

summer traffic to the Lakes to be carried there, and thence by coach to Rotorua, a distance of thirty-three miles. The whole of the first section is under contract to be finished, ready for opening in March next as far as Lichfield—that is, eleven miles from Oxford. When that is opened the whole of the goods traffic to the Lakes, that now goes by way of Tauranga, will then go over the Government railway, Auckland to Morrinsville, and thence over the district railway as far as Oxford; and then by wagon over the coach-road to Rotorua. The whole of the Taupo traffic, that at present goes by way of Tauranga and Ohinemutu, will, after March next, go *via* Lichfield, which is about six or seven miles nearer Taupo than Ohinemutu is, and a good road all the way.

415. Can you give the Committee some information as to the nature of the country to be opened up?—By the first section?

416. No, by the whole line?—The first section from Morrinsville to Lichfield passes first up the valley of the Piako, that is at present in pastoral occupation; then it crosses over to the valley of the Waitoa and the Thames, which is one valley; enters into the Matamata Blocks, passing first through the Richmond Block, the sections of which are being rapidly settled—in fact, they are nearly all taken up; passes through Matamata leasehold and freehold sections, thence into the property of the Auckland Agricultural Company, and keeps generally up the Thames Valley into the Patetere country. All that country is opened. The whole of the agricultural company's property is open for purchase in small sections; it is divided off into sections of from two to five hundred acres, I think. I am not quite certain. It is all ready for taking up as soon as the line is opened. I have no doubt, from the readiness with which seven to ten thousand acres of the Richmond Block have been taken up, on the completion of the railway settlers of the same class will be found there also. I believe Mr. Firth intends to dispose of Matamata in the same way; but nothing can be done with it till the line is opened. I have no positive knowledge of this matter, however.

417. Can you give the Committee information as to the character of the traffic—the nature of the trade likely to be opened?—Very much the same as the Waikato line—a mixed pastoral and agricultural traffic, in addition to tourists.

418. Will there be no timber trade?—There is no timber on the first section; but it goes so near the Waotu bush as will enable it to draw that traffic. The Waotu is a totara bush. They are at present floating the logs down the river; but they cannot fall green trees into the water with any certainty of their turning up at Cambridge. They will not float, being green and heavy, and in that way they have lost much of the best timber; but all dry timber that will float they send down that way. But I believe the owners have come to the conclusion that the only way to dispose of that bush is through the railway when it is opened to Mangakaretu or Lichfield.

419. *Mr. Dargaville.*] You know something of the Hot Lakes District and settlement there?—I do.

420. Will not that line attract, to a large extent, the tourist traffic, in addition to the ordinary pastoral and agricultural traffic you are speaking of?—That is the second section that will so largely aid that. I have been hitherto speaking of the first section. The second section passes through bush, and, in addition to goods and timber traffic, will have this traffic you speak of—the tourist traffic. The whole of the present tourist traffic, or next to the whole of it, will go over the line as soon as open to Oxford.

421. Does that traffic not, for the most part, go by sea to Tauranga?—I think the most part last year went by way of Cambridge, and then from Cambridge by coach.

422. A considerable portion went by sea?—A considerable portion.

423. That traffic would be diverted to the overland route?—Yes; especially if they could be run through in one day. The advantage of the Tauranga route for those who do not fear the sea is that they leave on one evening and at the same hour next evening they are at Ohinemutu, travelling by sea all night.

424. Do you know any country between Lichfield and the Hot Lakes which the Government is negotiating for the purchase of from the Natives?—Yes.

425. There was a block of ten thousand acres, and a piece of country estimated at one hundred thousand acres?—I know the smaller block. I am not quite sure if that is the area. The Government have bought two blocks since our railway company was formed, which if we had carried through under the memorandum of association would have formed part of the endowment under the Railways Construction Act, and which, if the present arrangement is carried through, will remain with the Government.

426. What effect will the construction of the line have on those blocks?—It will add to the value in every way. What we thought, if they had been our own endowments, was that it would treble the value. They are most suitable for small settlement. The second section opens up a plateau of bush land, the area of which I estimate at two hundred square miles—twenty miles long by ten miles wide—over which roads can be easily made.

427. You have been cognizant of the negotiations carried on by the Government and the company for the purchase of the line?—I have.

428. The price offered for the first section of the line on completion is £115,534?—Yes; that is for the first section.

429. That is the price agreed on so far by the parties?—Yes; for the portion of works then completed.

430. Forty-one miles sixty chains?—Yes.

431. Were these works entirely constructed under your supervision?—Yes.

432. That is the net cost of them?—That is, I believe, the net cost of them, so far, to the company.

433. Then, the company will lose nothing on what they have paid out? They will lose their interest?—They will lose in their financial operation with the bank, they will lose interest on overdraft, and interest on the calls.