

offered at £20 a year rental—that is £1 per 1,000 acres—and it was not, I think, taken up; but I am not quite sure about that. I would like to emphasize this point at this stage, that the company is not asking for any concession at all from the Crown, nor does the proposal involve any sacrifice at all on the part of the Natives. It is contemplated by the company that it will have to pay the full present value of the Native lands—in fact, we must, of course, get the assent of the Natives to the sale before we can acquire that land. Also, in order to provide any profit out of the transaction, the purchasing syndicate will require to expend large sums of its capital in the development of the district, and it must rely entirely upon its developments to make any profit out of the venture. It is to be remembered that whilst this country is lying idle the community is losing—that is, absolutely losing the yearly profit which would result from its cultivation. It is not as though this annual profit was being stored up in any way, as it might be if the land contained timber or other natural produce likely to rise in value. There is no produce from the land, so that the capital lying in it is not profit-producing. Now, assuming that this area is only $1\frac{1}{2}$ million acres, and that it is only worth 5s. per acre, that alone is an absolute loss of £18,500 per year to the community from the capital value of the land. In addition to this, however, if this country were developed it would be producing out of the soil not only a profit on the capital value of the land, but also an annual profit on the capital invested in the cultivation of the land. That, I think you will agree, assuming that the whole district be cultivated, will not be less than £1 per acre; so that the total actual loss during the time this district is undeveloped must not be less than £100,000—that is, the annual loss. I think any one who goes into the figures will find that this is the minimum loss to the community. Of course, this is not a matter of opinion; it is a pure question of fact that can be demonstrated. I do not suggest that if the railway is completed to Taupo that next year you will get an income from this country; but I do say that the postponement of its development for a period of ten years means that the whole area for that period must remain idle. I suggest, therefore, to the Committee that, provided reasonable conditions can be arranged with the company for the extension of its charter to Taupo, there can be no substantial objection to the proposal being carried out. The interests of the Natives are fully safeguarded, so far as the lands proposed to be purchased from them are concerned, by the provisions of the Native Lands Act, and, as I have said, they will benefit enormously through the increased value given to their other lands. Various objections have been made to this proposal, chiefly by the Rotorua Chamber of Commerce, but also by some of our leading newspapers, which have very properly thought it right to suggest that care should be taken to see that the interests of the community are properly safeguarded. With regard to the suggestions raised by the Rotorua Chamber of Commerce, that Chamber has been perfectly frank. It says that it fears that the development and extension of the railway through Taupo will mean ruin to, or, at any rate, the side-tracking of, Rotorua on account of the special tourist attractions at Taupo. They realize, further, that possibly these objections should not have much force, and they are therefore urging several objections from the point of view of public policy. These objections comprise also all the objections so far made to the proposal by the newspapers or by any one who has commented upon the matter. I have tabulated the objections, and propose to answer them. First, that the proposal is opposed to the interests of the community that any railway should be privately owned and worked. Now, that is probably the most important objection. It is one on which no doubt a great deal may be said; but careful consideration discloses, I think, the fact that the matter is purely a question of business and should be looked upon as such. There is no public policy, I suggest, which prevents the construction, or which is opposed to the construction, of railways by means of private capital. One reading the comments would imagine there is something of the kind, but I think you will find on the fullest consideration that it is not so. This company does not desire to dispute the proposition that the State should own all the railways. But, admitting that proposition, it does not necessarily follow that temporary arrangements should not be made with private individuals whereby the community can more speedily obtain railway communication in certain directions. Of course, if by the granting of railway rights the country is going to put it into the power of private individuals to force the State to ultimately pay an unfair price for the resumption of a railway, then it may be better business for the State to refuse the railway proposed to be constructed. If, however, it can be shown to be a good business proposition for the State to permit a private line to be constructed which is ultimately to be taken over by the State, what possible reason can there be for refusing permission? Now, I want to emphasize this fact at this stage: that the Taupo Totara Timber Company is not asking for the creation of a new railway. It has already constructed a line fifty miles long within twenty miles of Taupo, and it desires, and the whole district is crying out for, the completion of this line. The position is not at all the same as it would be if no portion of the railway had been constructed. There is, for instance, this very substantial difference: The cost of that fifty miles already constructed is already invested in the railway and cannot be taken from it. The more use, therefore, that can be made of that line—in other words, of the capital invested in that line—the greater benefit it will be, I suggest, to the community, because, the more profitable that business becomes, the cheaper will be the service that can be given to the district. On the other hand, if you are considering a proposition in which no capital has been invested, you have always the fact that if the money is not allowed to be invested in the railway it would probably be earning a profit in some other form. You cannot therefore reasonably compare this proposition with any proposal for the construction of a new railway. Now, there are in New Zealand at the present time several privately owned railways. Some of them have been formed for the purpose of opening up coal-mines, and there is one up in the Rangitikei district—the Sandon Tramway—that is shown on the map as a private line, and that is run under an Order in Council. All these private lines are run under Orders in Council. Now, I suggest that if any one of these companies controlling private lines applies for a reasonable extension of its railway, that is a proposition which ought to be considered on its merits—not as a new proposal, but simply as an extension required in the ordinary