

land about the Maunganui Bluff is excellent. It would have been readily taken up if we had only been allowed to offer it to the public, but this railway-claim came up, and we were instructed to withdraw it from sale, which was done.

259. Can you inform the Committee why the land was valued at such a high price to the company, and why the Government are selling land at much lower prices there?—The land valued for the company is much superior to the land sold by the Government; and, moreover, the land valued for the company contained a great deal of kauri-timber, while the land that was sold by the Government was mostly open land of a very inferior quality. Another thing that has to be taken into account is this: the land valued for the company was valued in blocks—the good land and the bad land were taken together and an average price struck.

260. You think, quality for quality, the price fixed upon the endowment-land to the company was equal to the price Government put upon the lands which they have sold?—Yes, I think so.

261. In fact, no injury was done in that respect?—None whatever. You are aware a valuation was made of the endowment-land by the present Surveyor-General, Mr. Smith, on behalf of the Government, and Mr. Nicholson, on behalf of the company.

262. The company say the land was valued to them at £18,500. Are those figures correct?—Well, I should say approximately they are. There was an area of 39,000 acres set apart, valued at £37,652, out of which the company could select what they were entitled to when the time came. They were entitled to land of a value of £900 per mile, but as the railway was only 19½ miles altogether, they were not entitled to the whole of the land; and, when the selection came to be made, it was a matter of adjustment between the Lands Department and the company.

263. The valuation was fixed before the railway was carried out: it was the valuation of the land without the railway?—Yes.

264. Now, the railway being constructed, or nearly so, the land is worth very much more?—Yes.

265. Both as land and with the increased value of the timber?—Yes. The timber was of little or no value without the railway.

266. The company estimate the amount of timber on the land at 60,000,000ft.: can you say whether that estimate is correct or not?—No, I cannot say whether it is correct or not. I saw, of course, lots of kauri-trees; but I should not like to give an estimate.

267. Was any estimate made when Government valued this land of the timber?—No; no estimate was made of the amount of timber.

268. That would be an important factor in the value of the land, would it not?—Yes. A general view of the country was taken by Mr. Smith and Mr. Nicholson; but they did not go into exact calculations. It would require a very careful survey to do that.

269. Mr. Knorpp estimated that there were 260,000,000ft. of kauri in the Kaihu Basin?—I do not know on what data he went.

270. *Mr. Wilson.*] So many trees to the acre?—I presume so.

271. *The Chairman.*] As Railway Commissioner, can you give any opinion upon the value of the railway from your knowledge of the country?—If the kauri is there to the extent Mr. Knorpp estimates, or even approximately, and if there be at all a fair demand for timber, it would pay very well for a series of years; but without the timber the railway would be a very losing concern, because the amount of settlement there could only be comparatively limited, seeing that there are only 5,000 or 6,000 acres of open land and all the rest is dense forest. The railway does not lead very well into the country. It terminates in a *cul de sac*, as it were. The end of the railway is in a gorge, and the land rises immediately, or in a slope of a mile or two, to fully 1,000ft., so you cannot expect the settlers beyond to make use of the railway. They are half-way between the railway and the Hokianga Inlet, and it is quite likely they will rather go to the Hokianga with their produce and send it by sea than send it by the railway.

272. *Hon. Sir J. Hall.*] They will get down to the mouth of the Hokianga?—Not quite to the mouth; there is an inland road which will take them to within five or six miles of the mouth.

273. *The Chairman.*] The Government are in this position: they have guaranteed nearly £50,000 worth of debentures to the company, and for that they hold as security the railway; and, assuming the company will be wound up, as it will be, they must take over the railway to cover this. I should like to know from you your opinion as to what is the most advantageous course for the Government to take—to take over this railway, leaving the endowment to be dealt with by the company or the mortgagee, or whether, assuming we are pledged to take over the railway, it would be politic to take over the endowment as well?—I think the Government should take over the entire responsibility.

274. The endowment as well?—Yes; they should have the land back again to deal with.

275. Do you know how much it is mortgaged for?—I read the financial statement of the company; they owe one contractor £13,000 if I remember aright, and they owe another contractor money, Mr. Owen, who holds a mortgage of £12,000 over the endowments.

276. The endowment, since it was valued nine years ago, has very much increased in value?—Yes.

277. The company give the value at £48,500; assuming that is exaggerated, the endowment is evidently good security for £12,000?—Yes; I think the scheme from its very inception was not a mad scheme, but a pretty wise scheme, assuming there was a market for the timber, and that is a reasonable assumption. Of course it is very dull at present, but matters will no doubt change. It is one of those undertakings which will only be worked out successfully by a company which has good credit and plenty of money. The existing company, it is well known, are thoroughly out of funds and credit, and cannot go on. I think, under the circumstances, it really comes to this: the Government should take it over, and not take it over in a half-and-half way, but take it over *in globo*. I believe, in the hands of the Government, it would pay ultimately, that is, presuming there is the amount of timber stated in Mr. Knorpp's estimate.