. 1 Block, No. 5172A; Vol. 44, fol. 68. 8. Kaihu No. 1A, No. 2 Block, No. 5172B; Vol. 50, fol. 298. 9. Part Kaihu No. 1 Block, No. 1946A; Vol. 26, fol. 46. 10. Part Kaihu No. 1 Block, No. 1946A; Vol. 26, fol. 64. 11. Opanake Block, No. 3046; Vol. 9, fol. 49. 12. The endowment granted to the Kaihu Valley Railway Company; Vol. 53, fol. 21.

1. That portion of the railway running through the Tunatahi Block is held under certificate of title by the Kaihu Valley Railway Company (Limited), in pursuance of a vesting order issued by the Compensation Court under section 42 of "The Public Works Act, 1882;" mortgage No. 8226, to the Queen, to secure debentures issued by the company, is the only charge registered against this land. 2. Kaihu No. 2 Block: No registration has taken place in respect of that portion of this block over which the railway runs, the title being memorial of ownership under "Native Lands

Act, 1873." 3. Kaihu No. 1 Block, No. 1946B. 4. Kaihu No. 4 Block, No. 4976. 6. Part Kaihu No. 3 Block, No. 4975. 9. Part Kaihu No. 1 Block, No. 1946A. The titles to these blocks (3, 4, 6, 9) stand in the name of James Nimmo, of Edinburgh, Scotland, gentleman, and are subject to three caveats, Nos. 569, 570, and 676, copies of which are annexed hereto. 5. Part of Kaihu No. 3 Block: Held under certificate of title by Te Puhikihi Parore and others, and against which the District Land Registrar's caveat, No. 676, is the only instrument registered. 7. Kaihu No. 1A, No. 1 Block: This block, containing 3 acres 1 rood 8 perches, is now held by the Queen. 8. Kaihu No. 1A, No. 2 Block: Held under Crown grant by Te Rore Taohe and others, and against which the District Land Registrar's caveat, No. 676, is the only instrument lodged. 10. Part Kaihu No. 1 Block: Held under certificate of title by Theodore Frederick Sandbach Tinne, of Auckland, gentleman, against which caveats, 569, 570, and 676, are entered. 11. Opanake Block: The title to this block stands in the names of the original grantees, subject to a sale of growing trees and other rights, transfer No. 1052; and to leases Nos. 407 and 765; caveats Nos. 569, 570, and 676 have been entered against this block. 12. Endowment to the Kaihu Valley Railway Company: mortgage No. 8226, to the Queen, is the first dealing registered against this land; caveat No. 662 has been lodged by John Owen, and caveat No. 701 lodged by the Queen, against this land; copies of both caveats annexed hereto.

THEO. KISSLING, District Land Registrar.

Land Transfer Office, Auckland, 20th February, 1890.

CAVEAT No. 569, FORBIDDING REGISTRATION OF DEALING WITH ESTATE OR INTEREST.

To the District Land Registrar of the District of Auckland.

TAKE NOTICE that The Kaihu Valley Railway Company (Limited), claiming estate or interest under and by virtue of an agreement made between Her Majesty the Queen of the one part and the said company of the other part (a copy of which is hereunto annexed), and under and by virtue of the provisions of an Act of the General Assembly of New Zealand intituled "The Railways Construction and Land Act, 1881," as owners (for the purpose of constructing a railway-line) of all those pieces of land as shown on the plans annexed hereto, and described in the book of reference also hereto annexed, and which said plans and book of reference have been prepared in accordance with the said Act, and which pieces of land are portions of the land included in certificates of title Volume 3 folio 19; Volume 26 folio 46; Volume 26, folio 64; Volume 43, folio 40; and Volume 9, folio 49, of the register-book, forbid the registration of any memorandum of transfer or other instrument affecting the said land until this caveat be by the said company withdrawn.

Dated this 1st day of February, 1887.

The common seal of the Kaihu Valley Railway Company (Limited)

was hereto affixed by and in the presence of the undersigned,

(L.S.)

two of the directors of the company.

EDWIN MITCHELSON, }
J. M. DARGAVILLE, } Directors.
and of

E. WAYMOUTH, Secretary.

CAVEAT No. 570, FORBIDDING REGISTRATION OF DEALING WITH ESTATE OR INTEREST.

To the District Land Registrar of the District of Auckland.

TAKE NOTICE that I, John Owen, of Sydney, in the Colony of New South Wales, claiming estate or interest under and by virtue of an agreement made between Her Majesty the Queen of the one part and the Kaihu Valley Railway Company (Limited) of the other part (a copy of which is annexed to caveat lodged by the said company, and numbered 569), and under and by virtue of the provisions of an Act of the General Assembly of New Zealand intituled "The Railways Construction and Land Act, 1881," in all those pieces of land as shown on the plans also annexed to the said caveat, and described in the book of reference also thereto annexed, and which pieces of land are portions of the land included in certificate of title Volume 3, folio 19; Volume 26, folio 46; Volume 26, folio 64; Volume 43, folio 40; and Volume 9, folio, 49, of the register-book, forbid the registration of any memorandum of transfer or other instrument affecting the said land until this caveat be by me withdrawn, and direct that all notices in connection herewith be directed to my solicitors, Messrs. Devore and Cooper, Auckland.

Dated this 2nd day of February, 1887.

JOHN OWEN,

(By his solicitors, Devore and Cooper).

Witness—FRED. A. CLARKE, solicitor's clerk, Auckland.

CAVEAT No. 662, FORBIDDING REGISTRATION OF DEALING WITH ESTATE OR INTEREST.

To the District Land Registrar of the District of Auckland.

TAKE NOTICE that I, John Owen, of Oakland, Mittagong, Sydney, in the Colony of New South Wales, contractor, claiming estate or interest by reason of the Kaihu Valley Railway Company (Limited) having entered into a contract with me, dated the 31st day of January, 1887, whereby the said company did, for itself, its successors, and assigns, covenant with me, my executors, administrators, and permitted assigns, that the company would execute in my favour, as soon as the hereafter-mentioned lands (*inter alia*) were granted to the said company, a mortgage over (*inter alia*) all those blocks of land containing by admeasurement 14,501a. 1r. 18p., being called or specified as follows: Section 1, Block IX., Tutamoe Survey District; Section 1, Block XIII., Tutamoe Survey District; Section 2, Block XI., Waipoua Survey District; Section 2, Block XII., Waipoua Survey District; Section 1, Block XIII., Waipoua Survey District, forbid the registration

of any memorandum of transfer or other instrument affecting the said land until this caveat be by me withdrawn, and I direct that all notices in respect of this caveat shall be addressed to my attorney, Mr. Albert Devore, of Queen Street, Auckland, solicitor

Dated this 12th day of March, 1889.

JOHN OWEN,
(By his attorney, A. Devore).

Witness—FRED. A. CLARKE, solicitor's clerk, Richmond Road, Auckland.

CAVEAT NO. 676, FORBIDDING REGISTRATION OF DEALING WITH ESTATE OR INTEREST.

To the District Land Registrar of the District of Auckland.

TAKE NOTICE that I, on behalf of the Crown, claiming estate or interest by virtue of a deed of mortgage from the Kaihu Valley Railway Company, No. 8,226 in the Land Transfer Office at Auckland, in all the lands now acquired or hereafter to be acquired by the said company for the purposes of their railway, as referred to in the said deed of mortgage, forbid the registration of any memorandum of transfer or other instrument affecting the said land until this caveat be by me withdrawn.

Dated this 22nd day of July, 1889.

THEO. KISSLING, District Land Registrar.

Witness—C. H. WALTER DIXON, Clerk, Land Transfer Department, Auckland.

CAVEAT NO. 701, FORBIDDING REGISTRATION OF DEALING WITH ESTATE OR INTEREST.

To the District Land Registrar of the District of Auckland.

TAKE NOTICE that Her Majesty the Queen, claiming estate or interest by virtue of a certain contract made on the 21st day of August, 1882, between Her said Majesty of the one part and the Kaihu Valley Railway Company (Limited) of the other part, in the lands described in certificate of title registered in Volume 53, folio 21, of the register-book, forbid the registration of any memorandum of transfer or other instrument affecting the said land until this caveat be by Her said Majesty, or by Her said Majesty's Attorney-General or Solicitor-General for the colony of New Zealand, withdrawn.

Dated this 4th day of February, 1890.

FRED. WHITAKER, Attorney-General.

Witness—A. HANNA, solicitor, Auckland.

MEMORANDA FURNISHED TO THE COMMISSIONERS BY MR. C. Y. O'CONNOR, UNDER-SECRETARY FOR PUBLIC WORKS.

KAIHU VALLEY RAILWAY.—SOURCES from which FUNDS for CONSTRUCTION of RAILWAY were derived to the 4th January, 1890.

Proceeds of Calls on Shareholders and Interest thereon.	Proceeds of Debentures.	Bank Overdraft.	Interest on Fixed Deposits.	Transfer-fees.	Contractor's Deposits: Excess of Receipts over Amounts returned.	Received from R. C. Barstow's Loans.
£ s. d.	£	£ s. d.	£ s. d.	s. d.	£ s. d.	£ s. d.
4,377 3 7	47,000	546 8 3	0 16 7	2 6	14 5 0	7 0 0
234 13 0		1,386 15 2	702 16 2			98 18 9
419 1 2		810 5 3	406 1 6		Cr. 0 0 11	256 19 8
192 10 0		630 13 5				740 18 9
37 6 10		1,018 6 10	1,109 14 3			
32 10 0		1,034 12 3	6 10 0			1,103 17 2
378 15 9		2,536 1 7				Cr. 505 10 8
715 2 0		320 19 9				
704 7 6						
99 15 0		8,284 0 8				
2 16 3		6 10 0†				
7,194 1 1						
Cr. 378 17 0						
6,815 4 1	47,000	8,277 10 8	1,116 4 3	2 6	14 4 1	598 6 6

* Add correction.

† Less correction.

Grand Total.

	£	s.	d.
Proceeds of calls on shareholders	6,815	4	1
Debentures	47,000	0	0
Bank overdraft	8,277	10	8
Interest on fixed deposits, &c.	1,116	4	3
Transfer-fees	0	2	6
Contractor's deposits, balance in hand	14	4	1
R. C. Barstow, loans	598	6	6
Total	£63,821	12	1

KAIHU VALLEY RAILWAY COMPANY.—LIABILITIES on the 4th JANUARY, 1890.

	Amount.	Portion chargeable to Construction-work.	Portion chargeable to Working-expenses.
£ s. d.	£ s. d.	£ s. d.	£ s. d.
Debentures dated 1st April, 1887, and having currency for twelve years—viz., till 1st April, 1899, bearing interest at 5 per cent.	47,000 0 0	47,000 0 0	..
Interest due on same—viz., £1,175 paid in April, 1889, and £1,175 in October, 1889, by General Government, and £618 1s. 7d. for term from 1st October, 1889, to 4th January, 1890	2,968 1 7	618 1 7	2,350 0 0
Owen, J., mortgage, £11,385 6s. 6d., plus interest at 7 per cent., from 1st January, 1889, to 4th January, 1890, £805 13s. 6d.	12,191 0 0	11,394 1 0	796 19 0
Fallon, D., mortgage, £5,000, plus interest at 10 per cent., from 29th July, 1889, to 4th January, 1890, £217 16s. 3d. 5,217 16 3			
Balance due on contract	581 12 5		
Mitchelson, J., balance of contract sum	5,799 8 8	5,799 8 8	..
Colonial Bank—Overdraft, as shown in pass-book made up to 31st August, 1889, £8,277 10s. 8d.; plus interest at 8 per cent. from thence to 4th January, 1890, £228 11s. 4d: total, £8,506 2s. (This sum includes interest in all amounting to £1,567 13s. 9d. net; the actual advances obtained, therefore, amounted to £6,938 8s. 3d.)	140 0 3	140 0 3	..
Creditors, viz.,—	8,506 2 0	7,860 2 3	645 19 9
Barstow, R. C., Proceeds of bills and cash £598 6 6			
Discounts	15 7 8		
Chapman	613 14 2		
Brett, H.	6 16 3		
Devore and Cooper	20 13 0		
New Zealand Railways	1 16 0		
Holt, P.	30 18 0		
Hobson County Council	62 0 0		
Jackson and Russell	2 11 0		
Land Office	18 18 2		
Morrin and Co.	16 0 0		
Mackechnie, E. A.	85 12 7		
Phillips and Sons	550 0 0		
Secretary	3 14 6		
Auditors	301 5 6		
Wilsons and Horton	3 3 0		
Amount probably payable to Natives for land taken for railway out of Opanake Reserve	8 10 0		
Less—	250 0 0		
Bills receivable, Dargaville, J. M. .. £50 0 0	1,975 12 2		
Calls due			
Coals and stores on hand, estimated at 52 10 2			
Cash in Colonial Bank to credit of Trust Account			
Cash in hand	250 0 0		
	8 13 10		
	467 4 0	1,508 8 2	1,508 8 2
Add for contingent liabilities—			
Balance of Fallon's contract	78,113 0 8	74,320 1 11	3,792 18 9
Permanent-way and rolling-stock, say	6,320 2 4		
	7,000 0 0		
	13,320 2 4	13,320 2 4	..
	91,433 3 0	87,640 4 3	3,792 18 9

KAIHU VALLEY RAILWAY.—EXPENDITURE to 4th JANUARY, 1890 (as shown by Annual Statements).

	£	s.	d.
7th October, 1882, to 30th September, 1883	4,918	3	5
1st October, 1883, to 29th February, 1884	1,587	16	2
1st March, 1884, to 28th February, 1885	1,278	13	5
1st March, 1885, to 28th February, 1886	847	1	0
1st March, 1886, to 28th February, 1887	1,067	9	5
1st March, 1887, to 28th February, 1888	34,617	14	0
1st March, 1888, to 28th February, 1889	18,394	10	11
1st March, 1889, to 4th January, 1890	851	9	11
	£63,562	18	3

Comparisons with other Statements.

Total expenditure as shown herein	63,562	18	3
Add Cash at credit, Trust Account	£250	0	0
Cash in hand	8	13	10
	258	13	10
Grand Total—Corresponding with total receipts (exclusive of railway earnings), as shown in statement showing sources from which funds for construction of railway were derived	£63,821	12	1

Total expenditure as shown herein	£63,562 18 3
Deduct amounts included therein, chargeable to working railway, viz.,—	
General administration and stores	£400 0 0
Interest comprised in overdraft between 4th January, 1889, and 31st August, 1889	417 8 5
	<u>817 8 5</u>
Total net expenditure on construction-works corresponding with amount shown as paid thereon, in statement showing cost of construction	£62,745 9 10

KAIHU VALLEY RAILWAY.—SUMMARY STATEMENT of EXPENDITURE and LIABILITIES, exclusive of Amount derived from Railway Revenue, but including Contributions from Capital Account to Working-expenses.

<i>Grand Total Expenditure and Liabilities.</i>		£	s.	d.	£	s.	d.
Total expenditure to 4th January, 1890, as shown on return herewith		...			63,562	18	3
Deduct expenditure included therein out of loans and overdrafts which have to be repaid—							
Debentures	...	47,000	0	0			
Bank overdraft, including interest thereon to 31st August, 1889	...	8,277	10	8			
Barstow, R. C., loan	...	598	6	6			
					<u>55,875</u>	<u>17</u>	<u>2</u>
Total expenditure out of funds other than loans or overdrafts. (This includes interest allowed by Bank on fixed deposits, £1,116 4s. 3d.)	...				7,687	1	1
Add total liabilities, as shown on return herewith—							
Actual liabilities as existing at 4th January, 1890	...	78,113	0	8			
Contingent liabilities, including estimated cost of completing railway	...	13,320	2	4			
					<u>91,433</u>	<u>3</u>	<u>0</u>
					<u>£99,120</u>	<u>4</u>	<u>1</u>
<i>Expenditure and Liabilities on Construction-works.</i>							
Total expenditure out of funds other than loans or overdrafts, as above	...				7,687	1	1
Deduct amounts included therein chargeable to working railway—							
General administration and stores, &c....	...				400	0	0
Total expenditure out of funds provided by shareholders chargeable to construction-works	...				7,287	1	1
Add liabilities on construction-works, as shown in return herewith—							
Actual liabilities as existing at 4th January, 1890	...	74,320	1	11			
Contingent liabilities, including estimated cost of completion of railway, with permanent-way	...	13,320	2	4			
					<u>87,640</u>	<u>4</u>	<u>3</u>
					<u>£94,927</u>	<u>5</u>	<u>4</u>
<i>Expenditure and Liabilities on working Railway.</i>							
Contributions from Capital Account to working-expenses, but exclusive of amounts derived from railway revenue, viz.,—							
General administration and stores	...				400	0	0
Interest comprised in bank overdraft between 4th January, 1889, and 31st August, 1889	...				417	8	5
					<u>817</u>	<u>8</u>	<u>5</u>
Deduct expenditure included herein out of loans and overdrafts which have to be repaid	...				417	8	5
Total expenditure out of funds provided by shareholders	...				400	0	0
Liabilities, as shown on return herewith	...				3,792	18	9
					<u>£4,192</u>	<u>18</u>	<u>9</u>
<i>Grand Total Expenditure and Liabilities.</i>							
Total expenditure and liabilities on construction, as above—	...				94,927	5	4
" " " working railway	...				4,192	18	9
					<u>£99,120</u>	<u>4</u>	<u>1</u>

KAIHU VALLEY RAILWAY.—LIST OF CONTRACTS.

Number of Contract.	Name of Contractor.	Nature of Work contracted for.	Date of Contract.	Amount of Contract.	Value of Additions ordered.	Value of Reductions ordered.	Final Amount of Contract as modified by Additions and Reductions.	Amount of Progress-payments out of Trust Funds.	Amount of Progress-payments out of Company's Funds.	Total Payments to Contractors.	Balance still due on Contract.	Estimated Amount required to complete Works throughout Distance to which Contract applies.
1	Sheehan	Wharf and station reclamation at Dargaville, also formation railway from Om. Oc. to Om. 41c.	Mar. 9, 1883	£ s. d. 3,415 2 1	£ s. d. 1 24 10 9 (480 11 9)	£ s. d. 211 9 3	£ s. d. 3,708 15 4	£ s. d. ..	£ s. d. 3,708 15 4	£ s. d. 3,708 15 4	£ s. d. ..	£ s. d. ..
2	Nicholson and Co.	Sleepers, 5,000 at 3s.	"	750 0 0	31 12 11	17 7 7	764 5 4	..	764 5 4	764 5 4	..	..
3	Spiers	Stationmaster's house and office	"	400 0 0	44 16 9	..	444 16 9	..	444 16 9	444 16 9	..	..
5	Owen	Construction Om. 41c. to 16m. 20c., and rolling-stock	Jan. 31, 1887	56,000 0 0	233 0 1 (5,157 5 37,029 10 5)	480 0 0	53,880 14 11	42,495 8 5	..	42,495 8 5	511,385 6 6	..
7	Mitchelson, J.	Construction 16m. 20c. to 16m. 75c.	Aug. 1, 1888	636 2 11	69 15 1	60 0 0	705 18 0	565 17 9	..	565 17 9	140 0 3	..
6	Fallon, D.	Construction 16m. 75c. to 19m. 21c.	Sept. 19, 1888	12,941 7 5	..	..	12,541 7 5	639 12 8	..	639 12 8	5,581 12 5	6,820 2 4
		Required for permanent-way (say, £2,500) and rolling-stock (say, £4,500)	..	..	..	..	..	..	..	..	..	7,000 0 0
		Paid out of trust funds to various creditors	..	..	..	..	..	1,639 1 2	..	..	..	..
		Commission paid Bank for floating debentures	..	..	..	..	..	1,410 0 0	..	..	..	..
		Still in Colonial Bank for payment of land compensation	..	..	..	..	..	250 0 0	..	..	..	..
				73,802 12 5	6,041 12 7	7,798 7 3	72,045 17	947,000 0	04,917 17	548,618 16	317,106 19	213,320 2 4

KAIHU VALLEY RAILWAY.—COST OF CONSTRUCTION to 4TH JANUARY, 1890, including Interest paid and payable on Owen's Mortgage up to 4th January, 1889 (the Date on which that Portion of Railway was open for Traffic), and on Fallon's Mortgage up to 4th January, 1890 (that Portion of Railway not being yet opened).

	Paid.	Due.	Total.
	£ s. d.	£ s. d.	£ s. d.
Promoters' expenses	257 11 4	..	257 11 4
Sheehan's contract, wharf and station reclamation at Dargaville, also formation railway from 0 miles 0 chains to 0 miles 41 chains	3,708 15 4	..	3,708 15 4
Nicholson's contract, sleepers	764 5 4	..	764 5 4
Spiers's " Stationmaster's house and office	444 16 9	..	444 16 9
Owen's " construction from 0 miles 41 chains to 16 miles 20 chains, and rolling-stock	42,495 8 5	11,385 6 6	53,880 14 11
Mitchelson's contract, construction from 16 miles 20 chains to 16 miles 75 chains	565 17 9	140 0 3	705 18 0
Fallon's contract, construction from 16 miles 75 chains to 19 miles 21 chains	639 12 8	5,581 12 5	6,221 5 1
Stable	9 18 6	..	9 18 6
General administration, viz.—			
Salaries—Secretary, clerks, and auditors, &c.	910 2 6	102 12 2*	1,012 14 8
Office-expenses, viz.—			
Office furniture	19 19 1	3 14 6	23 13 7
Stationery, rent, insurance, and sundries	374 9 3	66 17 3	441 6 6
Annual licenses	210 0 0	..	210 0 0
Travelling-expenses	53 10 7	..	53 10 7
Property-tax and rates	102 17 11	2 11 0	105 8 11
Law charges, fees on Crown grants, endowment charges	530 2 6	586 14 2	1,116 16 8
Survey and engineering—			
Salaries of engineers	3,520 8 11	62 0 0	3,582 8 11
Instruments, &c.	125 17 4	..	125 17 4
Wages of chainmen and labourers	1,015 7 10	..	1,015 7 10
Camp charges (provisions, horse-feed, horse-hire)	613 16 9	85 12 7	699 9 4
Valuing land and reports on forests, &c.	56 17 0	..	56 17 0
Commission on sale of debentures, £47,000 at 3 per cent.	1,410 0 0	..	1,410 0 0
Interest—			
On debentures to 4th January, 1889, £4,143 1s. 7d.	3,525 0 0	618 1 7	4,143 1 7
On bank overdraft to 4th January, 1889, £1,639 14s. 4d.	1,648 5 5	..	1,648 5 5
On Trust Account, 11s. 8d.	..	..	..
Discounts, £7 19s. 5d.	..	..	..
On Owen's mortgage, £11,385 6s. 6d., from 1st January, 1889, to 4th January, 1889, at 7 per cent., say	..	8 14 6	8 14 6
On Fallon's mortgage, £5,000, from 29th July, 1889, to 4th January, 1890, at 10 per cent.	..	217 16 3	217 16 3
Total stated cost of construction-works	63,003 1 2	18,861 13 2	81,864 14 4
Deduct promoters' expenses (not shown in receipts or expenditure)	257 11 4	..	257 11 4
Net total cost of construction-works to 4th January, 1890	62,745 9 10	18,861 13 2	81,607 3 0
Add contingent liabilities on construction-works, as shown in statement of liabilities herewith	..	13,320 2 4	13,320 2 4
Grand total expenditure and liabilities on construction-works, including estimated cost of completing railway, with permanent-way, &c. (This corresponds with amount shown in summary statement herewith)	62,745 9 10	32,181 15 6	94,927 5 4
Add Contributions out of Capital Account towards working-expenses	400 0 0	..	400 0 0
Charges appertaining to working railway, as shown in statement of liabilities herewith	417 8 5	3,375 10 4	3,792 18 9
Grand total expenditure and liabilities, including contributions from Capital Account to working-expenses, but exclusive of amounts derived from railway revenue. (This includes estimated cost of completing railway, with permanent-way, &c.; it also corresponds with amount shown in summary statement herewith)	£63,562 18 3	£35,557 5 10	£99,120 4 1
Total liabilities, as shown herein	£35,557 5 10		
Loans and Bank overdrafts, as shown in summary statement herewith	55,875 17 2		
Grand total liabilities, as shown in summary statement herewith	£91,433 3 0		

* This is net result after deducting bills renewable, calls due, and stores on hand

KAIHU VALLEY RAILWAY.—WORKING ACCOUNT for YEAR ending 4th January, 1890.

Four-weekly Periods ending										Earnings.		Working expenses.		Profit.		Loss.			
										£	s.	d.	£	s.	d.	£	s.	d.	
1889.										100	19	7	252	13	8	..	..	..	
February 2	..	..	..	..	..	..	..	..	..	117	5	6	..	..	..	34	8	7	
February 28	..	..	..	..	..	..	..	..	..	125	18	3	161	4	10	35	6	7	
March 30	..	..	..	..	..	..	..	..	..	110	11	1	141	16	9	31	5	8	
April 27	..	..	..	..	..	..	..	..	..	81	14	9	104	14	6	22	19	9	
May 25	..	..	..	..	..	..	..	..	..	61	2	6	87	0	2	25	17	8	
June 22	..	..	..	..	..	..	..	..	..	70	6	6	92	10	3	22	3	9	
July 20	..	..	..	..	..	..	..	..	..	76	2	7	82	8	1	6	5	6	
August 17	..	..	..	..	..	..	..	..	..	71	5	11	79	18	11	8	13	0	
September 14	..	..	..	..	..	..	..	..	..	84	0	9	85	4	9	1	4	0	
October 12	..	..	..	..	..	..	..	..	..	83	6	3	74	6	6	8	19	9	
November 9	..	..	..	..	..	..	..	..	..	83	2	11	63	17	7	19	5	4	
December 7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
1890.	..	..	..	..	..	..	..	..	..	143	5	1	78	16	1	64	9	0	
January 4	..	..	..	..	..	..	..	..	..	..	..	..	1,304	12	1	188	4	6	
General administration and supervision—																			
Salaries, head office	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Law expenses	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Sundries	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Interest for twelve months ending 4th January, 1890—																			
										Paid.		Due.		Total.					
										£	s.	d.	£	s.	d.	£	s.	d.	
On debentures, amounting to	47,000	0	0	at 5 per cent.	..	..	..	..	..	2,350	0	0	2,350	0	0	..	..	..	
On Owen's mortgage, amounting to	11,385	6	6	at 7 per cent.	..	..	..	..	..	796	19	0	796	19	0	..	..	..	
On Bank overdraft, averaging about	8,000	0	0	at 8 per cent.	..	..	..	..	..	645	19	9	645	19	9	..	..	..	
On debts to sundry creditors, say	1,500	0	0	at 8 per cent.	..	..	..	..	..	120	0	0	..	..	..	..	..	..	
On paid-up capital, say	6,614	13	6	at 5 per cent.	..	..	..	..	..	330	14	8	..	..	..	..	..	..	
	74,500	0	0	..	..	..	..	..	..	4,243	13	5	3,375	10	4	4,243	13	5	
										1,209	1	8	5,769	11	7	92	14	1	
										1,209	1	8	1,209	1	8	..	..	..	
										4,560	9	11	4,560	9	11	..	..	..	

[Approximate Cost of Paper.—Preparation, nil; printing (1,350 copies), £19 15s.]