

1888.

## NEW ZEALAND.

## WASTE LANDS COMMITTEE

(REPORT OF THE) ON THE OTAGO CENTRAL RAILWAY BILL, TOGETHER WITH MINUTES OF EVIDENCE AND APPENDIX.

*Brought up 8th June, 1888, and ordered to be printed.*

## REPORT.

THE Waste Lands Committee, to whom was referred the Otago Central Railway Bill, have the honour to report:—

“That, after having gone carefully through the Bill, and taken the evidence of Mr. McKerrow, Surveyor-General, Mr. Blair, Assistant Engineer-in-Chief, and Mr. Pyke, M.H.R., they are of opinion that the Bill should not be allowed to proceed.”

JAMES FULTON,  
Chairman.

8th June, 1888.

## MINUTES OF EVIDENCE.

TUESDAY, 22ND MAY, 1888.

Mr. JAMES MCKERROW, Surveyor-General, examined.

1. *The Chairman.*] The Committee is now prepared to hear your evidence, Mr. McKerrow?—When giving evidence before the Waste Lands Committee on this subject about a year ago the evidence then given had reference principally to the part of the line between Taieri Lake and the Clyde. This Bill embraces the whole line from Wingatui Junction to Lake Hawea. The evidence I shall now give to the Committee will accordingly cover a larger extent of country, and be an amplification of what was given before. I have prepared a map showing the line of railway with the fifteen-mile limit. The area included is (in round numbers) 2,745,000 acres, of which 2,175,000 acres is now let on pastoral lease. The balance of the area is made up of endowments to the Dunedin High School, to the Otago University, to the Athenæum, and Museum; a variety of municipal endowments, making about 100,000 acres; freehold lands, about 255,000 acres; then, of Lakes Hawea and Wanaka, so much as comes within the fifteen-mile limit—75,000 acres. There are some mountain lands small portions of which are unlet, about 135,000 acres. The whole of the above amounting to the total of 2,745,000 acres within the fifteen-mile limit. The revenue derivable from these 2,175,000 acres is £48,000. I stated before that there were about 250,000 acres of agricultural land within these Crown lands. That area will still stand about true, for, although you take in more country now, the agricultural portion of it is all pretty well freehold, so that the amount of agricultural land belonging to the Crown for the whole line is much the same as it was.

2. *Mr. Rhodes.*] 250,000 acres Crown agricultural land?—Yes, Crown land.

3. *Mr. J. McKenzie.*] Will you be good enough to tell the Committee how taking blocks of land within this limit will affect the balance of the Crown land left for pastoral purposes?—It will not affect them in any way whatever if they are judiciously selected with workable boundaries, taking care to have high and low country associated together. I think, from what I see in the schedule, that is provided for now. It is stated distinctly that the frontage of a block shall not bear a greater proportion than one-half the depth, and that the rectangular shape may be varied to suit the natural conditions of the country. If these are attended to I think a judicious selection of blocks can be made.

4. That is, taking a frontage of seven and a half miles to fifteen miles back, blocks could be taken without any serious injury to the Crown lands left?—Yes; with the exceptions where the fifteen-mile limit overlaps the main watershed and takes in country that would have no connection with the railway.

5. The limit goes over the watershed to the East Coast and Waitaki side?—That is so. I think that would be rectified in making the selections, for the company would not, in that case, be required to go back to the fifteen-mile limit. They would simply go to the watershed, and the frontage would be proportional to the depth. I think it would rectify itself in that way.

6. In some parts would it not be taking away some of the low country?—Not necessarily. [The witness described the features of the district upon the map.]

7. *The Chairman.*] The same principle will apply on the western side?—Yes; but, as I have said, I think the selections could be made in such a way that there would be very little country rendered inaccessible.

8. *Mr. J. McKenzie.*] Would not the "blue line" (fifteen-mile line) in many places cut up some of the runs, so that the tenants would be tenants of the syndicate on the one side and of the Crown on the other?—Yes, that would be so, because the watershed is the boundary of runs.

9. Do you not think that that would have an injurious effect?—It certainly would if we selected these places. I think if you varied the fifteen-mile limit to the watershed it would be a very great improvement. In that case it would fall sometimes within and sometimes without the fifteen miles.

10. But the "blue line" cuts some of these runs very badly?—Yes.

11. *Mr. Rhodes.*] Has a large amount of public land—agricultural and Crown land—been sold?—I think that there will be about as much freehold land as Crown land (agricultural), that is to say, about 250,000 acres.

11. Have you any idea of the cultivations there are there at present?—Wheat and oats are grown to supply local wants; but as there are not many people in the interior, and there is no export of grain to the coast, the acreage is very small; all the cultivations do not exceed a few thousand acres.

12. *Hon. Mr. G. F. Richardson.*] Could you supply the Committee with a map showing the limits to which the blocks to be dealt with in this Bill should go?—Yes.

13. Not keeping to the fifteen-mile limit, but keeping to the natural configuration of the country, so as to take out the watershed, and give us the area of land within that?—Yes.

14. In mentioning the revenue derived from these lands (£48,000), that was revenue from Crown lands only?—Crown lands only.

15. Not public lands?—Not public lands; Crown lands only. There is a small area of public lands—some forty thousand acres to the Dunedin High School, some thirty thousand acres to the Otago University, ten thousand or eleven thousand acres for the Dunedin Athenæum and Museum Reserve—that at one time was let for £900. Then, there are some few municipal endowments, also some forest reserves.

16. There is another point: I wish you would tell the Committee how far this area is affected by the goldfields?—It is all a proclaimed goldfield; there are gold-mining workings from one end of it to the other.

17. That is a point I want you to consider, and then, with your knowledge of the country, you might say how far, in your opinion, the present circumstances of the country would require the construction of this railway: in your opinion, is it requisite that it should go to Lake Hawea?—Taking the present circumstances of the country into account, and the great expenditure already made on the line, I should say it would be a great loss to the colony, and would serve very little purpose, unless the railway were taken to Lake Taieri, or, better still, to a point in the middle of the plain about eight miles farther to this point (indicated on the map).

18. A distance of seventy-eight miles?—Yes, from the Wingatui Junction; unless it is taken there, it will be of very little benefit to the country. I may say in connection with this question that the principal advantage of this railway is this: that if you take it to the point I have indicated you will have the way opened between the coast and the interior. The hills which have to be surmounted now both going and coming will, so far as traffic is concerned, be annihilated. If you take it to that point there might be considerable traffic in grain. The interior of Otago, in moist seasons, and with irrigation, is adapted to the growth of wheat and oats. If you stop at Middlemarch the line will only serve the Strath-Taieri. The traffic would not go on from there to the interior by coach or wagon. It would still go from Palmerston or Dunback, as at present, although it is a severe road up the Shag Valley, the grades being steep.

19. Then it will be an advantage to carry it from Wingatui to the seventy-eight miles. What is your opinion in regard to the balance of the line?—It would be easily constructed. There are three or four miles in the Poolburn Gorge where the works will be heavy; but, otherwise, the works will be very easy. But I think the question of extending it from this point farther on might be left to a future time. I do not see that it would pay. This upper country will be occupied for grazing, so far as I can see, for a very long time. There are fertile spots along the bases of the hills which, with irrigation and the fine climate of the interior, grow wheat and garden-fruits to great perfection. From this local source the principal food-supplies of the miners and other population are drawn; and, as the mining and pastoral industries do not require a great deal of material carried up from the coast, it is difficult to see what need there is for the extension of the railway beyond the point already recommended, the more especially as from that point onward all the valleys are natural gravel roads, almost without requiring any construction. In the winter they are soft, but in general they are quite passable just as nature has given them.

20. *Mr. Cowan.*] Would the view you have expressed be modified by its being done by a syndicate?—No, I do not think it would be modified: the country is to pay one-third of the cost.

21. *Mr. J. McKenzie.*] In the shape of land?—There is another difficulty in giving this land. I do not see how the goldfields industry is to be conserved. Freeholders and miners do not get on well together. You require a large extent of country for miners to go prospecting over. Where they encroach on the freeholder there the trouble begins. In the Manuherikia Valley, for instance,

although there are few holdings comparatively as yet made freehold, Government has had in several instances to give large compensation to buy back lands for outlets and tailing-sites. If you once begin to alienate the land in large blocks you will soon have evidence enough from the miners that all along the spurs of the mountains there are most valuable auriferous deposits. They are only, as it were, just discovering them now: and the further they are worked the richer they seem to be. There is a very large amount of capital sunk there in the gold-mining industry. There is one gentleman—Mr. Ewen—who has been there for over twenty years. His operations are on a very large scale: he has as much capital employed as many runholders. That is one case. There are many others. I think that, for a much longer time than any of us will be here, hydraulic mining will be a very important source of wealth in the interior of Otago. The annual output of gold amounts in value to some £400,000 or £500,000. I do not suppose that it will come to be very much less than that. There are also a great many auriferous reefs in these ranges which they are finding out gradually: these, having regard to the improvement in the treatment of ores, will afford a very considerable addition.

22. Suppose the same safeguards that were found to be effective in the case of the Midland Railway were embodied in this Bill, would that, in your opinion, meet this case?—It might meet it practically to some extent; but I do not think that it would meet it so completely as in the case of the Midland Railway. In the case of the Midland Railway there were 750,000 acres of reserve. Gold is so distributed along these Otago valleys that it would be difficult to select any one large block that would not trench on the deposits.

23. In fact, it would be impossible to get a block of five thousand acres where that would not be the case?—It would require indeed a great deal of care in selecting even to get a block of five thousand acres where that would not happen.

24. *Mr. O'Callaghan.*] Would that extension to seventy-eight miles you spoke of just now be likely to interfere with the mining industry?—If you give land in consideration of it of course it would.

25. Taking it for granted as far as the seventy-eight miles it would not?—Yes, it would; because up to that point much of the land is freehold, so that you would require to go in advance of that point in selecting the blocks.

26. The sum, of which 33 per cent. was to be given in land, was £580,000—it is now reckoned at £850,000—does that include the cost to Middlemarch?—I think the schedule to the Bill makes it out that way.

*Mr. Pyke:* That is so: it was so stated last year.

27. *Mr. O'Callaghan.*] There is another clause which requires all the land to be laid off in rectangular blocks. Except for the mutual advantage of the company and the Crown, it is not for the advantage of the company to have the gold-mining interest protected. The recommendation of rectangular blocks would not therefore apply to the gold-mining interest. Is it not the case that the goldfields being spread in scattered blocks a departure from rectangular blocks would not protect that industry?—There would be a difficulty in laying off large rectangular blocks for the reason that the auriferous deposits would run across them half-way, as a general rule, between the railway-line and the fifteen-mile limit, thereby dividing the blocks into two portions: one of these, the hill portion, would be comparatively useless without the lower portion. Further, all the water-courses from these workings require to be reserved, also a very considerable area to allow tailings to spread over. The Government has already had to compensate freeholders in order to allow room for the spread of tailings. Any extensive alienation of the country would so aggravate this evil as either to close the gold-workings or else to bring upon the State or miners an expenditure in giving compensation for these conveniences.

28. The company, it is premised, should have the first choice of blocks: from your knowledge of the country can you say whether this would not be of considerable advantage to the company; their first choice would be so valuable in its character, that the second choice would be considerably affected in consequence of that first choice given to the company?—They would undoubtedly select the best blocks, but with the provisions contained in this Bill as to obtaining land suitable it would not depreciate the remaining portion. It is stated that I should have something to do with the selection. I would take care that the selection would be such that it should not depreciate the remaining blocks. The runs in this region are let from 1d. to 1s. an acre; their choice of the latter would not make the penny-an-acre run one whit less valuable. But this might happen: the company might select the land in such a way as to have nearly all the agricultural land, so that there could be little or no expansion of settlement on Crown lands.

29. That was the point I wished to draw out; they have that power?—Yes.

30. You have stated that your valuation of the rent is in round numbers about £48,000?—Yes; my former evidence had reference to the distance from Lake Taieri to the Clyde.

31. *Mr. J. McKenzie:* Mr. O'Callaghan asked the witness whether he thought this estimate was to cover that of Middlemarch; whether that money was to buy that portion.

32. *The Chairman.*] Did you draw up the portion of this Bill that would deal with Crown lands?—No.

33. Can you see any clause in this Bill which deals with settlement?—There are no such clauses.

34. Do you think they ought to be introduced into it? Yes; I think so.

35. Do you think the Bill ought to contain any provision as to townships?—Yes; much the same as in the Manawatu Railway Bill; only, I may say, that the townships have already been pretty well selected in this country.

36. Should there be any provision under which Government would have the right to make reserves for public purposes, such as schools, &c.?—Yes; that ought to be.

37. Do you think there ought to be some power given to go outside the limits of deviation where necessary for the purpose of making roads to railway-stations?—I do not know that I quite under-

stand your question, but I may state that there is no difficulty about roads in this country; it is so open.

38. Look to clause 32 of the schedule: does that meet with your approval?—It is a matter of necessity to take the land; it means elsewhere if there is not sufficient along the railway.

39. *Mr. Whyte.*] Under this privilege which gives them the first choice, the contractors might take all the good agricultural land; but there is clause 31 which provides for that?—Taking the land high and low, and assuming an average value of 15s. an acre, they would be entitled to 374,000 acres. Then, bearing in mind that for the first seventy miles the land is mostly freehold or endowment reserves, it will be perceived that, of necessity, the company would have to select their lands in the interior valleys, and having the first choice they certainly would be in a position to select the greater part of the agricultural land.

40. *Mr. Rhodes.*] What did you say the revenue was from this district?—£48,000 from grass; from gold the revenue goes to the county.

41. *Mr. Cowan.*] I would draw your attention to subsection (5), page 10; that is a general provision which would prejudicially affect the company in respect to getting any auriferous land?—The subsection carried out to its full extent would make it extremely difficult to give the company anything at all. It says, "That no land in use for mining purposes, or for any of the several purposes connected therewith or incidental or conducive thereto, shall be set apart or surveyed for selection or be selected under this contract." Without any attempt to strain the meaning of the section, I might again state that there are mine-workings over the whole of this district; that the miners often require water-races of twenty miles in length: as a matter of fact, there is one water-race sixty miles in length, and in connection with it a sludge-channel ten miles long. The miners served by these very large works are comparatively a small number. It is a dangerous thing even to make freeholds in a gold-mining country, for the gold-miner requires a large area for his operation. Hence, the miner and the freeholder do not work well together. On the other hand, the miner and pastoral tenant do well—one wants gold, the other wants grass.

42. But, if this subsection is carried out, is it your opinion that the mining industry will be well conserved?—Yes; carried out to the extent the miners will want it carried out, it will do so.

43. But you are to be the judge?—The whole of this country is such. I am quite convinced by what has happened during the twenty odd years that I have been acquainted with it—and I have seen mining from its origin—that a great many lodes and deposits of gold are scattered over it in all directions. If I had my way I would not sell a single acre of it. I would keep it for miners and graziers. These are the industries for which the country is naturally adapted in the present state of the colony, and the state it is likely to be in for years. I am not speaking in regard to the financial aspect of the subject. I am speaking rather as having in view the development of a young country. This will be a grazing and mining district for generations to come. If these two interests are carefully conserved and nurtured in the manner I have indicated, it will be best for the colony.

44. *Mr. O'Callaghan.*] Do you think it would be better if, instead of giving frontage up to half the depth, it would be better to limit the frontage to one-third or one-quarter the depth?—No; I think it better to leave it at half; that gives more scope to vary. You cannot exceed the proportion fixed if particular circumstances might arise requiring you to do so. Then, again, if the frontage was only one-fourth, you might have to cut the country into ridiculous shapes. I may inform you that a portion of this country which was cut into long narrow strips of runs was found not to be of very workable shapes. The Land Board have from time to time been trying to remedy this by arranging the leases to expire at the same time for the purpose of amalgamating, and reletting them as one run. The difficulty of giving the company an endowment, and at the same time conserving the mining interest, might possibly be got over by setting aside certain blocks for the company, to be administered by the Government, the annual proceeds from rents to be handed over to the company.

45. *Mr. Pyke.*] Must it be fifteen miles limit?—The limit must not exceed fifteen miles.

46. Look at section 25 of the schedule; does it not place in your hands the power of avoiding the evils you have mentioned or preconceived respecting the railway taking up land in this country?—It minimises it as far as practicable.

47. Does not subsection (5) provide against those evils?—That subsection contains such comprehensive powers that one might take them to mean that the whole country should be reserved for mining.

48. Would it be an injury to the mining industry?—Twelve years ago I marked out land, and suggested the terms in which you propose to build it.

49. Under the land-grant system?—I do not think the miners ever understood that the land-grant system was to affect their interests.

50. It was in the schedule of the Manawatu Bill?—Yes.

51. As to Mr. Ewen: has he made any objection? Is he not a large supporter of the railway?—I do not know; but I know that, when he was giving evidence before the Otago Runs Committee, he was emphatic in stating that in alienating land on the goldfields there was great danger, even unwittingly, of blocking the future expansion of gold-workings.

52. Do you not think that the miners, with the full knowledge of this line, and how they were prejudiced, if it should be injurious to them, would raise an objection?—The matter has not got to the point of objection yet, but objections will be raised the very day you take the freehold.

53. Does it impinge on the goldfield between the Taieri and Hawea, except at one place?—The line itself does not impinge in the sense that it would block them up, seeing that they could make culverts and bridges over the outfalls.

54. Does it impinge, except in one place?—It runs alongside in places.

55. I said beyond Taieri?—The actual site of the line will not interfere with mining.

56. The line was surveyed with great care so as not to impinge on the mining industry?—I cannot say anything as to that.

57. You say there are about 250,000 acres of agricultural Crown lands beyond the Taieri?—  
Yes.
58. And the same quantity below?—Below and along the line.
59. Do you think that the construction of this line will increase population?—Not much.
60. Are you aware whether any applications were made to the Government to settle there which have been declined?—No; not declined: there have been applications to open the land.
61. Are there not lands now that are held in suspension until the railway is made?—There were at one time; but on the expiry of the pastoral leases in February, 1883, several blocks were reserved for settlement, all of which have not yet been taken up.
62. You told us the value of the land required for the purposes of the railway?—It adds about £5,000 a year to the Government. It was elicited in this way: there were £25,000 of revenue arising from this country being capitalised. It came to 15s. when capitalised. I think the Committee ought to have this before them. As to this £48,000, I question much whether it will be maintained, whether it will be got again on reletting.
63. Do you not think the level land will make it valuable?—It will not make a particle of difference.
64. *Mr. Rhodes.*] Do you not think that pastoral rents will fall?—Yes; I think they will.

WEDNESDAY, 23RD MAY, 1888.

Mr. W. N. BLAIR, Assistant Engineer-in-Chief, examined.

65. *The Chairman.*] What is your position in the public service?—I am Assistant Engineer-in-Chief.
66. Mr. Pyke wants to ask you some questions in connection with the proposed Otago Central Railway?—I shall be happy to answer them.
67. *Mr. Pyke.*] These maps on the table show the route of the Otago Central Railway?—Yes.
68. Will you tell the Committee whether you are thoroughly acquainted with the district, and that you have an engineering knowledge of the line; that you thoroughly understand it from an engineering point of view?—Yes; I am also well acquainted with the country through which the line passes.
69. Throughout?—Yes, throughout.
70. Does that line anywhere impinge from Lake Taieri upwards upon any gold-workings?—  
Not to my knowledge.
71. It is marked off on those maps?—Yes.
72. So that every one passing along can see where the line is intended to be carried?—Yes.
73. How long ago since that survey was made?—It was finished about 1883.
74. Does the line in any place, or at any part of it from Lake Taieri upwards, impinge on gold-mine working?—I do not think so. I do not remember any case in which it goes through any gold-mine works.
75. At Quartz-reef Point?—I do not think it impinges there.
76. At Dunstan Gorge?—No; I think it does not touch any gold-working: it is at a much higher level than where the gold is being got.
77. The gold is being got in the rivers?—In the rivers, not on the terraces.
78. A road passes through the gorge?—The line is generally above the level of the road.
79. Passing from the line itself I come to the country around it. Mention has been made of several valleys—the Maniototo Valley?—I would not call that a valley, it is an extensive plain; there are half a dozen streams coming into it.
80. What is the nearest point between any gold-working and the line in the Maniototo?—Hamilton's would have been the nearest if they were now working; but I am not sure that there are any workings at Hamilton's now.
81. *Mr. Rhodes.*] What distance is that from the line?—About four miles.
82. *Mr. Pyke.*] Then, the Naseby workings?—There are about eight miles.
83. From your knowledge of the country, would you suppose the Maniototo Plain to be auriferous?—No, I should think not.
84. What is the nearest point to St. Bathans?—About nine miles.
85. Is there any high range between there and the line?—Yes; there is the Raggedy Range.
86. Where is the outlet to St. Bathans?—By the Manuherikia River.
87. Where is the outlet where it joins the Manuherikia; there is a considerable range between?—The direct outlet is down a separate valley called Dunstan Creek, a tributary of the Manuherikia. It is about nine miles down to the junction.
88. Could these works be interfered with by any grant of land that could be given?—Do you mean any grant of agricultural land?
89. Have you been up the Dunstan Creek?—No.
90. On which bank of the river is Ophir?—It is on the southern bank.
91. Which bank is the railway on?—The railway is on the other side.
92. Could it interfere with these works?—No.
93. Pass from there to Drybread?—That is five miles in a straight line from the railway.
94. How far is it to Tinker's?—Much the same, or a little less.
95. What I want to know is the distance from Ophir to Drybread in a straight line?—About seven miles—scarcely seven; to Tinker's the same.
96. Do you know the outlet from Tinker's?—No; I am not intimate with the exact locality. I merely went up the main valley.
97. Is there a large plain called Lodder, and another called Spottis?—Yes; I think that they are together called the Manuherikia Plain.

98. Are they plains or not; would you call them valleys?—No; they are plains.
99. Do you think that the settlement of that land would interfere with mining?—I do not think so; the mining is generally up on the hillsides.
100. On the foot of the hills as it were?—On the foot of the hills.
101. On the Dunstan Flat—taking it from there down to Alexandra—is there any mine-workings at all?—Not near the line, so far as I can remember.
102. That is how far?—To where, to Clyde?
103. Either to Clyde or Alexandra?—The distance in a straight line is fourteen miles, but it is much longer by road.
104. Fourteen miles to Alexandra?—Yes.
105. On Dunstan Flat are there any workings?—None that I am aware of.
106. Is there any indication of works having been there lately?—Not for a long time; there was some talk of deep sinking once, but the project was abandoned.
107. There is a spot above Cromwell where it does slightly impinge?—I do not remember the place particularly. The encroachment must be small.
108. From there to Hawea are there any diggings?—No; the first diggings you come to is Cardrona.
109. That is on the other side of the river?—Yes; it is on the other side of the river from the railway.
110. The workings, then, above Cromwell, are on the other side of the river?—Yes; except at Bendigo; that is on the same side.
111. There is no fair outlet from that?—I do not think so.
112. Could the railway by any means impinge on the claims at Rough Ridge?—There was a claim once near the line at Rough Ridge, but I think it is stopped now.
113. Do you consider that this locality which we have been talking about will ever be required for mining purposes—this flat country?—I do not think so.
114. Is there any part of the line, or of the land near the line, likely to be required for a reserve for outlets—for tailings, for instance?—I do not know.
115. Is it not entirely clear of diggings?—Yes; I believe so.
116. From end to end?—Yes; to all intents and purposes.
117. Is the Middlemarch contract let?—No.
118. *Mr. Rhodes.*] Do you think that this company would get 300,000 acres out of this locality without interfering with mine-workings?—That is a matter I should have to calculate before giving an answer. I should have to get maps and see what land has been sold, and get other information as well.
119. Then you really do not know anything of the matter in so far as it respects the effect of this company taking up that large area out of the district?—No; I do not.

---

TUESDAY, 29TH MAY, 1888.

Mr. VINCENT PYKE, M.H.R., examined.

120. *Hon. Mr. G. F. Richardson.*] I want to know definitely whether this £850,000 is supposed to be the cost of the executed works which the company take over from the Government?—The £850,000 is the Engineer's estimate of the cost from Middlemarch to Hawea.
121. Then the work to be paid for by the company is in addition to that sum?—Yes.
122. Is it proposed that the company get land granted upon the constructed portion?—No.
123. Only on the portion to be constructed?—Yes.
124. The constructed part is to be bought at valuation?—Yes, that is so.
125. *Hon. Mr. Ballance.*] On what basis is that valuation to be made?—The company appoint one arbitrator, the Government another, and these two appoint the third. Experts would, I suppose, be chosen for the purpose.
126. On what basis would they estimate the cost of the work?—upon the value at the time of purchase? How would it be settled? Would it be settled by the amount of interest? What I want to know is, how it would be ascertained?—In the same way that similar works are usually valued.
127. *Mr. Macarthur.*] What they would cost to construct at the time they were commenced?—No; for five years these works were used as a soup-kitchen for the unemployed.
128. What they would cost to construct at the time of valuation?—What they would cost to construct at the time the company takes them over.
129. That is the way you propose to arrive at it?—Yes.
130. *Hon. Mr. Ballance.*] But how would you arrive at it?—By engineering experts; the company to appoint one, the Government another, and the two together the third.
131. Would you take for granted the state of the labour-market?—I could not tell all that might enter into the basis of such a calculation.
132. But some principle of arbitration ought to be laid down?—I understand the principle to be what the works would cost to construct at the time the valuation is made.
133. Yes; but I want to know how you arrive at that?—I am not engineer enough to tell you that.
134. *Mr. J. McKenzie.*] There is another element which I can see will come into it. It is well known that in some of the workings considerable landslips came down, and had to be removed by the contractor. Would the company consider that this element of cost should be included?—The engineer said these slips were beneficial rather than otherwise, because they would have had to remove earth to form the embankments if they had not occurred.

135. The question would come up at the time of making a calculation; but I may as well raise it at once. In some cases the Government has had to pay considerable sums of money for removing the stuff sent down by these slips; that would make the work cost so much more to the Government?—The only answer I can give you is that it is the desire of the company to have a fair valuation, and that they may be treated fairly, the same as any other company. Therefore they asked a valuation upon the basis of the cost of construction of the works at the time they are taken over.

136. *Mr. R. Thompson.*] Would the company have any objection to take over the constructed portion of the railway at the cost of construction, less a certain percentage?—You could not adopt that basis at all. I have already told you that nothing was done for five years there, except to send the unemployed out there to dig holes in the ground. It was impossible to estimate the cost. When it was determined to finish that portion by contract the Engineers were not able to give specifications at all. The fact is you could not get at it.

137. *Mr. Rhodes.*] In your evidence you put the cost of construction at £5,250 per mile?—That was the Engineer's estimate for the portion beyond Middlemarch. Up to Middlemarch the estimate is higher. From Middlemarch to Hawea it is, in round numbers, £5,000 per mile. That is the Engineer's estimate. I may state that the whole of this line has been surveyed. The working plans are in the Government offices. The estimate of cost of each section has been made. It was on that basis that I said the cost of it was, all round, £5,000 per mile.

138. *Hon. Mr. G. F. Richardson.*] There is a distance of 140 miles shown on this map from Taieri to Lake Hawea. The terminus is shown to be 180 miles?—I must have made some mistake in details: £750,000 was the estimate from Taieri; £100,000 was added to Middlemarch. My opinion is that it will not cost so much.

139. Your estimate is £750,000 from Taieri Lake?—Yes; but, if you desire to obtain a perfectly correct estimate, I think the better way would be to get the Engineer to give evidence.

140. *Mr. J. McKenzie.*] According to your own figures there is a discrepancy?—No; there is no serious discrepancy.

141. *Hon. Mr. Ballance.*] Do you know what the line has cost from the beginning up to Middlemarch?—You could obtain that information within about ten minutes. The Middlemarch contract is not let. In boring through the coast-ranges below here the cost has been up to the present time over £10,000 per mile.

142. What was the original estimate?—It was £10,000 a mile at the start.

143. Would you be satisfied to accept the original estimate as to the value?—I could not accept anything on behalf of the contractors; I do not think that any company would accept it. I think it can be done more cheaply than that.

144. Then you think that estimate—£10,000 a mile—was too high?—Yes.

145. You mean at the beginning?—Yes; there was upwards of £70,000 absolutely thrown away.

146. But that original estimate would not contemplate that charge. Would you be content to accept the original estimate?—I think a valuation should be made.

147. But I want to see whether some principle cannot be laid down by which the arbitrators could come to a decision when they go back to the original estimate. I would ask you, then, whether, supposing you to insist upon the original estimate, you would be satisfied to give, say, two-thirds?—Yes.

148. I understand you that you would deduct from the estimate one-third, so that you think two-thirds of the original estimate would be a fair value?—It would amount to a price at which the line could be constructed. The original estimate was far too high. Engineers' estimates are generally above the mark.

149. *Mr. Whyte.*] But, even if these estimates were not too high, then they might be far too high now?—Yes; there is a great deal in that: rails are cheaper; locomotives are cheaper; labour, itself, is cheaper.

150. *Mr. O'Callaghan.*] Is it proposed that the company should pay cash for the constructed part immediately on the contract being concluded, and before any land-grant is given?—There is no land-grant for the constructed portion of the line.

151. The whole thing, including contracts in hand, is to be handed down to them; they being prepared to pay cash?—Yes.

152. *Mr. Cowan.*] You give it as your opinion that they should take it over by paying cash up to two-thirds of its cost?—I did not say two-thirds of its cost. If the work were valued at the present time, I would say that it would be equivalent to about one-third less than the originally estimated cost.

153. Suppose the Committee desirous to get quit of this arbitrary clause, then would you say that they would take it over at two-thirds its estimated value?—Yes.

154. *Mr. O'Callaghan.*] Would the company be prepared to accept a settlement clause?—I think not. I was talking to the chairman of the Manawatu line some time since, and he said that a similar clause in their case was one of the most hampering things that could be conceived.

155. You would therefore leave this company unhampered?—There is one thing I offered to insert in the Bill, namely, a clause that within a specified time, say, twelve months from any grant being made, the company should be compelled to offer the land for sale.

156. Without restriction, and in what size block?—The extreme size of any block is a thousand acres. You could not have them much smaller than that. That would make four or five sections in each block.

157. *Mr. Kerr.*] Is it proposed to hand over the land before the work is done?—No; there is no such proposal. I said that I would agree to a clause compelling them to offer the land for sale within twelve months after it came into the hands of the contractors.

158. *Mr. J. McKenzie.*] You say you are of opinion that the original estimate was too high?—Yes.

159. Are you aware of the fact that every contractor that touched the line lost money on it?—I am not aware of it; but I am aware that some have made money.

160. Can you tell me one that made any money?—Well, I do not like to mention names.

161. *Mr. Rhodes.*] Would you object to consider a proposal which might be of mutual benefit to both parties by which you would perhaps get less land, but would receive more money?—It comes to the same thing.

162. *Hon. Mr. G. F. Richardson.*] Would you have any objection to the clause in last year's Act being inserted—subsection (8), clause 8—by which land so granted could be leased or otherwise disposed of according to the land laws of the colony?—That is meaningless. You cannot dispose of lands otherwise than in accordance with the land laws of the colony. I do not mean the Land Act by any means; but “according to the land laws” means transfer of land, and all contracts relating to land.

163. Well, then, subject to the conditions of the Land Act?—No; because the Land Act has been altered since then.

164. The Land Act of 1885?—The difference between the two Acts is this: that Act did not give any power to take up land on open terms, the present Act does; but if you were to proceed under the present Act, then you must say to the company you will make no profit out of it. Whatever profit is made will go to the Government.

165. Then it would appear that you are not disposed to forego the right of the company to deal with the land in what way they please?—It is their property when they have acquired it.

167. *Mr. O'Callaghan.*] Would you be willing to have a clause such as I have referred to inserted in the Bill?—No; because, as I understand, it would hamper the company.

167. *Hon. Mr. G. F. Richardson.*] As to the land being disposed of according to the land laws of the colony, do you not think that is equally an element in the question now as it was last year, if we are to judge by your speech of last session?—I can only say that any company that would spend a million of money on a project in which they were to have no interest in the settlement of the land ought to be sent to a lunatic asylum.

168. That might have equally applied last session, might it not?—The truth is, I do not wish to meddle with the Act. It has been drafted by Sir Frederick Whitaker. It is a most complete piece of machinery, and perfect in all its parts.

169. *Hon. Mr. Ballance.*] I have no doubt that Sir Frederick Whitaker is a most able parliamentary draftsman, and I do not want to say anything as to all its parts; but, referring to the clauses which provide for the contract, are we to understand from you that, if the estimate of value on the constructed portion of the line is made on the basis of the present construction, the company will take it over and ask no grant of land on account of it. Do you say so?—I do.

170. On the other hand, if they are to pay the cost of the work or the estimated cost of the work at the time, you would expect a grant?—Yes; on the original estimate.

171. But on the present estimate of value you ask for no grant?—No.

172. But on the other alternative you would ask for a grant?—Yes; that is my position.

173. *Mr. O'Callaghan.*] Does it strike you that it would be possible under the proposed contract for a few large syndicates to be allowed to purchase this land: the whole of it?—I do not see how they would benefit if they could do so. There are no contiguous blocks, and they could not get any block of more than a thousand acres.

174. When taking into consideration the whole of the country, would there be a difficulty to form blocks to prevent that?—It is the interest of the company to have the land settled. I do not care what clause you may think proper to put in so as to compel the land to be sold and settled in properly-sized divisions, their object is to settle the land; it is their interest to do so. Therefore I say that we want to settle a very large portion of New Zealand which is now a howling wilderness.

175. Do you think if they could see the whole of this country it would prevent them selling?—I say that I agree to any provision you may insert in the Bill which would compel them to offer the land for sale within, say, twelve months. The company would surely not make a line of railway through a district where there was nobody living on the land. The Government also themselves will reap a substantial benefit—quite as large a benefit as the company—from the value of all their land being raised.

176. *Hon. Mr. Ballance.*] But if the company are compelled to sell within twelve months?—I did not say they were to be compelled to sell, but “to offer for sale.” They might not be able to find purchasers. I am willing that any fair clause should be inserted in the contract that would induce settlement along the line. There is no other object in view on the part of my people. When I say “my people,” I mean, of course, my constituents. Neither is there any other object in the view of those who inhabit the Maniototo country.

177. *Mr. O'Callaghan.*] Would it not be difficult to find any blocks of agricultural land that would not, if sold, interfere in some way with the interests of the miners?—I am quite prepared to exhibit a whole sheaf of telegrams which I have received from parties dwelling in the locality, expressing their opinion that no injury would be done to mining industries, but rather that great benefit would result from it to mining, agricultural, and pastoral interests.

*Hon. Mr. G. F. Richardson:* In fact, to the whole of the public of this “howling wilderness.”

*Mr. Pyke:* Well, I cannot call it anything but a wilderness, where merely about eight thousand people are located on as many millions of acres.

178. *Mr. J. McKenzie.*] Would you have any objection to let the Committee see those “sheaves” of telegrams which you say you have received?—I am going to have them copied, and sent to the Committee—every one of them.

179. Suppose the Parliament of New Zealand were prepared to give away to a company the



works costing £400,000, instead of granting land, would a company make the railway to Wanaka?—It is nearly as broad as it is long.

180. You would not then be “hampered”?—There is this difference: they would have power to settle the land: if the Government did not settle the land, their money would be thrown away, because there would not be any traffic.

181. *The Chairman.*] Would it not be to the interest of the Government to settle the land as much as the interest of the company?—Yes; but Governments do not always follow their interest or their duty in regard to the settlement of the country. But, however, that may be, what can I expect when the Surveyor-General of the colony says here that the interior of Otago ought not to be settled for years to come, but to be left for pastoral occupation.

*Mr. O'Callaghan:* He meant as to the freehold.

*Hon. Mr. G. F. Richardson:* I understood Mr. McKerrow that he did not wish to see the freehold parted with for some time.

*Mr. O'Callaghan:* He meant “settled in freehold.”

183. *Mr. Kerr.*] Did I understand you, Mr. Pyke, to say that there was no gold-mining there: that it is not a mining district?—No; there are mines all around it, but none that the line will touch or interfere with.

TUESDAY, 5TH JUNE, 1888.

Mr. W. N. BLAIR, Assistant Engineer-in-Chief of the Colony, further examined.

184. *The Chairman.*] The Committee, Mr. Blair, want you to give some further evidence with regard to the Otago Central Railway. I sent by the clerk a memorandum containing some of the particulars upon which we require information. Have you a reply ready for the Committee?—I have your memorandum, and can give the items of information to which it refers. [Appendix B, C, D.] Would you prefer that I should give the items separately?

185. Perhaps it would be better if I should put each clause in the form of a question which you could answer. The Committee would then have this memorandum before them. In the first place, I would ask, can you give us an estimate of the cost of construction?—The total cost of the line—that is, to the 31st March, 1888—has been £388,143. That has been an expenditure for grading, bridging and culverts, fencing, engineering and office, land, surveys, and other charges. I shall give you the items separately.

186. *Mr. Whyte.*] For how many miles?—That is for thirty-three miles.

187. *Mr. O'Callaghan.*] Does that include surveys?

*The Chairman:* He is giving evidence on totals first; he will go into details afterwards.

*Witness:* I will give you the items, omitting shillings and pence: First there is grading, £247,717; bridges and culverts, £93,318; fencing, £3,249; engineering, £17,125; land, £3,986; surveys, £12,197 9s. 2d.; other charges (platelaying, &c.), £10,548: total, £388,143. Then, the value of the permanent-way on the ground, that is set down at £18,591.

188. *Mr. Whyte.*] That is not yet charged?—It is not yet charged to the line, but it is included in the statement showing the expenditure each year, which I think you asked for, and which I produce. It gives you the information you require. It is a schedule of the votes and liabilities, and the amount expended each year since the work began. [Schedule handed in.]

189. Does that amount for permanent-way go outside the thirty-three miles?—No.

190. Then it has to be added?—Yes.

191. *Hon. Mr. Ballance.*] Will the £18,000 complete it?

*The Chairman:* No; that applies to permanent-way on the ground only, which is not sufficient to complete the thirty-three miles.

*Witness:* The total estimate of the line to complete the thirty-three miles would be £501,333. The liability at the end of the year 1888 was £24,540. The estimate to complete the formation to Sutton is £52,350; which would make the cost, including the Sutton formation, £465,033. That is the last estimate we have prepared: that is, exclusive of permanent-way materials the cost would be £1,100 a mile.

192. *Hon. Mr. G. F. Richardson.*] Then what would be required in addition to complete the Sutton would be £33,000?—£36,300.

193. *Hon. Mr. Ballance.*] Would that be included in the £52,000?—No; it is included in the £1,100 per mile.

194. *Mr. Whyte.*] Will you be good enough to give us the exact total?—£501,333.

195. That would be over £15,000 per mile. Can you give us the estimate to Middlemarch?—Yes: to complete the line to Middlemarch, which is seven miles further, the cost would be £525,683.

197. *Hon. Mr. Ballance.*] What is the total cost of that seven miles?—For formation and rails the cost would be £24,350.

198. *Mr. J. McKenzie.*] That portion is easier made, is it not?—Yes; that is on the flat. The portion below is all gorge.

199. *Hon. Mr. G. F. Richardson.*] You mentioned a sum of £682,000 to Taieri Lake: that was for sixty-seven miles?—Yes.

200. *Mr. Whyte.*] Then there is a sum for surveys: that would be for the line into Hawea?—Yes.

201. So that the syndicate would have the benefit of that?—Yes.

202. *Mr. J. McKenzie.*] What was the first estimate of cost?—The first reliable estimate—that made in 1878—was for £1,100,000; that was right to the lake. It was for 160 miles; but the distance is 184 miles.

203. Would you have no separate estimate of the portion of the thirty-three miles constructed

at that time?—No; that was the first estimate given upon anything like information. The next is embodied in the County Commissioner's report, and was £1,180,000. There is an estimate of £500,000 to Middlemarch in 1887.

*The Chairman:* I think it would be useful to the Committee if the witness were to describe the country through which the line passes.

*Hon. Mr. G. F. Richardson:* Also if he would give his opinion as to the nature and amount of the traffic likely to pass over the line.

*Witness:* Starting from the chain of hills which is on the edge of the Taieri Plain, the line crosses the plain for four miles. That is the easy, flat country. From thence to the twenty-third mile it is all gorge. We go over a saddle in getting into the Taieri watershed proper from the Taieri Plain. This saddle is not very high—it is about 450ft. Then we go into the Taieri Valley and follow the river. We next come to Deep Stream, which is twenty miles from Chain Hills. Then the line gradually rises to the Sutton when it gets on to the flat, and so continues thence to Hyde Hill. Within three or four miles of Hyde—about the fifty-fifth mile—the line is quite flat. Then we come upon six or eight miles of rough country, but nothing like the gorge below. This rough country brings us near to the Taieri Lake. There may be some ten miles of rough country, but it is comparatively easy when considered in regard to the more difficult country through which the line passes. This brings us on to the Maniototo Plain, which extends from about the seventieth to the ninetieth mile, which is the highest point of the line. Speaking from memory it—the head of the Rough Ridge—is about 1,900ft. above the sea-level. We then drop gradually down the Ida Valley. As we leave it we meet with a curious break in the Ragged Range, which is called Poolburn Gorge—about three miles of rough country, but nothing compared to that in the Taieri Gorge below. This brings us to the Lauder and on to the Manuherikia Valley or Plain: This valley has a considerable fall, and leads to Alexandra and the Clyde, Clyde being 450ft. above the sea-level. From Clyde to Cromwell, thirteen miles, we go through another bit of gorge, but nothing very serious. A little distance above Cromwell we open on a flat country again, which continues all the way to Hawea. To all intents and purposes the worst part of the line is finished now. The other portion will be under the ordinary average of cost in New Zealand. The part that we have passed through and finished is greatly above it, though not quite so bad as the ten miles from Port Chalmers to Blueskin. There was a large quantity of rock-cutting to be done. The country on the western side of the Taieri Gorge is a plateau 900ft. or 1,000ft. above the railway. It is comparatively flat, and so also is a portion on the eastern side, the Silverstream back country. These flats are, however, at a considerable elevation, about 1,400ft. above the sea-level. The country around Middlemarch is about 700ft. or 800ft. above the sea-level. The Maniototo country is somewhat higher. Lake Taieri is nearly 1,000ft. above the sea. The Manuherikia Valley is low, the highest point being Rough Ridge. At Lake Hawea the line terminates, at an elevation of about 800ft.

204. *Mr. J. McKenzie.]* What do you say of the Hindon country?—The Hindon country is about 1,000ft. above the level of the line. We have made a very good road there. The distance is only three miles and a half from the line to the township.

205. Would you have a station at this road?—Yes.

206. That would give access to the Hindon country?—Yes.

207. As far back as Shand's country it would bring produce down?—Yes; possibly it would.

208. With reference to the state of the works, do I understand you that the whole of the formation is finished up to the thirty-three miles?—Yes; and the whole of the bridging of the line will soon be completed. In fact, in a month or two the rails will be laid across the Taieri River. The whole of the bridge-masonry is in progress, and it is all finished to Deep Stream. The superstructure is also in progress, and finished to that point. Beyond that, the only work requiring to be put in hand is the superstructure of nine bridges and some platelaying—that is, between Deep Stream and the thirty-three miles.

209. *Mr. Ormond.]* What is the amount required to finish it?—£52,000.

210. *Mr. Whyte.]* That is, there is still £52,000 to be expended to get to the thirty-three miles?—Yes.

211. *Hon. Mr. Ballance.]* Does that include permanent-way?—No; exclusive of permanent-way.

212. *Mr. Jones.]* What would be the probable cost of the work to Sutton if it had to be done now?—It could not be done any cheaper than it has been done. The "unemployed" work was done remarkably cheap. It was all, or nearly all, piecework. It is the cheapest work that we have got done. We had at one time, I think, eight hundred men engaged on it, and only 3 per cent. of the men did day-work, so that the bulk of the work has been done by the piece.

213. *Mr. R. Thompson.]* Then, suppose the Government were to call for tenders now, it could not be done for less money?—No.

214. *Mr. O'Callaghan.]* Not even in the present state of the labour-market?—No.

215. Does it interfere at all with mining, or the rest of the land from Middlemarch upwards?—No, I think not. I do not think there is more than one place in the Taieri Valley where the line comes near to the mines.

216. *Hon. Mr. G. F. Richardson.]* That applies only to the railway-line itself?—That is so.

217. Would you tell the Committee what idea you have formed as to the probable traffic-requirements of the district?—My notion as to the line was that for many years it ought to stop at Taieri Lake. Then, after stopping there until settlement should have advanced, it should go on to Manuherikia and stop there for an indefinite period. I think the returns would mainly depend upon settlement. There would be a certain amount of tourist traffic; but the settlement of these plains will determine the result as to the general return.

218. You think that it should have been taken to Taieri Lake?—Yes. My idea was that the first stage should be the Taieri Lake, which would bring it on to the Maniototo Plains.

219. You mean for seventy or seventy-five miles?—Yes. Afterwards you could go on to Lauder,

then to the Idaburn Valley, and by going three miles further you would get to the Manuherikia Valley.

220. That would be about a hundred miles?—About one hundred and six miles: I made estimates for it on to Manuherikia.

221. You have given us the figures £602,000 from Chain Hills to Taieri Lake?—To the Lander we put down £215,000 more.

222. £895,000 to the 106th mile?—That is from the start.

223. *Hon. Mr. Ballance.*] What is the estimate of the additional to Lauder?—Thirty-nine miles, £215,000.

224. Have you the original estimate of the cost to Middlemarch?—The first estimate in section founded on fair information was made in April, 1884. Middlemarch was not made a section, but we put the section to Taieri Lake down at £560,000.

225. When was that made?—In 1884.

226. Have you an estimate calculated before the line was made?—Not on the section to Middlemarch. I have an estimate to Blair Taieri, which is but three miles short of it, at £430,000.

227. When was that made?—That was made in 1882.

228. You have no earlier estimate than that?—No; not in sections. I have a first estimate of another line, but it was a different class of line altogether. That estimate was made in 1877. It was for a much inferior line. That gave the section to Taieri Lake, but of a very different sort of railway to the one provided. It was for a very light line—in fact, one of the lightest construction known, and which we estimated we could make for £370,000. The present line has much better works.

229. You have stated the estimate to be £560,000 in 1884; now it is put at £682,000. Can you explain the difference?—Yes: we had not sufficient data.

230. Then where is the difference?—The difference is all in the Gorge.

231. How in the Taieri Gorge?—The Gorge cost more money than we at first thought it would.

232. Did the labour cost more?—No; the labour did not cost more, but there was more work to do than we expected.

233. Was there any excessive expenditure?—No. The work has been done remarkably cheap. I do not know any contractor that made anything great out of it.

234. *Mr. J. McKenzie.*] It was the other way?—I did not hear of any but one who made anything by it, and this one's profit was not excessive.

235. *Mr. Cowan.*] You give us a notion where the line should go to: it is based on the idea, is it not, that the work was to be done by the Government?—Yes.

236. Suppose a syndicate were to take the risk of carrying it further, would that alter your views?—No; I think that carrying the line to Hawea is premature.

237. If Parliament were to give them an opportunity, would there be any professional objection?—No; there would be no professional objection to doing so.

238. This Bill provides for a sum equal to £6,000 a mile for a line from Middlemarch to Hawea. Is that a fair estimate of the cost—£850,000 for 140 miles?—Yes, I think it is a fair estimate.

239. It has been proposed to this Committee that one-third of the exact cost should be knocked off from the work done rather than go to arbitration. Would you approve of such a process?—No.

240. Would that be too much to knock off?—We would knock off nothing; but I would rather sacrifice something than go to arbitration.

241. You say the Government would get the worst of that?—Yes.

242. Do you think that one-third would be a great concession to make?—Yes.

243. Then would you say what proportion you would agree to?—I cannot say.

244. But you would prefer to make a concession rather than offer an arbitration?—Yes.

245. Are you prepared to say what concession you would make?—No.

246. But you think that knocking off one-third of the cost would be excessive?—Yes.

247. *Mr. Whyte.*] But we had an alternative put before this Committee by one of the promoters. He said that if they took it over at the actual cost they would expect a grant of land; but under an arbitration they would require no such grant. Looking to the proposal to strike off one-third of the cost, if your opinion is correct that it could not be done cheaper now, then arbitration would be the best plan for the colony?—No; it does not follow. I do not like arbitration. Governments fare badly in arbitrations, and what you have stated is in favour of this theory.

248. You said that to strike off one-third of the cost would be excessive. Would there not therefore be reason to expect something to be made out of arbitration?—No; it depends on who were the arbitrators.

249. But surely to refer it to arbitration would be better than to give one-third of the cost?—It all depends on the arbitrators.

250. *The Chairman.*] What charge is made in respect to Dunedin Station?—Nothing is charged yet.

251. On Dunedin over-bridge is there a charge made?—Nothing has been charged as yet.

252. *Mr. O'Callaghan.*] Is there any rule in the department?—No; but I think it would be fair to charge a portion of the terminal station against the Otago Central Railway. But in dealing with a company they might say, "We would have our station somewhere else."

253. *Mr. J. McKenzie.*] Will you give us some idea of the chance of the line paying to Taieri Lake?—If the country were well settled I think it would pay. I think there will be a considerable amount of traffic from the Maniototo Plain. It is very good land.

254. Eventually it would be extended further?—Yes. I see a question is asked in this memorandum about the land. The whole of the land is bought for the portion under construction

except twenty acres near Mullocky Gully, estimated to cost £100. The whole of the land is settled and paid for. Between Sutton and Middlemarch there are twenty-six acres to be bought, at a value of £300. The rest of the land we pay nothing for. It is nearly all Government land after we pass eight or nine miles, except the Burwood Run, which is a University endowment. We take 125 acres of that, valued at £500.

255. That is a high value?—It is, as I said, a University endowment. The University offered the land for nothing if we would fence it. The fencing would cost £1,900. It is therefore a question whether we should pay for the land or put up the fencing. Of course fencing will have to be provided ultimately.

256. *Hon. Mr. G. F. Richardson.*] If finished to Taieri Lake what return would you consider likely to be paid on the cost of construction?—Immediately it would be very small. It would be small for many years to come until settlement of the country took place.

257. Even in this grain-growing country about the Taieri Lake?—Yes. There may also be a good lot of wool brought down; but for a long time to come I should consider the return from the line small.

258. *Mr. J. McKenzie.*] Would it pay working-expenses?—It might pay working-expenses. There are some lignite deposits along the line, but it would not come down for some time.

#### APPENDIX.

##### A.

The SURVEYOR-GENERAL to the Hon. Mr. G. F. RICHARDSON.

##### *Otago Central Railway Settlement Conditions.*

I WOULD suggest that the following provisions be inserted in the contract with the company. They are, with slight modifications, the same as in the Third Schedule of the Wellington and Manawatu Railway contract.

1. The company, in offering agricultural or pastoral land for sale, shall fix the minimum price per acre not less than the valuation made in terms of "The Otago Central Railway Act, 1888." The price of town and village lands shall not be less than £20 per acre, and of suburban lands not less than £3 per acre.

2. All lands to be surveyed, mapped, and lithographed plans of sections published before being advertised for sale.

3. No sale of land shall be held until after thirty days' public notice of the time and place thereof shall be given in at least one Dunedin newspaper and in one local newspaper circulating in the district where the land is situate.

4. Sales of land may either be by auction, or by application receivable on a given day. In the event of more than one application for the same section of land on the same day between the hours of 10 a.m. and 4 o'clock p.m., the land applied for shall be put up to public auction, and the bidding at such auction shall be limited to the applicants.

5. Agricultural land to be surveyed in sections not exceeding three hundred and twenty acres each, with a practicable line of road marked off on the ground to each section; and before sale an expenditure not less than five shillings per acre shall be made on the formation of roads to give access to the agricultural sections.

6. Pastoral land to be surveyed generally, so far as the natural features will permit, in sections at least twice the depth to the breadth, the depth running back with the slopes of the hills. Where necessary to associate agricultural land with pastoral land for stock purposes, the whole to be deemed pastoral land.

7. Sites for towns and villages to be selected by the company along the line of railway, so that, with those already existing, there will not be a greater distance between them than twelve miles, excepting on that part of the line between Wingatui Junction and Middlemarch.

8. Governor to have the right of selecting free of cost in each town and village, whether on land acquired by the company as public grant, or by purchase from landowners, an area not exceeding three acres for post and telegraph offices, courthouse, police station, and other public buildings; also an area not exceeding five acres for a school-site. At cross-roads or other suitable places in rural districts Governor to have the right of selecting, free of cost, five acres for a school-site at distances of four or five miles apart.

9. The surveys of lands to be conducted on the New Zealand system of surveys, so that the plans, traverse reductions, and field-books may be conformable with the public survey records of the colony, from which the descriptions of title are taken.

18. All record surveys and classifications of agricultural and pastoral land to be subject to the approval of the Surveyor-General, or officer nominated by him.

29th May, 1888.

JAMES MCKERROW, Surveyor-General.

##### B.

*Memorandum, &c., referred to by Mr. Blair.*

The CLERK, Waste Lands Committee, to the ENGINEER-IN-CHIEF.

SIR,—

House of Representatives, Waste Lands Committee, 29th May, 1888.

I am directed by the Chairman of the Waste Lands Committee to request that either you or your representative will attend the sitting of the Committee at 11 a.m. on Tuesday next, 5th June, in Room I, to give evidence *re* the Otago Central Railway Bill. The Chairman also desires me give you on other side a summary of the points on which the Committee will be likely to require evidence from you.

I have, &c.,

HENRY D. O'CALLAGHAN,

J. Blackett, Esq., Engineer-in-Chief.

Clerk, Waste Lands Committee.

[Enclosure.]

*Otago Central Railway.*—Cost of construction? Cost of land (compensation, &c.)? Head office and engineering? Surveys? Earthworks? Bridges and culverts? Permanent-way on the ground? Fencing? What land, and estimate of cost, is yet required to be settled for between Wingatui and Middlemarch? Also, how much of Dunedin Station and land has been charged to Otago Central? Engineer's estimates: Votes and amounts to which cost has been charged.

## C.

STATEMENT showing CLASSIFIED EXPENDITURE on the OTAGO CENTRAL RAILWAY up to the 31st March, 1888.

Classification.	Amount.		
	£	s.	d.
Grading ... ..	247,717	14	11
Bridges and culverts ... ..	93,318	14	1
Fencing ... ..	3,249	3	6
Engineering and office ... ..	17,125	0	0
Land... ..	3,986	5	7
Surveys ... ..	12,197	9	2
Other charges ... ..	10,548	10	6
	388,142	16	11
Value of permanent-way on the ground... ..	18,591	17	0
	<u>£406,734</u>	<u>13</u>	<u>11</u>

2nd June, 1888.

ACCOUNTANT, Public Works.

## D.

## OTAGO CENTRAL RAILWAY.

	Voted.	Expended.	Liabilities	Total
			at End of Year.	Expenditure of Liabilities.
	£	£	£	£
Financial year 1878-79 ... ..	55,000	1,296	50,059	51,355
" 1879-80* ... ..	120,800	49,018	36,353	85,371
" 1880-81 ... ..	68,000	53,730	20,077	73,807
" 1881-82 ... ..	36,000	21,268	11,080	32,348
" 1882-83 ... ..	50,000	17,625	35,054	52,679
" 1883-84 ... ..	130,000	11,830	72,015	83,845
" 1884-85 ... ..	165,000	29,353	101,600	130,953
" 1885-86 ... ..	126,600	75,829	51,203	127,032
" 1886-87 ... ..	140,000	60,993	66,554	127,547
" 1887-88 ... ..	112,000	78,523	24,540	92,692
		399,465		
Preliminary surveys prior to 1881-82 ... ..		7,269		
		406,734		

\* Nine months.

[Approximate Cost of Paper.—Preparation, nil; printing (1,375 copies), £8 14s. 6d.]

By Authority: GEORGE DIDSBUY, Government Printer, Wellington.—1888.

