

course of the development of the district served by the railway. However, the main reason why we suggest that this proposal should be supported is that it will immediately serve an enormous district, which will otherwise remain uncultivated and unoccupied for many years to come. No doubt, if it were found practicable for the State to find the capital necessary for the immediate completion of the railway and the development of the land to be served by it, it would probably be an excellent thing for the community, and the Taupo Totara Timber Company would be only too glad to sell its railway to the State at the same price that it hopes to obtain from the syndicate. It would gladly do that and take long-dated debentures for the purchase-money. It is perfectly plain, I suggest, that there is no possibility—I mean, of course, practical possibility—of the State finding the money for this railway for many years to come. Even if it purchased the Taupo Totara Timber Company's line at the present time, giving for it long-dated debentures, it would, in order to make the outlay profitable, have immediately to find a large sum of money—in the first place for the completion of the railway, and secondly for its improvement—because it has to be remembered that Government lines are constructed up to a certain definite standard which is very much more expensive than the standard of a light railway such as the Taupo Company's line. It is deemed best apparently at the present time to maintain such a standard, but the inevitable result would be to compel the Government to spend a large sum of money which there is no prospect of its being able to secure for this purpose for many years. In addition, it would need to borrow a large sum of money for the purpose of developing the district. Now, suppose a district has to wait for, say, even ten years until the Government is able to find the capital necessary to construct the railway, that necessarily means that the whole of that country remains undeveloped for that period, during which the annual profit upon the capital value of the land, and also upon the capital which would be invested in its development, is lost, and this large district remains unpeopled. The conclusion I would therefore suggest to the Committee is that, so long as some arrangements can be made by which the State is able to acquire the railway at a reasonable price in the future, it will pay the community to permit this company to complete its railway. There seems to us to be only three conditions about which the Crown need concern itself: First, that the service provided by the company shall be a reasonable one; second, that the freights to be charged shall be reasonable; and, third, that the Crown shall be entitled to resume the railway at a reasonable price. The company is prepared to agree to reasonable terms with regard to these three questions, and if a proper basis can be arrived at I suggest that, far from such an arrangement being injurious to the State, it will be beneficial in every way. The second objection raised by the Rotorua people is that the Government, having expended a large sum of money in the development of the town, and having persuaded people to take up leases of township land on the ground of maintaining Rotorua as a tourist resort, should oppose the construction of the railway to Taupo until it can find means to complete the line from Rotorua to Taupo. In other words, it would be necessary to retard the development of the Taupo district in order that the prosperity of Rotorua should be maintained. It has, I suggest, always been a difficult question to determine whether the money spent on tourist resorts would not have been more profitably spent on the development of the country. But, however that policy may be viewed, it is absurd to suggest that because money has been spent at Rotorua the country should lose the profits that would result from the cultivation of this great area of land in order that the prosperity of Rotorua should be fostered. I suggest as a commercial proposition that it would be better to abandon the capital invested in Rotorua rather than adopt that course. In addition to that, the argument for the Rotorua to Taupo Railway assumes that the construction of that line is a feasible and profitable proposition. It is, I think, clear, and cannot be reasonably disputed, that the railway would not pay as matters stand at present. In the first place, the route has not even been surveyed, and it is impossible to say with certainty that a satisfactory line could be obtained at a reasonable cost. I understand from this morning's Rotorua newspaper that some of the members of the Chamber of Commerce have been over the route in a motor-car. I suggest that that does not give much information on the subject whether a line can be obtained or not. In any event, that line would be about the same length as the Taupo Company's railway. Further, the distance from any port at present available would be thirty-two miles more to the Taupo district by that route than it would be by the Taupo Totara Timber Company's railway. The Rotorua people are suggesting that ultimately the port of Tauranga will be the port serving the whole of the Taupo-Rotorua district, and they suggest that the Taupo people should await that development before they bring their own area of land into cultivation. The main difficulty, however, in the way of the construction of this line is that there is not sufficient traffic available over it to-day. The working-expenses and interest at 5 per cent. on the capital invested by the Totara Timber Company would come to not less than £15,000 to £17,000—probably considerably less than the cost of running a line from Taupo to Rotorua; whereas the traffic available at present, apart from the company's timber traffic, would not exceed £3,000 to £5,000, and this would be the only traffic which would be available to the Taupo-Rotorua line. It is plain, therefore, that until the pumice country is developed the Taupo-Rotorua line will not pay. Again, if this line is available to serve all that country, and the Government can acquire it at a reasonable price, why should it construct another line, so adding to the capital cost which the trade of the district would be required to pay? Whatever happens, I suggest to the Committee that this line must be maintained, whether the Government construct a line from Rotorua to Taupo or not. [Country to be benefited by the railway pointed out on map by witness.] I suggest also that the Rotorua people have overlooked the fact, or given no sufficient consideration to it, that the development of the pumice lands will greatly benefit Rotorua. There is a very great area of pumice country, all of which naturally falls into the Rotorua district, and I suggest for the consideration of the Committee that the development of that country will tend to assist the development of the areas surrounding Rotorua. Now, the third argument against this proposition is that the company's proposal involves a private monopoly of the thermal wonders in and about Taupo. That state-