

1911.  
NEW ZEALAND.

TAUPO TOTARA TIMBER COMPANY COMMITTEE

(REPORT OF) TOGETHER WITH MINUTES OF PROCEEDINGS, EVIDENCE, AND APPENDIX.

*Report brought up the 24th day of October and ordered to be printed.*

ORDER OF REFERENCE.

*Extract from the Journals of the House of Representatives.*

THURSDAY, THE 14TH DAY OF SEPTEMBER, 1911.

*Ordered, "That a Special Committee be appointed to inquire into the petition of the Taupo Totara Company for railway extension, and any other matter in connection therewith; such Committee to have power to call for persons and papers; three to be a quorum: the Committee to consist of Mr. Davey, Mr. Forbes, Mr. Fraser, Mr. Greenslade, Mr. Guthrie, Mr. Mander, Mr. Myers, Mr. Newman, Mr. Reed, and the mover.—(Mr. MACDONALD).*

PETITIONS.

PETITION OF THE TAUPO TOTARA TIMBER COMPANY (LIMITED).

To the Honourable the Speaker and Members of the House of Representatives of New Zealand in Parliament assembled.

MAY IT PLEASE YOUR HONOURABLE HOUSE,—

The humble petition of the Taupo Totara Timber Company (Limited), a company duly incorporated under the provisions of the Companies Act, 1882, and having its registered office in Putaruru, Auckland, sheweth that—

1. That with the view of working large areas of timber country in the Taupo district your petitioners have, in conjunction with the Wellington Industrial Development Company (Limited) constructed a railway fifty miles in length from Putaruru (on the Morrinsville-Rotorua line) to Mokai, which is run under the authority of an Order in Council fixing the maximum rates for passengers and goods.

2. This line is distant sixteen miles from Taupo, and the cost of carrying the goods traffic per vehicle is an insuperable difficulty in the way of settlement of the great territory of which Taupo is the natural centre.

3. That the great distance of Taupo from the port of Auckland—two hundred miles—renders it absolutely necessary that railway communication should be provided if the districts of which Taupo is the centre are to be settled and carry the population they are destined to.

4. That the area thus involved is about two million acres (2,000,000 acres) of which eight hundred thousand acres (800,000 acres) is Native lands and three hundred and fifty thousand acres (350,000 acres) Crown lands. This area lies in the East and West Taupo Counties, and the following facts speak for themselves:—

*Agricultural Statistics, 1911.*

	Grain and Pulse Crops. Acres.	Green and Root Crops. Acres.	Total Area in Crop. Acres.
East Taupo .. .. .	773	867	1,640
West Taupo and Ohoura .. .. .	654	1,737	2,391

*Sheep Returns, 1910.*

West Taupo and part Matamata .. .. .	6,740
East Taupo and Rotorua .. .. .	29,412

*Population, exclusive of Maoris.*

East Taupo .. .. .	528
West Taupo .. .. .	974
Total .. .. .	1,502

It will therefore be seen that this huge territory is lying undeveloped, and is in no sufficient degree contributing its due share to the production, prosperity, and taxation of the Dominion.

5. That an extension of the Taupo Timber Company's line to Taupo would at once tap the entire district, and would lead to a large amount of settlement that at present is impossible. The cost of cartage of the necessaries of settlement and of products for market and export renders settlement under present conditions virtually impossible.

6. That your petitioners are of opinion that it would be inequitable that a large tract of Native land should be greatly increased in value without in some way contributing to the cost of the railway which would cause that increase.

7. That your petitioners are aware that the Native owners recognize the facts stated in paragraph 6 of this petition, and would be prepared to sell to the Taupo Totara Timber Company a reasonable proportion of the total area at the present values, thus enabling the company to secure an additional asset upon which money could be raised for the construction of the railway.

8. That without some such additional asset your petitioners cannot see any hope of raising the capital required, and consequently the prospects of opening up and developing the Taupo country may be postponed for many years, to the detriment of the Dominion.

9. That the demand for the opening-up of available land for settlement is so great and incessant that your petitioners believe the bringing in of the Taupo country for settlement would be of immense and immediate benefit to the Dominion; whilst the increase of State revenues from land-tax, postal services, stamp duties, &c., arising from settlement in the area would be very considerable.

10. That your petitioners are prepared to abide by any reasonable stipulations, conditions, and limitations as to area, tenure, terms, &c., imposed upon them regarding the settlement of the lands proposed to be acquired by them from the Natives.

11. That the opening of a railway passenger service to Wairakei and Taupo would mean the rapid development of a tourist district now not fully known, Taupo being the finest fishing resort in the world and this would result in largely increased passenger traffic upon the Government railway to and from Putaruru.

12. That the development of the Taupo country would result in an enormous increase of the railway traffic in passengers and goods to and from Auckland.

13. That for the reasons stated your petitioners pray the House of Representatives will favourably recommend the Government to issue an Order in Council empowering them to do the following things:—

(a.) To purchase and dispose of, on such terms, conditions, and limitations as may be stipulated, an area of Native land in the districts to be affected by the Putaruru-Taupo Railway of not exceeding 200,000 acres as an additional asset of the company, and thus enable the line to be completed and the work of settlement in the Taupo country to be advanced.

(b.) To extend their tramway from the present line to Lake Taupo in the Taupo township.

F. G. DALZIELL.

R. S. ABRAHAM.

[SEAL.]

#### PETITION OF RESIDENTS OF THE DISTRICT.

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled.

THE petition of the undersigned residents of the district bounded by Oruanui on the north, Tokaanu on the south, and Runanga on the east (an area of approximately 600 square miles), including the townships of Onekeneke, Oruanui, Taupo, Tokaanu, Wairakei, and Waitahnui, in the Provincial Districts of Auckland and Wellington, humbly sheweth—

1. That application is being made to your honourable House by the Taupo Totara Timber Company (Limited) for the granting of a charter empowering it to complete its existing railway by an extension from Mokai, *via* Wairakei, to Taupo.

2. That such extension is of vital necessity to the convenience, social, intellectual, and material well-being of your petitioners, the further development of the tourist traffic, and the settlement of vast areas of land at present unoccupied, and lying waste.

3. That such extension will enhance the prosperity of the Dominion, and become a valuable asset of the State.

And your petitioners, as in duty bound, will ever pray.

#### Signatures.

Name.	Occupation.	Address.
A. S. Graham	Manager, Tourist Resort	Wairakei.
F. M. Graham	Domestic duties	Wairakei.
John Horne	Clerk	Wairakei.
W. Sadler	Hotel servant	Wairakei.
Jack Kahu	Coachman	Wairakei.
A. J. Parkin	Surveyor	Wairakei.
Jack Collier	Cook	Wairakei.
Henrietta Cleall	Domestic duties	Wairakei.
W. B. Calder	Landholder	Oruanui.
Miss M. Thompson	Domestic duties	Oruanui.
W. G. Cleall	Gardener	Wairakei.
Alfred Bullock	Guide	Wairakei.
W. Macleland	Coachman	Wairakei.
W. Stanley Gillies	Motor expert	Taupo.

## Signatures—continued.

Name.	Occupation.	Address.
R. B. Graham	Motor expert	Taupo.
I. B. Atkinson	Gentleman	Wairakei.
N. Smith	Rabbiter	Taupo.
F. Stubbing	Board Foreman	Tokaanu.
T. B. Buchanan	Clerk	Taupo.
A. G. Gillespie	Hotelkeeper	Taupo.
S. A. Shepherd	Builder	Rotorua.
J. Nohru	Draper	Taupo.
W. McKinley	Driver	Rotorua.
J. Wylie	Carpenter	Taupo.
J. T. Driberg	Settler	Taupo.
William Geach	Carpenter	Rotorua.
C. E. Jones	Driver	Taupo.
W. B. O'Reilly Nugent		Taupo.
T. W. Thomson	Post-office	Taupo.
Agnes Noble	Hotelkeeper	Taupo.
Thomas Ryan	Master mariner	Taupo.
J. Crowther	Coach-proprietor	Taupo.
N. Graham	Domestic duties	Wairakei.
O. H. Burns	Tourist	Rotorua.
F. P. St. Hill	Civil engineer	Wairakei.
A. E. Snaith	Postman	Taupo.
Nepia	Labourer	Oruanui.
Keiyny	Labourer	Oruanui.
W. E. Palmer	Sawmiller	Oruanui.
F. R. Fraser	Farmer	Taupo.
A. D. Drummond	Farmer	Taupo.
C. Hodge	Labourer	Oruanui.
Ngaparu	Labourer	Oruanui.
J. J. Sorensen	Carrier	Oruanui.
Hohepa	Landowner	Oruanui.
Tawera	Landowner	Oruanui.
Ririmaoa	Labourer	Oruanui.
Te Pawia	Landowner	Oruanui.
Hira	Labourer	Oruanui.
Ngakenui	Landowner	Oruanui.
Erueti	Landowner	Oruanui.
Remoana	Landowner	Oruanui.
T. Huckstep	Engine-driver	Oruanui.
F. J. Hayman	Teacher	Oruanui.
Daniel Ross	Surveyor	Wairakei.
Te Marae	Survey party	Wairakei.
M. Porima	Mill hand	Mokai.
R. H. Phelan	Mill-manager	Mokai.
M. R. Moore	Clerk	Mokai.
Martin G. Brown	School-teacher	Mokai.
Joseph Tetley	Storekeeper	Mokai.
Rori Hamilton	Mill hand	Mokai.
Miriam Ngamu		
William Moon	Settler	Mokai.
Karawhira Moon	Domestic duties	Mokai.
Walter Lynch	Baker	Mokai.
Hamoetu	Settler	Mokai.
Reti Hiha	Settler	Mokai.
R. Burke	Household duties	Mokai.
Tatana	Mill hand	Mokai.
Hiriwera	Bushman	Mokai.
Awatea Pitihira		Mokai.
Rere Tukiterangi		Mokai.
Lucy	Household duties	Mokai.
A. E. Coburn	Bushman	Mokai.
Hakopa Tehiko	Mill hand	Mokai.
R. Baker	Labourer	Mokai.
Patrick Gray	Mill hand	Mokai.
B. Bayfield	Mill hand	Mokai.
R. Murphy	Mill hand	Mokai.
Hika Hemopo	Mill hand	Mokai.
J. Wild	Iron-puncher	Mokai.
W. Wright	Mill hand	Mokai.
G. Wright	Mill hand	Mokai.
J. D. L. Allen	Store hand	Mokai.

## DEPARTMENTAL REPORT ON PETITION.

Public Works Department, Wellington, N.Z., 20th September, 1911.

*Re Petition re Proposed Extension of the Putaruru Railway to Taupo.*

SIR,—

I have the honour to acknowledge the receipt of your letters (two) of 15th instant, forwarding for report petitions by the Taupo-Totara Timber Company (Limited) and Mr. A. S. Graham and other settlers, urging that Orders in Council should be issued authorizing the company to (1) purchase and dispose of certain Native land in the districts affected by the proposed extension of the Putaruru-Mokai Railway to Taupo, and (2) to extend such railway to Taupo.

In reply, I have to state that the Order in Council mentioned in the first paragraph of the company's petition as having already been issued requires them to run one train each way three times in each week between Putaruru and Mokai, and to carry timber and farm-produce from any lands which were, at the date of the Order (29th day of January, 1908) or on the 1st day of July, 1901, Crown lands, at the rates specified in the schedule to that Order. The company also has the option of using the tramway for the carriage of other goods, and they may also carry passengers, provided that the line and rolling-stock are first inspected and certified as safe and fit for such traffic by an Engineer to be appointed for that purpose by the Minister in terms of section 213 of the Public Works Act, 1908, and provided also that the Minister grants them a permit authorizing the line to be opened and used for public traffic, under section 214 of the same Act. Up to the present time, however, the line has not been passed for the conveyance of passengers.

The proposed extension is situated in the County of East Taupo, and as the Counties Act, 1908, is not in force in that county, it is open to the company to apply for and obtain an Order authorizing the construction of the extension under section 5 of the Tramways Act, 1908.

The proposal *re* purchase of Native lands is presumably not a matter on which the advice of this Department is desired. If not, there only remains the question of authorizing the extension of the tramway, and that is a matter in which the intervention of Parliament seems to be scarcely necessary. As already intimated, sufficient authority exists under the Tramways Act, 1908, or the District Railways Act, 1908, to authorize the construction of the extension.

The petitions (two) are returned herewith.

I have, &amp;c.,

H. J. H. BLOW, Under-Secretary.

The Chairman, Taupo Totara Petition Committee, House of Representatives, Wellington.

## REPORT.

I AM directed to report,—

That the Taupo Totara Timber Company Committee, to whom was referred the petitions of the Taupo Totara Timber Company (Limited), No. 185, and A. S. Graham and thirty-five others, No. 211, has carefully considered the same, and has arrived at the conclusion that, in view of the important issues involved in the petition of the Taupo Totara Timber Company, and more especially having regard to the vagueness of the proposals contained in the said petition in so far as they affect the future disposal and settlement of the 200,000 acres of land which the said company desires to acquire from the Natives, the Committee is of opinion that the whole question should be held over for the consideration of Parliament next session.

The Committee is further of opinion that in the meantime full inquiry should be made by the Government as to the best means of connecting Lake Taupo by rail with the existing railway system, so as to facilitate the early settlement of the large areas of Crown and Native lands in the Taupo district.

24th October, 1911.

T. H. DAVEY, Chairman.

## MINUTES OF PROCEEDINGS.

FRIDAY, 15TH SEPTEMBER, 1911.

The Committee met, pursuant to notice, at 10.30 a.m.

*Present:* Mr. Davey, Mr. Forbes, Mr. Fraser, Mr. Greenslade, Mr. Guthrie, Mr. MacDonald, Mr. Mander, Mr. Myers, Mr. Newman, and Mr. Reed.

The order of reference setting up the Committee was read by the Clerk.

On the motion of Mr. Greenslade, seconded by Mr. Mander, Mr. Davey was unanimously elected Chairman.

Mr. Davey then took the chair, and returned thanks for his election.

Resolved, That the Chairman consult with Mr. Dalziell, and, if convenient, call a meeting for Thursday, 21st September.

The Committee then adjourned.

THURSDAY, 21ST SEPTEMBER, 1911.

The Committee met, pursuant to notice, at 10.30 a.m.

*Present:* Mr. Davey (Chairman), Mr. Forbes, Mr. Fraser, Mr. Guthrie, Mr. MacDonald, Mr. Mander, Mr. Myers, and Mr. Newman.

The minutes of the previous meeting were read and confirmed.

Resolved, That Press representatives be admitted to the proceedings.

Petition No. 185 (Taupo Totara Timber Company, Limited) and Petition No. 211 (A. S. Graham and thirty-five others), praying that the Company be allowed to purchase Native land at Taupo, and to extend their tramway to Lake Taupo, were read by the clerk.

Mr. F. G. Dalziell, barrister and solicitor, Wellington, attended and gave evidence (witness No. 1), and put in Exhibits No. 1 (report by Mr. John Coom) and No. 2 (Order in Council).

Resolved, on the motion of the Chairman, That the Committee do now adjourn, to meet on Thursday next, 28th September, at 10.30 a.m.

The Committee adjourned accordingly.

THURSDAY, 28TH SEPTEMBER, 1911.

The Committee met, pursuant to notice, at 10.30 a.m.

*Present:* Mr. Davey (Chairman), Mr. Forbes, Mr. Fraser, Mr. Greenslade, Mr. Guthrie, Mr. MacDonald, Mr. Myers, Mr. Newman, and Mr. Reed.

The minutes of the previous meeting were read and confirmed.

On the motion of Mr. Fraser, seconded by Mr. Guthrie, it was unanimously decided that the permission of the Hon. the Speaker be asked by the Chairman to have the evidence printed.

Mr. J. R. Raw, President, Rotorua Chamber of Commerce, attended and gave evidence (witness No. 2).

Mr. J. N. McLean, Rotorua, also attended and gave evidence (witness No. 3).

Resolved, on the motion of the Chairman, That the Committee do now adjourn, to meet on Friday, 29th September, and further also on Thursday, 5th October.

The Committee adjourned accordingly.

FRIDAY, 29TH SEPTEMBER, 1911.

The Committee met, pursuant to notice, at 10 a.m.

*Present:* Mr. Davey (Chairman), Mr. Guthrie, Mr. Greenslade, Mr. Myers, Mr. MacDonald, Mr. Newman, and Mr. Reed.

The minutes of the previous meeting were read and confirmed.

The Chairman read and put in a telegram received by him from the chairman of a meeting of Putaruru residents (Exhibit No. 3).

Mr. MacDonald read and put in a telegram received by him from the chairman of the Taupo District Railway League (Exhibit No. 4).

Mr. E. E. Vaile, Waiotapu, attended and gave evidence (witness No. 4).

Mr. W. L. Luxford, Hamilton, also attended and gave evidence (witness No. 5).

On the motion of Mr. MacDonald, seconded by Mr. Greenslade, it was resolved that Messrs. Kensington, Clifton, Aston, and Cockayne be summoned to attend the next meeting.

The Committee then adjourned until Thursday, 5th October, at 10.30 a.m., as previously resolved.

THURSDAY, 12TH OCTOBER, 1911.

The Committee met, pursuant to notice, at 10.30 a.m.

*Present:* Mr. Davey (Chairman), Mr. Forbes, Mr. Fraser, Mr. Guthrie, Mr. Greenslade, Mr. Myers, Mr. MacDonald, Mr. Newman, and Mr. Reed.

The minutes of the previous meeting were read and confirmed.

Mr. W. C. Kensington (Under-Secretary for Lands) attended and gave evidence (witness No. 6), and put in map (Exhibit No. 5), and poster (Exhibit No. 6).

Mr. Bernard C. Aston (Agricultural Chemist) attended and gave evidence (witness No. 7).

Resolved, That the Committee do now adjourn until the following day (Friday, 13th October), at 10.30 a.m., when Mr. Blow (Under-Secretary for Public Works) and Mr. Clifton (Agricultural Department) would be called.

The Committee adjourned accordingly.

FRIDAY, 13TH OCTOBER, 1911.

The Committee met, pursuant to notice, at 10.30 a.m.

*Present:* Mr. Davey (Chairman), Mr. Forbes, Mr. Fraser, Mr. Guthrie, Mr. Greenslade, Mr. Myers, Mr. MacDonald, Mr. Newman, and Mr. Reed.

The minutes of the previous meeting were read and confirmed.

Mr. H. J. H. Blow (Under-Secretary for Public Works) attended and gave evidence (witness No. 8).

Mr. Edmund Clifton (Agricultural Department) attended and gave evidence (witness No. 9).

Mr. W. D. S. MacDonald, M.P., also gave evidence (witness No. 10).

Mr. Dalziell then made a further statement.

Resolved, that, in view of the urgent necessity to report on this petition this session, the printing should be done by a private firm if the Government Printing Office were unable to do it immediately.

The Committee then adjourned *sine die*.

MONDAY, 23RD OCTOBER, 1911.

The Committee met at 10.30 a.m., pursuant to notice.

*Present:* Mr. Davey (Chairman), Mr. Forbes, Mr. Fraser, Mr. Guthrie, Mr. Greenslade, Mr. Newman, and Mr. MacDonald.

The minutes of the previous meeting were read and confirmed.

Mr. Forbes moved as follows: That in the opinion of this Committee it would be undesirable to grant the prayer of the petitioners, for the following reasons: (1) That it would be inimical to the best interests of the Dominion to permit any company to purchase such a large area of Native land as 200,000 acres; (2) that it is inexpedient to permit any private company to construct railways in the Dominion; (3) that in order to open up the large areas of unoccupied land in the Taupo district the Government should purchase all the available Native land there and put in hand the construction of the road and railways necessary to open it and the adjoining areas of Crown land up to settlement, and to give proper facilities to the existing settlers to develop their holdings.

A discussion arose thereupon.

The Committee then adjourned till Tuesday, 24th October, at 10 a.m.

TUESDAY, 24TH OCTOBER, 1911.

The Committee met at 10 a.m., pursuant to notice.

*Present:* Mr. Davey (Chairman), Mr. Forbes, Mr. Fraser, Mr. Guthrie, Mr. Greenslade, Mr. Myers, Mr. MacDonald, and Mr. Newman.

The minutes of the previous meeting were read and confirmed.

The discussion on Mr. Forbes's motion was resumed.

On the motion being put, the Committee divided, and the names were taken down as follow:—

*Ayes*, 2.—Mr. Davey, Mr. Forbes.

*Noes*, 6.—Mr. Fraser, Mr. Greenslade, Mr. Guthrie, Mr. MacDonald, Mr. Myers, Mr. Newman.

So it passed in the negative.

Mr. Fraser then moved as follows: That, in view of the important issues involved in the petition of the Taupo Totara Timber Company, and more especially having regard to the vagueness of the proposals contained in the said petition in so far as they affect the future disposal and settlement of the 200,000 acres of land which the said company desires to acquire from the Natives, the Committee is of opinion that the whole question should be held over for the consideration of Parliament next session. The Committee is further of opinion that in the meantime full inquiry should be made by the Government as to the best means of connecting Lake Taupo by rail with the existing railway system, so as to facilitate the early settlement of the large areas of Crown and Native lands in the Taupo district.

On the motion being put, the Committee divided, and the names were taken down as follow:—

*Ayes*, 6.—Mr. Fraser, Mr. Greenslade, Mr. Guthrie, Mr. MacDonald, Mr. Myers, Mr. Newman.

*Noes*, 2.—Mr. Davey, Mr. Forbes.

So it was resolved in the affirmative. Motion passed.

Resolved, That the Chairman do report the resolution to the House.

Resolved, on the motion of Mr. Myers, That a vote of thanks be recorded to the Chairman for the able manner in which he has conducted the proceedings of the Committee.

Resolved, That the Chairman be empowered to sign these minutes.

The Committee then adjourned.

## MINUTES OF EVIDENCE.

THURSDAY, 21ST SEPTEMBER, 1911.

F. G. DALZIELL examined. (No. 1.)

1. *The Chairman.*] Will you make your statement?—Yes. In the first place, I would like to say Mr. Blow was perfectly right when he stated that legislation is not necessary for the purpose of obtaining an Order in Council for the completion of the line, nor is it necessary to obtain an Order in Council for the purchase of Native lands. But we recognize that it is very probable that we cannot obtain what we are seeking unless the fullest publicity is given to the proposal and every opportunity afforded to the people who object to it of publicly stating their views, so that the proposal can have the fullest consideration possible. With that end in view I have suggested to Mr. McDonald, and I understand that the Committee has agreed, that the Press might be represented and be at liberty to publish the evidence as the proceedings go on. Now, in order that the Committee may understand the position, I think it is necessary to inform it shortly of the history and financial position of the Taupo Totara Timber Company. It was formed in the year 1900 for the purpose of cutting out the totara timber in forests in the Taupo district. The capital consists of £100,000 issued in debentures bearing 6 per cent. interest. The shares called "A" shares rank next after the debentures, amounting to £91,760; the preference shares, of £75,000, rank next to the "A" shares; and then the ordinary shares amounting to £75,000; or a total capital of £341,780. In addition to the above capital there is to-day an accumulation of preferential dividends—that is on the "A" and preference shares—amounting to £50,000. The company has always paid the interest on its debenture loan, but has not during the eleven years that the company has been formed paid any dividends at all to its shareholders, either preference or ordinary. Its sawmilling operations began in 1903, when the tramway was completed for a distance of fifty miles from Putaruru. During the first two years a substantial loss was made, but the operations are now being carried on at a profit. When the company was formed, the best estimates we could get, or the people who put the capital in—at that time the preference shareholders—could get, was that there existed somewhere between 400 million and 500 million feet of totara and matai timber. Our experience, however, shows that it is practically impossible to obtain a safe estimate of the totara timber contained in any totara bush, and our working shows that when we began we had probably not more than 120 million feet instead of 400 or 500 million feet of timber in the company's bushes. These figures satisfy us to-day that there is scarcely any prospect at all of any part of the ordinary capital being returned to the shareholders. There is considerable doubt even if there will be anything returned to the preference shareholders. On the other hand, it is probable, we think, that the debenture capital and the "A" share capital, with interest, will be returned to the people who hold this capital. Of course, it all depends on the quantity of timber in the bushes. You can only get a certain profit on timber, and if your supply is limited you may not have enough to get a return of your capital, although you may be making substantial profits. During the last nine years the company has employed on an average not fewer than 250 men, and during the past six years has paid in freights on the Government railways an average of nearly £11,000 per annum, in addition to about £600 per annum for rates and taxes. My purpose in stating the financial position of the company is not to suggest that the company is entitled to any assistance at all from the State, but I do suggest that the promoters of an enterprise of this magnitude—which unquestionably has been of service to the district and the State—are entitled to a full and fair consideration of the proposition outlined in the petition of the company which is now before you. For the purpose of conducting this business the company has constructed a railway from Putaruru, about thirty-two miles from Rotorua, to Mokai, and one point of its line is situate within twenty miles of Taupo. The actual survey shows the distance to be about twenty miles from the company's line to Lake Taupo in the Taupo County. Now, some questions have been raised as to the character of the line, which has been constructed by the company. I produce for the information of the Committee a report submitted to us by Mr. John Coom, who was recently and for many years Chief Engineer of the Government Railways. Any one who knows Mr. Coom will be satisfied that any report from him may be treated as reliable, because he is both a competent and I believe a reliable man. I do not propose to bother you by reading the whole of the report just now, but I will read to you the conclusion he came to. He says, "In a general way I might remark that I was surprised to find the line and works so efficiently maintained. There is nothing in the condition of the track to-day, with the exception of the narrowness of some of the banks, to which any objection can be raised. As I have pointed out, these can be widened at a small cost, and I should have no hesitation in giving a certificate that the line is fit for passenger traffic at moderate speeds—say twenty to twenty-five miles an hour on the straight lines—as soon as this has been done. Estimated cost of alterations and additions: Widening cuttings, Lichfield-Kopokoraki, £25; widening banks, Lichfield-Mokai, £400; accommodation at stopping-places, £200; providing stop-blocks and point-locks at siding (say), £50: total £675." So that in Mr. Coom's opinion this line could be used for passenger traffic with an expenditure of only £675. This tramway, as Mr. Blow informs you, was built under an Order in Council made under the Tramways Act of 1894, which fixes the maximum rates for goods and passengers. He also informs you that we are entitled to carry passengers when a certificate has been issued, which has not yet been applied for. When the line was first constructed it was not thought that there would be sufficient traffic in the Taupo district

to justify the completion of the line to Taupo. For some years past the company has been taking steps with a view to obtaining all possible information as to the use and development of the pumice soils, of which this Taupo country mainly consists, and our conclusion as to the suitability of the country for agricultural and pastoral purposes is such as to justify in our opinion the construction of the railway in the hope that it will develop the district and give permanent value to the line independent of the company's bushes. In stating to you that the company would be able to repay its debentures and "A" share capital, I had in view that it will probably get back the value of this line; without it, there is no prospect that the "A" share capital at any rate can be returned to the shareholders, so it is necessary for us to show that, independent of our bushes, this line is of some permanent value to the community. Now, I want to emphasize this fact at this stage: that there can be no reason at all for the State or any one else shouldering the Taupo Totara Timber company's loss. The company has to bear that loss itself. Our object to-day is to make this railway have a permanent value. Inquiries into the matter have shown that there is a growing belief that this country can be brought into profitable use, and that the great bulk of it can be cultivated and subdivided into farms. For many years to come, however, there cannot be sufficient traffic—apart from the company's timber traffic—to pay the running expenses and interest on the line. We have, therefore, after the fullest consideration, come to the conclusion that the line should be completed at once, because without its completion the district cannot be developed; whereas, if the line is completed and the lands in the district improved by means of fertilizers, there is a reasonable prospect of the country being successfully developed. It will also result in considerable profit accruing to the district through the tourist and other traffic that would be induced through the construction of this line. It is therefore important on these grounds that this work should be done as soon as possible. It is important, first, because it is desirable that the district shall be developed; and, secondly, in order that produce from the land should take the place of the timber, which is the only traffic the company has at present to maintain its service. Having come to this conclusion, we thought the capital might be raised on debentures at 4 per cent. instead of 6 per cent., the rate we are at present paying to our debenture-holders. Our idea was this: that we should borrow money charged, in the first place, on the whole of the company's assets; in the second place, on a special rate levied on the whole of the district; and in the third place, a charge upon the Consolidated Fund. In that way, the company, of course, would have borne the loss, and the special rate and charge on the Consolidated Fund would have been in the nature of a guarantee. On the fullest consideration, however, of the matter, and after discussion with the various people interested, we came to the conclusion that any proposals which involved the financing of the line by the Government was not likely to be acceptable in the near future. It was made plain to us that the Auckland members of the House were committed to the construction of other railways which served areas of country known to be capable of profitable development, and until those lines were completed it was felt that the Government would do nothing in the way of financing the railway to Taupo. We have found that the railway proposition alone is not sufficient to tempt capitalists to provide the money, but we believe there is a prospect of obtaining the necessary capital if the railway scheme can be associated with the substantial development of the lands to be served by the line. The people we have approached have come to the same conclusion as ourselves—namely, that the completion of the railway to Taupo will not in itself be able to draw sufficient traffic to maintain the line and pay interest on its cost; and the proposal will only be possible if the lands are developed and the tourist resorts opened up at the same time with the completion of the line. Then, if the company can secure over 250,000 acres of land served by the railway at the cost of members of the company, the capital will be found both for the completion of the line and the development of the country. The company has itself an area of nearly 50,000 acres of freehold land which it is prepared to offer in this way, and it is further suggested that 200,000 acres should be acquired by purchase of Native lands within the district, of which there is an area of 800,000 acres. The company has resolved to obtain, if possible, the Order in Council necessary to extend its railway and to acquire an area of 200,000 acres of Native land. I would urge these reasons in support of this proposal: First, the district to be served by the railway has an area of from 1½ million to 2 million acres of land. Of this area about 800,000 acres are Native lands, 350,000 are Crown lands, and the balance are private lands or reserves. That is the area that will be served by the railway as shown on the map before you. The part marked yellow is Native land, the part marked red is Crown land, and the part marked white is private land or reserves. The whole of the lands in the three shades will be served by this railway. Secondly, practically none of this land has been cultivated, and nearly the whole of it is unoccupied; whereas it is nearly all capable of cultivation, and probably, as most of you are aware, it is land which adapts itself excellently to cultivation. Our inquiries show that there is a belief among agriculturists that the land might be profitably used for farming purposes. Thirdly, if the company's proposal is adopted, a railway serving this area will be provided and an area of 250,000 acres developed without any risk to the State, but solely at the risk of the proposed syndicate. Fourthly, if the operations of this syndicate are successful, the whole of this enormous area of country will be immediately made available for profitable cultivation, and the climatic and other conditions are such that it will inevitably be occupied by a large population. Fifthly, on the completion of this line Taupo will be within nine hours' journey by railway from Auckland and twenty-two hours' journey by rail from Wellington. There would then be brought within easy access what is probably one of the most attractive tourist resorts in the world, which would serve as an alternative to Rotorua, and tend further to popularize the tourist traffic to New Zealand. Sixthly, the State would obtain a great amount of revenue from the development of this area, in addition to which it would also have an increased value given to the area of 350,000 acres of Crown lands in the district which are now lying absolutely idle. As an illustration of that I would refer to the fact that some time since there was a run of 20,000 acres



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 1½ 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

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-

ment, I suggest, has not any foundation. The thermal activities in the Taupo basin comprise Wairakei, the Spa, the Terraces, and Tokaanu. Of these, Tokaanu is Crown land not on lease, but the Terraces are Crown lands leased for forty years. The Spa is Crown land leased for a similar period, and at Wairakei one-half of the famous Geyser Valley is Crown land not under lease at all. It is plain, therefore, that there can be no question of monopoly of these sights, but that the Crown's interest in them will be greatly increased in value by the proposed development. There is no intention at all to create any monopoly in these properties. The only reason why options have been obtained over them—the Terrace, the Spa, and Wairakei—is that those who are responsible for this development scheme might reap some benefit from the increased value of their enterprise; it is not for the purpose of monopoly at all. Then, the fourth argument used against us is that the proposed purchase of 200,000 acres of Native land is contrary to the public interest. Now, I suggest that that view is entirely erroneous. There is to-day nothing in our law prohibiting a syndicate from contracting with the Native owners of such an area to sell it to persons nominated by a syndicate who can make the declaration required by the limitation provisions of the Native Land Act. All that the Native-land legislation does is to say that no person shall acquire for his own use more than a limited area of Native land, and I suggest that the sole purpose of this legislation is to compel the occupation of these lands in small areas and to see that the Natives get a fair price for their property. No doubt it may be asked, If the Natives can sell 200,000 acres of land without an Order in Council, why should not that course be taken? The answer is this: that before any one can hope to sell this land to settlers a considerable area, at any rate, must be cultivated and shown to be capable of profitable working. This involves of necessity the right of occupation by the syndicate, and this right of occupation cannot be obtained without an Order in Council. I refer to this question in order to suggest to the Committee that the Legislature of the country has not intended to prohibit a proposal of this kind. On the other hand, there are many ways in which the public interest is served by this proposal. In the first place, the opening-up of a large area of country is secured, which it is hoped will produce a permanent traffic to justify the continuous running of the railway; secondly, the syndicate must cultivate and dispose of a large area of this country; and, thirdly, by expending their capital in the development of the lands it acquires the syndicate will be able to show that the land in this district can be profitably occupied. The purchasers must obtain a profit from the sale of the area sufficient to induce them to undertake the risks in purchasing the railway property. The railway scheme itself is not sufficiently attractive to secure outside capital, and it is only by the acquisition and development of this area that the transaction can be made sufficiently attractive to the purchasers. Nor can it be said that this proposal is injurious to any one. In the first place, the Natives get the full present value of their lands, in addition to which they get a greatly enhanced value for the remaining area of their country. Then, so far as the State is concerned, the proposal provides a means by which the ownership of the Natives can be exchanged for ownership by people who will be compelled, in order to get any return for their expenditure, to develop the area purchased and settle it in small holdings. Also, the proposal involves the importation—and it is to be hoped profitable use—of a large amount of capital which otherwise might not be available in New Zealand. The amount involved in the carrying-out of the scheme would probably be from £300,000 to £400,000. I suggest that there can be no question at all that it is advisable to have that capital invested for this purpose. Now, that is all I want to say, gentlemen, on the subject. You will notice, however, that I have omitted to deal with the details of the proposed Order in Council so far as the railway is concerned. In the first place, I should like to remind the Committee of this: that before an Order in Council is granted the proposal to grant it must be advertised in the district affected, so that the objectors in the district will have an opportunity to place before the Minister of Public Works any arguments they may have on the question of terms. I will deal, however, specifically with the three points I have referred to. The first is the service to be provided. At present, as Mr. Blow has told you, we are actually running a daily service, although the Order in Council only provides for a tri-weekly service. We hope, however, to provide a daily passenger service both ways by means of the employment of motor-cars, such as they have on the American and English railways to-day. Our idea at present is that we would be able to meet both the northern and southern trains; and as for a goods service, that would also probably be a daily service. In considering these details, however, I would like to say this to begin with: that the Committee will probably recognize that it would be impossible for it to fix these details itself. It is a matter which one finds on going into it can only be determined by experts. It is a very complicated business. I thought I understood a little about it, but I found on further experience that I did not. Of course, it is always to be remembered that we have at present a charter which fixes the rates which should be charged to the present terminus. In the ordinary course these rates would be simply extended on a mileage basis to Taupo. The company, however, is prepared to go into the whole question of rates for the through service without regard necessarily to the present rates. Now, the second question is that of the rates to be charged for goods, and it is a very difficult question indeed. It has been suggested that we ought to charge only Government rates; but it is a little difficult to compare our rates with the Government rates, because they are dealt with in different ways. It is necessary to take this into consideration: that when the Governor in Council is fixing a rate it is a maximum. It does not do to fix that rate at an amount which will produce the ordinary rate of interest upon your capital, for this reason, that the people running the line have to run the risk of loss. If in any year they may make a loss that loss must be made up in subsequent years, so that you cannot limit your rates in such a way that they will cover merely the annual profit on your capital. These are matters which, as I have said, only experts can properly determine. You will all recognize that if such a rate were fixed as would not pay anybody to run the line, that means that the railway would not be run. Also, there can be no reason why a railway company should not get a reasonable profit upon its investment—that is to say, there is no reason

why it should contribute to the development of a district except upon a reasonable basis. We have in connection with this matter also to remember this: that we have at the present time a timber traffic which largely maintains the line; but that timber traffic must in the course of time decrease and disappear, and the rates to be fixed must be such as to enable the produce of the district to pay a reasonable profit upon the capital invested. Some of the Taupo people have expressed the opinion that as soon as a railway is extended to Taupo the wagon service at present running from Rotorua to Taupo will be killed, and that the Taupo Company will then raise its rates possibly up to its maximum. In reply to that I would just like to say here that when this company first started its operations the rate from Rotorua to Taupo was £5.10s. per ton; to-day it is reduced, the Taupo people will tell you, to about £2 10s. per ton. Now, there is no possibility at all of the company charging rates in excess of that sum. The maximum rate fixed by the Order in Council would be something less than the rate that is charged from Rotorua to Taupo to-day; so that there cannot be any question of the Taupo Company taking advantage of or killing the wagon traffic in order to raise the rates beyond what they are to-day. Then we come to the question which is possibly the most important of all—viz., the price at which the Crown is to be entitled to take over the railway. In the case of the Manawatu Railway you will remember that the Crown had to pay a price which realized over £3 per share to the shareholders. This company, of course, does not seek anything of that kind. Its only desire is to get back the present value of the line. It is, however, again impossible without expert advice to fix the exact basis upon which the line should be taken over. As some indication as to the views of the company on the matter, I might say that it has been suggested that a fair condition would be that the Crown should be entitled to take the railway over on paying 10 per cent. above cost. I am not sure that that is a workable proposition, but something of that kind, I think, would probably be acceptable to the company.

2. That is to say, the Government could take over the Taupo line at 10 per cent. above the cost of construction?—Something like that. I am not sure that that is a workable proposition from the point of view of the State, but it is something of that kind we are seeking—something that would be a fair price. My own opinion is that it would ultimately be found that it will be best to fix a basis on which the goodwill of the concern should be purchased. That seems to me the best and simplest proposition for all concerned, but that, again, is a question for experts. But what I had suggested will give you some notion regarding the ideas of the company of the price at which the Government should take it over. Ten per cent. may be a little low. You have to remember this: that the Crown should not be entitled to take it over in such a way that the company will not have got the 10 per cent. as well as a profit over the whole period. It would not be fair that a company should run its line at a loss for some years and then the Government should step in and take the railway at 10 per cent. above cost, because the operations of the company may have resulted in providing traffic of which the Crown by that means is obtaining the whole benefit without paying for it; but this is a detail, I suggest, which only experts can determine. What I wish to say to the Committee is this: that as the company wants to get back only the cost of this line, it is willing to agree to any reasonable conditions on this point. There seems to be a tendency on the part of many people to think it is wrong for any private individual to make a profit out of any enterprise in which the Crown or the Natives are in any way concerned. But I do suggest that where a proposition is made which will be highly beneficial not only to the Natives and to the people resident in the district, but also to the State, that it should not be an objection to that proposal that the people carrying out the enterprise will make a profit from it. I think that is all I have to say. I shall be very glad indeed to answer any questions at all relating to any of the details in connection with the Taupo Totara Timber Company's affairs, or the proposition which we put before you.

3. You are appearing, of course, not only for the company, but also as a witness?—Yes.

4. *Mr. MacDonalld.*] In the event of this proposal being agreed to, the Native lands will be cut up into reasonable areas; that is the intention, is it not?—Yes. Our proposal is that the purchasing syndicate should be compelled to dispose of this area in accordance with the limitation provisions of the Native Land Act within a reasonable period. I would suggest myself that it is not advisable, in view of the nature of the country and the fact that it will be necessary to experiment in connection with a great deal of it at first, that they should be compelled to make the subdivision in less than ten or fifteen years—say ten years—with power to increase that term if it be found necessary.

5. It is proposed, I understand, that the company shall at the commencement develop portions of the land, so as to show what the country will produce?—That is a necessary part of the scheme.

6. Then when the property is cut up for subdivision purposes, do I understand that the company would be prepared to assist the settlers to a certain extent, or would the settlers be placed on their own resources?—My own opinion is that the company would practically have to cultivate the whole of it and sell it as cultivated land. They would make more profit out of it in that way. I am prepared to undertake to agree to a term of ten years. I suggest it would be advisable to give them fifteen years, but ten years will be acceptable. This land, as you know, is not land that can be worked without capital; the syndicate would recognize that, and would only sell it to people with capital. While on that point I would like to add that it has been suggested that the company, if it gets its land, will sell it to the settlers at exorbitant prices. Now, the best answer you can get to that is that this area which it is proposed to get is about one-sixth of the whole district, and about two-thirds of the district consists of Crown lands and Native lands, all of which will necessarily be in competition with the company's area.

7. And if the other lands can be purchased cheaper than the company's lands they will be purchased first?—Yes.

8. With regard to the passenger traffic and goods traffic, would the company be prepared to appoint one expert, the Government to appoint another, and the two to appoint an arbitrator?

to go into the question of fares and freights, or would the company reserve to itself the right to say what shall be fair rates?—The difficulty is that you have not only to satisfy the holders of our capital, but the syndicate, and the proposition must be such that the rates will bring them in a reasonable profit. It is a difficult matter, because we might agree to that and the syndicate might come along and say that the rates will not pay.

9. *Mr. Fraser.*] Is this scheme propounded by you one which is likely to meet with the approval of the Government? Can you inform the Committee whether you know, or do not know, that in the event of any feasible scheme being propounded it would have to encounter a hostile attitude on the part of the Government, or whether the Government would have an open mind in connection with it?—The position is this: we have not made any application at all to the Government in connection with the matter. My idea was that it would be better, first of all, to come to the House, in order that the whole proposal might have as much light as possible thrown upon it. It seemed to me the best way by which the matter could be threshed out. A Committee of the House having the power to call witnesses and get reliable information which will be available to the Government, its proceedings are given more publicity than could possibly be got by any other means; and our purpose was to get a recommendation from the Committee with which we could go to the Government and put it before them as a reason why this proposal should be carried into effect. So far as the Government is concerned, I have always felt that, having granted this Order in Council upon terms which are fixed, it would be a very great hardship to the people who constructed the line, and also to the settlers of the district, if it would not agree; and it has always seemed to me that as a business proposal the Government could have no objection to it, provided that steps had been taken to as far as possible thresh the question out in a public way. Bringing the matter out into the open in this way seemed to us the best possible course to take to obtain what we desire. I do not know at all what attitude the Government will take up in the matter.

10. I presume you represent any proposed syndicate that will be formed?—I do not represent the syndicate; I represent the promoters in the sense that I represent the company. We have no binding arrangements with the syndicate; we are simply negotiating, and I am supporting the petition in order to secure what may be necessary before entering into a contract.

11. In coming before this Committee all that you are putting before us is of a preliminary nature with the view of giving us fuller information further on; and if this goes on, have you any hope of anything being done this session?—I do hope that the Committee this session will come to some conclusion as to whether, on the information before it, this is a proposal which it can or cannot recommend.

12. Whether it should proceed or not?—That is all we can hope for. Legislation is not necessary. I do hope the Committee will come to a favourable conclusion on the matter.

13. Do you mean to say that legislation is not necessary—that if this Committee gives a decision, or gives its approval generally, that the Executive of the day can give effect to any scheme put before it without Parliament deciding?—Yes.

14. That is a very important consideration, because by doing so we are accepting a very great responsibility?—Yes, that is so; that is my reason for putting everything so plainly before you.

15. *Mr. Guthrie.*] I understand you appear before us as the representative of the Taupo Totara Timber Company only?—Yes.

16. And it is their intention to form a syndicate to take this business over?—Yes, that is the position. We are negotiating with other people, members of a syndicate distinct from the Taupo Totara Timber Company. The Taupo Company hopes to go right out of it, retaining only its timber business.

17. You are making this representation, that you want this concession added to those already held by the company?—Yes.

18. You said that you proposed to continue the operations of the company on debentures?—That was my first proposition, but I came to the conclusion that that could not be carried out.

19. In forming the syndicate you want to offer them as security something other than the property the company now holds?—Yes.

20. That is, 200,000 acres of land that you are seeking to get the right over?—Yes.

21. And the right of rating over a certain area?—No, we do not want that.

22. You have abandoned the proposition of asking the Government for a guarantee?—Yes, we are asking for no assistance from the Government or any one else.

23. You say that before putting this land on the market you will practically cultivate it?—I think that will be necessary; that is our proposition. We could not hope to dispose of it otherwise.

24. You have also said that the Rotorua-Taupo Railway route could never serve the area that your railway would serve?—That is so. There is a range of hills which severs one part of the country.

25. Will the Taupo Company's line serve the area to the east of that?—All I can claim is that it will serve 1½ million acres of land.

26. Practically the position is this: that your local line will not serve the district to the east of the range which divides it from the Rotorua-Taupo line?—No.

27. *Mr. Newman.*] Have the Natives approved of your proposal or been consulted?—No; we have to go to the Natives. I have only discussed it with one or two of the chief Native people, and they are quite anxious for the completion of the railway. They realize that when the railway goes through, their lands, now unoccupied, may have a chance of coming into occupation. But there are about fifteen hundred or two thousand Natives concerned.

28. Has the land been through the Native Land Court?—Most of it—nearly the whole of it.

29. Then, if you deal with these Natives, do you propose buying the land?—Yes.

30. Not by giving them shares in the company?—Well, I dare say that would suit us better, but they would probably prefer to have cash payment, because they have an abundance of land in the remaining area.

31. You say you intend to cultivate this land: is it not pumice land, mostly flat?—Yes, undulating country.

32. What do you mean by "cultivating" it?—I think, as far as I can ascertain from the agriculturists, it is land that must be fertilized. It is land that needs capital for its development.

33. Is much of it bush land?—I think, of the total area there might be up to, say, 100,000 acres, or probably less than that, bush land. Some of it is good timber bush and some not. It varies a good deal, and that is one reason why it makes it so expensive and unprofitable to work. It is too scattered.

34. If your proposal was agreed to, do you think you would have sufficient security to enable you to get about £300,000 or £400,000 to spend on this enterprise?—The purchase-money of the railway and the lands would run into over £200,000, and the cost of development would, of course, have to be added to that, and that probably would be very considerable.

35. The roading?—No; I mean the fencing and fertilizing. It is all pumice land, and can be easily roaded.

36. Will you submit a report on the matter?—I understand Mr. MacDonald is calling certain Government experts who know this country.

37. How long will the milling timber now left on the company's land keep the railway running?—We estimate about fifteen years.

38. Are the rails all steel rails?—Yes, 30 lb. rails.

39. What is the gauge of the line?—3 ft. 6 in. The sleepers is very good—it is better than that on the Government lines—and Mr. Fulton, who was the engineer for the construction of the line, advised us that it was equivalent, owing to the extra-good sleepers, or equal to, the ordinary Government 40 lb. rail.

40. Are the grades low?—Yes, and I think better than on the Johnsonville line—at any rate, equal to those.

41. *Mr. Forbes.*] What is the cost of construction of the railway?—About £130,000.

42. It has been constructed how many years?—The construction was finished about September, 1905.

43. You are cutting on Native lands now, are you not?—Yes.

44. Is there much bush land round those 200,000 acres?—We do not contemplate acquiring the bush land at all. We do not propose to acquire the timber lands for this line.

45. You only want the open country?—Yes.

46. And the intention of the company is to test the land to see what can be done with it?—Yes.

47. Has there been much land bought and sold in this locality?—No; it has always been looked upon as land which it would not pay to work.

48. Has that been a recent purchase, the land held by the Patetere Land Company?—The freehold of the area from Putaruru to the Waikato River was sold very many years ago.

49. Is it pumice land?—Yes, and the bulk of it has remained unoccupied for all that time.

50. Does that give you any indication of what the pumice land will do in the way of farming?—No; the portion near to Putaruru has recently been occupied, and it is the successful farming on that land which has largely induced people to think that there is a great future for the whole of the pumice country. They have been farming that country profitably—in some cases very profitably.

51. *Mr. Mander.*] How far is Rotorua from Lake Taupo?—It is fifty-six miles by road. Of course, a railway is generally a good deal longer than the road. You may have to go where you can get a fair grade.

52. What distance is your line from the Main Trunk line?—You cannot go across country from our line except by getting round by way of Putaruru. There is no road or railway across that way.

53. Waimarino is the nearest point, and Raurimu is about forty miles away?—Yes. The shortest way is by going round by Putaruru and back to Frankton.

54. You say it is not necessary in this case to put through an Order in Council?—I do say it is necessary, but it is not necessary to put through an Order in Council to enable the Natives to enter into a contract. It is necessary to get an Order in Council to enable us to occupy land, as we propose here, for the purposes of development.

55. It was necessary to get an Order in Council in dealing with the Mokai lands?—Without an Order in Council you cannot get any right to occupy the land, and for the purposes of development and subdivision it is necessary to have that right.

56. At what do you estimate the cost of your railway?—The total cost is £130,000.

57. A little over £2,500 a mile?—Yes. Included in that are some rolling-stock and other things; £120,000 would be about the cost of the railway.

58. Do you think that that railway, costing £2,500 a mile, would be good enough for the Government to take over?—The best answer I can give is that we have been running it for six years, and timber traffic, as you know, is as heavy a class of traffic as you are likely to get, and the line to-day is very much better, and is constantly improving.

59. But the Government would not use 30 lb. rails?—Of course, that is not their standard; but there is no reason why, if the company can run on those rails, the Government should not. But it would require an alteration in the system.

60. The total distance from Putaruru to the lake would be about sixty miles?—About sixty-five miles.

61. What distance is it from Putaruru to Rotorua?—Thirty-two miles.
62. Your line would be shorter from Putaruru to Taupo than the proposed Rotorua-Taupo line?—Yes, thirty-two miles shorter.
63. *Mr. Myers.*] Do you say it is sixteen miles or twenty miles from Mokai to Taupo?—It is more than sixteen miles, but from the point where the extension would commence on our line it is twenty miles.
64. What would be the cost of construction for the same gauge and the same weight of rail used on the present line?—Something under £1,500 a mile; that is, the actual construction, not allowing for stations and that sort of thing.
65. What length of time have the Taupo Totara Timber Company to run on its present lease?—For all time. An Order in Council under the Tramways Act gives you the right for all time.
66. I have always understood it was a limited term?—No. There is a right of compulsory purchase, but there is no time-limit at all.
67. You are not in a position to state that the syndicate would be prepared to spend any amount of money at the present time?—We have not at present entered into a contract with the syndicate. Of course, anybody taking up this land must necessarily, in the first place, be under contract with us to complete the railway to Taupo. If they acquire the Native land they are under contract with the Crown to cut that land up and dispose of it in small areas within, say, ten years.
68. Do you think it fair to ask a syndicate to spend a certain amount before the 200,000 acres have been acquired? Would it be a fair condition, in your opinion, to make?—I am afraid it might not be—it is impossible to tell what is a fair amount in a matter of that kind. They might say the burden was too great. If they found after experimenting with a certain area of the land that they could not sell it at a profit they would probably prefer to be allowed to throw it up. Under the condition we suggest, if they do not sell it within ten years, the Crown or the Maori Land Board would step in and sell the 200,000 acres in limited areas at whatever it would fetch.
69. Did you say it would probably be an essential aspect for the consideration of the Committee, if they were satisfied that a certain amount of money was to be spent in the development of the land, having regard to the point of view you have already urged, that it would benefit the 600,000 remaining acres of Native land and the 350,000 acres of Crown land?—My answer to that is this: if the syndicate goes into the transaction it is compelled to complete the railway, that the district may immediately become served by that railway, and it gets that benefit at any rate, which is a very substantial benefit. The additional benefit it would expect to get from the cultivation of these 200,000 acres it will, of course, get if the syndicate's experiments turn out successfully. It would not be in the interests, I suggest, of anybody at all, if these experiments are not successful, that the syndicate should be forced just to waste its money. That, I think, would not be a reasonable proposition; but inevitably, if what we hope for turns out to be correct, that this land can be cultivated, then the syndicate will spend a large sum of money in that way. My only objection to agreeing to a condition of that kind is that if the amount was large it might frighten the syndicate away.
70. *Mr. Mander.*] But the quality of this country has been tested already; it has been proved to be productive?—You cannot get people to agree on that point. I have said that the experiments have, so far as Putaruru is concerned, been successful, and that farming has been very profitable. The Assets Board have spent a large sum of money on that land.
71. *Mr. Myers.*] Can I assume that the loss sustained by the Taupo Totara Timber Company in the non-receipt of any return on the preference shares would be calculated as against the probable profit that you hope to obtain from the sale of the land—that is to say, it would be quite clear of the railway?—Quite clear of the railway question. The railway would be held by a different company altogether.
72. And when going into the assessment of the rates for the carriage of passengers or goods the railway proposition would entirely stand by itself?—That is so.
73. How would you view the question of the Government making the necessary connection between the Mokai and Taupo?—We would welcome it.
74. What amount do you consider it would be necessary to obtain to enable you to complete the sixteen or twenty miles of railway and cultivate the 200,000 acres if you acquired them?—We think that not less than £50,000 will be required to complete the railway and improve certain portions of the existing line, which is all part of the proposition, and obtain the necessary rolling-stock; £50,000 is the sum we have asked the syndicate to find for that purpose.
75. But, of course, they would be prepared to find whatever amount is necessary for the purchase of the land, and so-much for cultivating or experimenting?—Yes, that would be in addition to the £50,000. As a matter of fact, our proposition to them involves our handing over the line with additional rolling-stock and improvements for £180,000.
76. You could not give the Committee any idea of the ratio of profit the syndicate would be prepared to accept in the disposing of this land?—No, I cannot tell you that. So far as the railway is concerned, the Taupo Company guarantees a profit of 5 per cent. for a period of fifteen years, that guarantee being secured upon its other assets. Of course, it may make a loss on the land. You cannot tell how this country is going to turn out yet.
77. As regards the rate of freight to be charged on timber, would you treat that in the same way as timber carried elsewhere, or have you any special rate in your mind?—At present there is a special rate fixed by the Order in Council.
78. May I ask what that is?—The rate for all timber is 1s. 2d. per 100 ft. up to ten miles, and 1d. per mile after that.
79. And for passengers?—Up to fifty miles, 6s. [Schedule of rates put in.]

80. *The Chairman.*] I understood you to say that you had approached the Natives with the object of getting them to sell their land?—No; I have only discussed the matter with one or two of the principal Natives.

81. In clause 7 of your petition you say, "That your petitioners are aware that the Native owners recognize the facts stated in paragraph 6 of the petition, and would be prepared to sell to the Taupo Totara Timber Company a reasonable proportion of the total area at the present value, thus enabling the company to secure an additional asset upon which money could be raised for the construction of the railway"?—Yes, that is what the chief people told us.

82. What authority have you for that?—There is a man named Heuheu, who is the principal Native chief.

83. Then, as a matter of fact, the clause in the petition is not quite correct?—Yes, it is quite correct. Although we could not enter into a contract with all of them, we could take the opinion of the chief people.

84. Have you placed any value on this Native land, and at what price per acre?—The highest price paid by the Government in that district is 4s. 6d. per acre.

85. Do you estimate that you will be able to purchase at that price?—No, I do not think so. Some are asking £10 an acre.

THURSDAY, 28TH SEPTEMBER, 1911.

JAMES ROBERT RAW, of Rotorua, examined. (No. 2.)

1. *The Chairman.*] I understand you wish to give evidence?—Yes.

2. What is your full name?—James Robert Raw.

3. And you reside at?—Rotorua.

4. You will probably prefer to make a statement in your own way?—Mr. Chairman and gentlemen,—As a representative of the Rotorua Chamber of Commerce, we are emphatically of the opinion that the request of the Taupo Totara Timber Company for an extension of their charter and power to construct a further sixteen miles of railway, and the granting of power to acquire 200,000 acres of Native lands, is opposed to the best and vital interests of the State, and particularly the thermal regions of New Zealand comprised in the areas of the Taupo and Rotorua Counties. The creating of such a huge monopoly or trust, which, in addition to its present holding of many square miles of country, proposes to buy or acquire from the Natives without competition a huge slice of some 312 square miles of land, is opposed to settlement as at present understood by the people of New Zealand. It evidently would be the policy of the company to sell to men who had capital enough to purchase outright, and who were able to spend the money necessary to bring the pumice and swamp lands into profitable occupation. This class of settlement is limited, and it would be many years before such settlement would be successfully accomplished. In the event of their scheme not being successful, the company proposes, after a lapse of time—say ten years—to throw up the land and allow it to be sold by the Native Land Board. They would then have only one class of trade left which it would be safe to say had any prospect of being an increasing one. The bushes, on their own estimate, have a prospective profitable life of fifteen years. If at the expiration of ten years their land-settlement scheme is a failure or not a financial success, the tourist trade of the colony is their principal asset. It therefore seems to us, seeing they are candid in their admissions that the reasons for obtaining options over the hotels and sights in the Taupo district are to obtain the increased value of such caused by the extension of their railway to Taupo, and such values are entirely dependent on the tourist traffic, that as a business proposition they will put the whole or a large part of their energies and capital into inducing the ever-increasing body of tourists to travel on their railway, ride in their motor-cars, voyage in their steamers across Lake Taupo, and thus on to the proposed railway from the southern end of Lake Taupo to the town of Kakahi, on the Main Trunk line. If it is a fact that they have already an option over the boats at present engaged on the lake, or whether they intend to form a fleet of steamers of their own, private competition will have no chance against a company which can issue through tickets from one end of its system to the other; by this and various other means it will control the traffic of the lake and fishing-camps, which must rely upon it for supplies and attendance. The best fishing-camps are held by the present Ferry Company on leases from the Natives and others. We believe it has been the practice of the company in the past to supply those who are in its employ with stores and other necessaries. It carries on the business of general storekeepers, and it is logical to deduct that it will use all those avenues of profit for its own benefit. Private enterprise will then find it unprofitable to carry on operations, and the field will be left to a strong company of foreign capitalists, who will endeavour by all the monopoly which they are asking to have granted to them to make the highest possible return to their shareholders that it is possible to make. So far as we are concerned, we have no objection to the Taupo Totara Timber Company as a timber company, but the proposal of the company is of such a nature that, if it can sell its railway, with the advantage of large areas of land it proposes to acquire, and the still greater control they will have by owning all the hotels and accommodation and the means of transit by land and water, as well as the actual possession of the active thermal sights of the district, we are no longer dealing with the Taupo Totara Timber Company, but with a body of foreign capitalists with a huge monopoly of land and traffic. It means in effect that this Dominion is making such a combination, at present without any equivalent, of the control of Lake Taupo and of the finest trout-fishing in the world. It will have the control of half the thermal region, with all the spas, springs, and medicinal waters within its borders; the advantage of all its world-wide reputation, its prestige, and the fame of its healing-waters, and the illimitable potentialities of its undoubted future. As an asset it is of incalculable value. This Government has already and is at the present time spending large sums of money in advertising the Thermal



District and developing the tourist trade. Tourist officers and offices are stationed in various parts of this Dominion and the Old World, and it is absurd that a private enterprise should have the benefit of this expenditure. Either Taupo must be cut out of the Tourist Department programmes or they must act as agents for the company. The existing Government lines will of necessity be used for the purpose of feeding the proposed private lines, while from the nature of the case the private line can in no way feed the Government lines more than at present. The proposed extension would make the Rotorua end of the present Government line to a large extent a dead end, depriving it of all the goods traffic for Taupo and a large share of passengers, and a considerable portion of the southern traffic across Lake Taupo would naturally be deflected by the private line *via* Mokai. It needs no prophecy to point out that the trust will not be a party to inducing tourists to visit Rotorua—its interest will be to keep them moving on its own private track or route, which cannot include Rotorua. The Dominion has already spent large sums of money in and about Rotorua in the erection of Sanatorium and Bath-houses, with all the attendant adjuncts of an up-to-date spa, and in other works of a like nature. If the Taupo-Mokai scheme be approved the effect will be that the Government will be a party to side-tracking Rotorua, and thus depriving the latter place of its opportunity of making an adequate return on the money spent on it. The effect will be that the public money spent on Rotorua will be immeasurably depreciated. It has been a settled policy with the Government for many years to create and maintain a spa in Rotorua, and to a large extent because of this a town has sprung up in Rotorua. This town is State-owned. It is against the interests of the Dominion to do anything which will have the effect of sacrificing to private speculation the interests of the State-owned town of Rotorua. The tenants took their holdings from the State relying on the State to continue its policy, or at any rate to do nothing which would have the effect of prejudicially affecting them. Ever since the passing of the Thermal Springs Act the Government has steadfastly adhered to the view that the Thermal District of New Zealand was a national asset, and as such held for the people for all time. If this extension be assented to that policy is at an end, for a powerful capitalistic body will then have established itself in control of the Taupo zone. The fiction may be preserved that the State may resume, and that some of the properties are only leasehold, but all kinds of difficulties would be in the way of resumption. If there be a resumption the cost will be prohibitive, and in the meantime the trust will control the position and all transit facilities. The State would be called upon to pay heavily in hard coin for liberties it gives without a sufficient *quid pro quo*. It has been urged that we as a community are opposing the Taupo Totara Timber Company because we fear the competition of Taupo and Wairakei as opposed to Rotorua. We wish now definitely to give all such and similar statements an emphatic denial. Taupo and Rotorua are naturally and inseparably linked together, inasmuch as they are the recognized centres of thermal activity in the Dominion, and experience has shown that tourists and visitors go as a matter of course from one place to the other, thus obtaining a thorough acquaintance with the various features of New Zealand thermal action. We have previously urged that, as part of the general scheme of State railways, a railway should connect Rotorua and Taupo. At the present time the East Coast line is about to pass within twenty-five miles of Rotorua. Such will give us connection with one of the finest harbours on the east coast of the North Island—Tauranga—which is destined by its position to play an important part in the near future in the destiny of the Bay of Plenty and Rotorua-Taupo districts. A glance at the map will convince any unbiassed person that this is the natural port for the whole of the districts mentioned. It has water deep enough to float deep-sea-going vessels; it is the centre of a large agricultural and pastoral district, where it is proposed to build freezing-works and other adjuncts of a deep-water port. The effect of this would be to bring Taupo with a hundred miles of deep water over one continuous State-owned line, against two hundred miles, partly per medium of a private trust line running on to a State line. It would have the advantage of long-distance fares and freights against the two separate fares to be paid, partly State and partly trust. It would mean eight hours for stock, against sixteen as at present proposed. The difference which the trust line can charge, as per their charter and the charges that are in operation at the present time, are matters of grave importance, irrespective of the big advantage of distance in favour of the coast line. From what we have already stated it must be admitted that we are not opposed to the progress of the district, or in any way opposed to the development of the Taupo district, but we urge that if a railway is countenanced or constructed it should be one that will conform to the general scheme we have here outlined, from the present railhead at Rotorua, and thence on through Waio tapu to Wairakei and Taupo, by a connection across the lake to the nearest point on the Main Trunk line, which is, we believe, Kakahi. Such a route would make one of the finest tourist routes in the world. It would shorten the distance by nearly a hundred miles for travellers leaving Wellington, passing through the thermal regions and on to Auckland, or *vice versa*. As an asset the two places are of incalculable value to this Dominion, and it is obvious that facility of transit from one place to another will rapidly bring this region within the reach of an ever-increasing class of people. At present during the season there is a continuous stream of traffic from one place to the other, notwithstanding the delays and inconveniences incidental to coaching, and there can be no doubt that were there a railway between the two places traffic would be at once enormously increased. The knowledge that the whole of the thermal region of New Zealand was made so accessible to visitors from Australia and overseas would alone induce them to come in ever-increasing numbers. As a business proposition it is therefore absolutely clear that direct access by the quickest route from one place to the other is an imperative necessity. A glance at the map will again show that from this point of view the Mokai scheme is an impossible one. It severs Rotorua from Taupo, and it creates a conflict between the interests of the two places where community of interest should exist. On the other hand, a line through Waio tapu *via* Wairakei to Taupo would be through the heart of the Thermal District. It would bring Waio tapu within easy reach of Taupo or Rotorua, and it would conserve the national interests of the whole of the thermal regions. In conclusion, we again affirm that this is a State

matter of vital moment to the future of an important part of the Dominion, and should be judged as such. If the principle so long affirmed of State railways is to be set aside, it opens up the whole question of private charters with all its attendant undemocratic eventualities.

5. *Mr. Forbes.*] With regard to the railway: the idea was to come from Rotorua through Taupo and join the North Island Main Trunk line. If the Taupo Railway comes that way, that would not interfere with the through traffic to Rotorua, would it?—It would interfere in this way: at the present time the only way in which you can get to Taupo per medium of the railway is by going from here to Putaruru.

6. Your contention is that the traffic would be developed by the Taupo Totara Timber Company's line instead of its going on to Rotorua, and then on to Auckland?—Yes. The route we suggest is passing their route. There is a difference of one hundred miles between the present arrangement and the arrangement we have been advocating for some time, but which, for the reason that the Premier has on several occasions told us that they did not want to consider any line from Rotorua to Taupo until such time as the East Coast line was made—it was pointed out then that a very small length of line would connect Rotorua with the East Coast—then that was the time for the Taupo-Rotorua line to come up, and we have let the matter stand in abeyance.

7. The proposed new line would tap good working land for settlement. Does it open up country fit for settlement?—Yes, some of it is settled at the present time. The land is, of course, pumice land—not first-class or second-class land. The whole of that valley is very good land indeed, although at the end nearest the top the land is comparatively speaking poor, and requires special knowledge. The ordinary farmer would not necessarily find his experience gained in other parts of the Dominion of value to him there.

8. The opinion of your Chamber is that to allow the linking up of this service at Taupo to Putaruru would be against the interests of the State, who are the owners of thermal springs there?—Yes.

9. You say that connecting the through line with the Main Trunk is the only way in which it should be done?—Yes.

10. *Mr. Reed.*] I did not quite understand the antagonism of Rotorua against this line. Is it that they contemplate that the opening-up of Taupo by railway is going to take tourists to Taupo in preference to Rotorua?—Tourists naturally follow the cheapest route of travel.

11. Tourists will go to Taupo and exclude the Rotorua trip altogether?—We maintain that as far as the attractions of both places are concerned we do not feel the competition, otherwise we would never have urged for the construction of a Taupo-Rotorua Railway. We say that, seeing that this district has been locked up for such a number of years, ostensibly under the principle that it was held on the same lines as a big national park, that it was being conserved to a certain extent until such times as the population increased and the monetary power of the country increased to open it up with State railways and under State ownership.

12. You are not frightened of the competition of Taupo with Rotorua?—No.

13. The people will go to Rotorua or any such tourist resort as readily in the future as in the past, even with the opening of the Taupo district by railway. Do Rotorua people anticipate that trade is going to be developed and Taupo going to be a competitor with the Rotorua attractions, or do they consider their attractions will hold their own?—We do not mind the Government taking over the line and carrying it as at present suggested right through.

14. It is not the matter of the construction of the line, or private ownership?—It would be to their interests. I would push all the tourists along that line and get every shilling out of them I could as a business proposition.

15. Coming to another question: Tourists going to Rotorua and seeing the sights at Rotorua then desire to go on to Taupo. Which route do they prefer to go by—do they prefer to go back to Rotorua or go overland by motor-car?—If owners, they go by motor-car—or they can coach.

16. What is the difference?—By the motor-car it will take five persons for £6—a distance of fifty miles.

17. That would be five persons for £6—24s. a piece, single?—You can go there and back for that if you like.

18. And back at once, you mean—the same day?—Yes.

19. For two persons it would cost £6 too?—If they took a private car.

20. The railway is much cheaper than that?—It is the cheaper way by coach.

21. The coach takes all day?—Yes.

22. You say that you would not oppose the railway being constructed by the Government?—No.

23. Supposing the Government cannot carry the work out, would you then oppose the private company undertaking that work under any conditions at all?—Under the present conditions?

24. Under any conditions. Are there conditions under which you would permit the construction of that railway *via* Taupo?—No.

25. You would oppose it *in toto*?—Yes.

26. It comes to this: you say the line should be constructed by the Government or not constructed at all?—Yes.

27. And if the Government has not got the money to construct the line it should not be constructed?—You tell me the Government have not got the money.

28. Taking into consideration that other lines are deserving of attention before this line—that they take preference to this line: that being so, they have not got the money?—That is so. We consider that we have been extremely reasonable in the question of petitioning for railways. We all along have recognized that the route passing through the most thermal activities is from Rotorua *via* Waiotapu on to Taupo. Such cannot be claimed for the route from Putaruru to Taupo. We know it is impossible to ask the Government to immediately put into operation all lines. With the progress the colony has made it does not seem too much to say that in three or four years quite a different aspect will be put upon this line.

29. Do you say, from a tourists' standpoint the better route is by the coach route?—Yes.

30. *Mr. Newman.*] You object to this line on several grounds, one being that the company would acquire the right to get 312 square miles without competition, and that the policy of the company would be to dispose of this land to people with capital?—Yes.

31. Do you consider this land would be of value to people without capital?—No; it would be useless.

32. What is your objection to selling to people with capital?—None whatever. I said it evidently would be the policy of the company to sell to men who had capital enough to purchase outright, and who were able to spend the money necessary to bring the pumice and swamp lands into profitable occupation; this class of settlement is limited, and it would be many years before such settlement would be successfully accomplished. I mention that because they claim or stated that they anticipate settlement of the land. That is the point that they are making.

33. The object of the company is to acquire sufficient land to enable them to sell their railway and make a profit by the improvement of this land?—Yes.

34. You admit the land would be no good without capital?—Yes.

35. Your principal objection is that it would interfere with the Thermal District?—Yes.

36. You also said the company had acquired options over the hotels and spas and steamers trading over the lake?—Over the hotels and spas, if it is true.

37. You have no reason to believe it is true?—I have reason to believe it is true, but have no evidence that it is true.

38. A monopoly would be created of the hotels and steamers, and the whole thing would pass into the hands of a company, which would get a valuable asset?—That is so.

39. Would you object to this railway being made by private enterprise under any circumstances?—Yes.

40. Even if the fares, freights, and charges were fixed by the Government beforehand, and the Government had the right of purchase; you would still object?—Yes.

41. Your grounds for objection being principally that it would be against the interests of Rotorua that this should be done?—Yes. *Mr. Dalziell* admitted the company had options over the hotels, but contradicted the statements as to other options.

42. *Mr. Myers.*] You said that the company would acquire this land without competition?—Yes.

43. Would they not as a matter of fact have to purchase, or negotiate rather, for the acquisition of this land on the open market?—I do not see that they would if they asked for power to acquire.

44. They would have to do it in the usual way, through the Native Land Board, would they not?—I do not know the ordinary procedure in connection with that, and I have only such information as I have received per medium of the Press, but I naturally concluded that if they had the right to acquire this land by the ordinary means open to private individuals, they are wasting time in coming before this Committee and asking.

45. As a matter of fact I think you are right—I may be wrong. I think they could obtain this land in the usual way, providing, of course, the Native Land Board was satisfied with their *bona fides*. You admit that a million and a half acres of land are lying idle?—To a large extent.

46. And that very little cultivation is going on at present?—Very little.

47. It would certainly be in the interests of the Dominion that as much of this one and a half million acres should be brought into cultivation as possible?—Yes.

48. Presumably that would be to the best interests of the people?—Yes.

49. If a through line to Taupo was made do you not think as a business man—having regard to the admitted attractions in and around Taupo—that there is a likelihood of the tourist traffic being increased to these regions first?—Yes, there is a likelihood of the traffic being increased to these regions.

50. Do you not think in consequence that a large number of people would be attracted there, and travel from Taupo to Rotorua, similarly to what they do at present in travelling from Rotorua to Taupo?—I think that the increase would be small.

51. You also said that if the East Coast line was extended and Rotorua tapped, visitors *via* Wellington would be afforded greater facilities as far as access to Rotorua is concerned?—Yes.

52. If there was a connection *via* Putaruru would there not be a saving of thirty-two miles in the distance to Taupo?—Yes, there would be a saving in the distance.

53. As regards a monopoly: you are afraid that the prices charged owing to this monopoly will be prohibitive, and retard the tourist traffic?—As far as the line is concerned.

54. They having the hotels and the railway, you fear the charges of this syndicate or company would be inimicable?—I do not think I would say that.

55. What do you mean by the statement, that "they having completed an option would charge anything"?—I am here to express the views of a body of men who have gone into this matter privately and stated their objections. Speaking as a private individual, I fail to find any State enterprise in any part of the world carried on with the same push and vim as was usual in private enterprises. If the company was successful in its plans and did other than push all the trade along its railway and get all the tourist traffic it would not be acting fairly towards its own shareholders. That was what he and those associated with him were afraid of, because the State moved so slowly that a private company could run rings round it, if it got the chance. It would be to the interest of the company to induce as many as possible of the people who went to Rotorua to go on to Taupo.

56. That is a very candid statement, and a businesslike one; but it amounts to an admission that the tourist trade in the Thermal District generally would be increased?—The trade and traffic of Rotorua would be increased, but it would probably be to the detriment of Rotorua.

57. But the State would gain because they would travel over State railways to Rotorua?—I do not think that would mean more travelling over State railways, and I do not think it would affect the number of visitors from oversea.

58. But do not you think competition is the life of trade?—I do not object to fair competition.

59. I think you also said that the charges would be excessive if this syndicate acquired the hotels. Supposing the charges were regulated—there is no doubt, if the syndicate is allowed to proceed, the freight charges will be regulated and fixed—would that remove your anxiety in this respect?—Here we are in the dark again to a certain extent. You must understand that we have no official knowledge of what the company intended to do, other than what they have decided to tell the public of New Zealand per medium of the Press. But if we are right in what we base our objections, we say that the present application is for an extension of a charter—which has been justly granted. In that charter the power has already been given as to what amounts the company may charge for freights. I must say their charges at the present time are remarkably reasonable. If they are asking for an extension of that charter for that railway with the object which they have already expressed—of selling that railway to a new company—the Taupo Totara Timber Company by doing that hand over that charter to a company who make considerably higher charges than the State makes. When they have parted with that right they are naturally selling their charter, and if that charter goes to men investing money in their concern for getting profit, it naturally follows, if the trade increased to such an extent, they would have the right to charge what they liked, providing they did not exceed the amount given in their charter. Perhaps this Committee has power to alter their existing charter, and my answer to this question would not be the same as it would to the same question in other circumstances.

60. Would you as a business man prefer to see this one and a half million acres of land remaining idle for many years if told that the syndicate was prepared to agree that the Government should take over the line at any time at cost price; that the charges were to be of a reasonable nature; that as the volume of business increased the return was not to exceed the limit, when the charges were to be decreased; and that the syndicate was prepared to spend money to prove that the pumice land was capable of being farmed satisfactorily—or would you consider the granting of a charter giving them, of course, an option for a limited period inimical in any way to the best interests of the Dominion?—Where a syndicate or a company such as this is practically granted a charter for all time, I should say that it is against the best interests of the Dominion as a whole, even with all the provisos that you have mentioned.

61. That is your opinion?—Yes.

62. You are against private enterprise in any state or form touching the railways?—Yes.

63. *Mr. MacDonald.*] Leaving out the tourist question: you have a knowledge of the configuration of the country lying between the proposed Rotorua-Taupo line and the company's line?—A line from Rotorua to Taupo would pass within fifteen miles of the company's present terminus at Mokai, and would open up some of the same land as the company's proposed line.

64. In regard to the syndicate or company getting options over the hotels and accommodation-houses: no action of the Government at present could prevent that; they have a perfect right to do that; they can do it without any connection with the other matter?—When they contemplated asking for this charter I should say the man with the brains who thought of it did a very wise thing. I do not see it affects the granting of that in any way.

65. Anybody could acquire them under the same conditions?—Yes, anybody.

66. If the company acquired this large area of 200,000 acres of land and found it was unprofitable they would hand it back to the landlord?—Yes.

67. There is no doubt, if the company acquired 200,000 acres of land, so long as they were solvent they would have to comply with all the obligations in connection with the ownership of land. They could not simply abandon it. They would have to pay taxation in all directions; keep the land clear of weeds and rabbits, and do all that class of work?—I am not quite clear upon that point. I have always understood the ownership of a big area of land by a syndicate is different to the ownership of land by an individual.

68. If they disposed of it to other persons?—Oh, yes, they are bound, of course.

69. In your opinion, do you not think it would be in the best interests of the State to get large areas of this land settled as speedily as possible: and, knowing the class of country—it is difficult country to work, and purely in the experimental stage—do not you think that with settlers intending to improve the land it would be necessary for them to get easy transport facilities, or it would be practically unworkable otherwise—unless they can have the means of transporting manures, live-stock, &c.?—I believe the salvation of that country lies in cheap manures and cheap live-stock.

70. I notice that you stated that by the proposed line, in conjunction with the Government line, it would take sixteen hours to Auckland, as against eight hours to Tauranga?—Yes.

71. I suppose you are aware, in sending produce to Auckland, Tauranga is only one portion of the journey, so that eight hours from Rotorua to Tauranga would only be a portion of the journey?—Yes, and I think it is only practically waiting for the linking-up of that line when we will have freezing-works at Tauranga.

72. *Mr. Guthrie.*] In the event of the scheme being successful you seem to lay great stress upon the fact of the syndicate having the power to hand back the land to the Government?—If at the expiration of ten years their land-settlement scheme is not a financial success. I said they could then hand the land back, or proposed to hand the land back, to the Native Land Board, or whatever source they got it from.

73. In the meantime they would have experimented with that land and found out by the expenditure of their money whether it was capable of being brought into productiveness. Do you think that would be the best for the district?—Seeing what has already been done by the Agricultural Department, I do not see that there is much more to be gained.

74. You strongly object to this scheme, I understand, on account of establishing a huge monopoly over land, railways, hotels, and spas. Now, would you object to this company acquiring these same monopolies for a period, if the Government retained the power of resumption, had that route been situated through the Waiotapu to Taupo, and not from Putaruru?—It comes down to the question, if this private company were wanting to put a line in from Rotorua to Taupo, would we object? As a private individual I would not object, because I think it would be following up the general scheme of railways, and that the natural configuration of the country lends itself from point to point—that being the proper point for a railway connecting the two big centres of activity.

75. You made a point of Rotorua being State-owned and the tenants holding leaseholds?—Yes.

76. Do you say the interests of the tenants would be sacrificed to a certain extent?—Yes, depreciated to a certain extent.

77. By a diversion of the tourist traffic to another place?—Yes.

78. Then your objection to this scheme is principally to protect the interests of Rotorua?—Our objections are based on two grounds: the State and Rotorua. If Rotorua is injured the State must be injured. It must injure those who invested all their money there. I believe some of the objections are purely from a State point of view.

79. Evidently your Chamber of Commerce anticipates the connection with Waiotapu to Taupo, then to Tokaanu, and then by boat to Kakahi?—We do.

80. *Mr. Dalzell.*] You say there is not much more to learn with regard to this country. The Agricultural Department arrived at certain conclusions on the subject?—We have got a lot more to learn.

81. You said that the experiments proposed to be made would not be of benefit, and that the Agricultural Department had already abandoned that knowledge?—Yes.

82. Do you know whether those conclusions were favourable or not?—That much has helped by the Agricultural Department having gone into that matter. A good deal of experiment has been done in the Waiotapu Valley, and it has been moderately successful.

83. Do you know the result of the Agricultural Department's experiments—do you know whether definite conclusions have been arrived at?—No.

84. You suggest the company proposes to hand back the land to the Natives, to the Government, or to some one: do you know if that is correct?—I only know through the same medium that I have known anything in connection with this matter—per medium of the Press. I read a report of your speech before this Committee in which it stated, in the event of its not being successful, the company would be prepared to hand it back.

85. The statement was in fact that it would be sold at what it would fetch: they could not hand it back. You talk about monopoly: you mean a monopoly of the right to cater for the tourists?—Yes.

86. Can you tell us how many people would be compelled to go to the company's hotels? You have many boardinghouses in Rotorua that have not licenses: would it not be the same at Taupo?—It depends on whether they could get the land.

87. Do you know if the company has got land there?—Yes.

88. Do you know what portions of the old township the company has options over—any appreciable area?—I presume, enough to run a railway.

89. You do not suggest a large portion of the township?—No.

90. Do you not think it would be better for the land to be owned by a company that would have to spend capital on it than by the Natives?—I do.

91. You claim that Rotorua is a State-owned town: do you own any leaseholds there?—Yes.

92. Can you tell us what is the rental value to-day as compared with what it was when you took up these leases. I do not want the exact figures, or to go into your private business?—Since they were first sold and at the present time?

93. Yes?—In some favoured positions the increase in value so far as rent is concerned has considerably gone past the century.

94. Very considerably?—Yes. Very few holders of these sections hold them now. I am sure we have paid in Rotorua for land as much as the real freehold value of that land would be.

95. In streets there which are not principal streets, it is not going too far to say you would probably have to pay £500 goodwill for an eighth of an acre?—No; outside the two principal streets the values at the present time are approximately £400 per quarter of an acre.

96. That is goodwill?—Yes.

97. So the increase is very substantial?—Yes.

98. That has all been given to the tenants by State aid to Rotorua?—No.

99. The bulk of it?—No.

100. With the tourist traffic together?—Yes; and also through large sums of money invested there by private persons.

101. At any rate, the position is the Government's expenditure there has tended to increase very greatly the value of these leaseholds?—Yes.

102. Would it not be better for the community that some attention should be given to increasing the value of this great area of idle country, rather than further increasing the Rotorua values?—I agree with you but I do not see how you could do it.

103. Do you not think it would be better for the State?—Indirectly, yes.

THURSDAY, 28TH SEPTEMBER, 1911.

JOHN NEIL McLEAN, of Rotorua, examined. (No. 3.)

1. *The Chairman.*] What is your name?—John Neil McLean.
2. You reside at Rotorua?—Yes.
3. You appear on behalf of the Rotorua Chamber of Commerce?—Yes.
4. You have a statement. Will you read it, please?—I may say I have for the time being taken the newspaper reports as being correct.

5. So far as I know, what you have read in the Press is correct?—Mr. Chairman and gentlemen,—As a duly appointed representative of the Rotorua Chamber of Commerce, and in accordance with resolutions carried at a public meeting held in Rotorua on the 20th instant, I desire to object to the petition of the Taupo Totara Timber Company, wherein authority is asked for permission to extend that company's present railway-line from Mokai to Taupo, and for the purchase and disposal of 200,000 acres of Native land. In doing so I propose to state my objections under three headings: (1) That the proposal, with attendant conditions, is not in the best interests of the Dominion; (2) that a suggested State railway from Rotorua to Taupo would be more advantageous to the locality and the Dominion generally; (3) that if the present petition be granted a gigantic and objectionable monopoly will be created. It seems plain that the real object of the petition is to effect the sale of fifty miles of railway already in existence, from Putaruru to Mokai, and thus realize the cash value of a portion of the Taupo Totara Timber Company's assets. The necessity for this sale arises from the extremely unsatisfactory financial position of the Taupo Totara Timber Company, as disclosed by the petitioner, seeing that with a capital of £341,000 its operations throughout the eleven years of its existence has been so unsuccessful that no dividends have been paid, that £50,000 is unpaid on account of preferential dividends, that ordinary shares are practically worthless, and that grave doubts exist as to the possibility of returning money to the holders of preferential shares. It is admitted that previous efforts to induce capitalists to take over and complete its railway have failed, even when the company offered to pledge all its assets as security, and guaranteed 5 per cent. interest for fifteen years. It is now stated that if permission be granted to acquire 200,000 acres of Native land at present value the petitioner has reason to believe that a new company can be formed to purchase the present line and complete the extension—in other words, that the concession would become a valuable subsidiary asset, and that it (the concession) would to all intents and purposes be immediately offered for sale. I respectfully submit that it is a most unusual proceeding to seek a concession from Parliament, based largely on grounds of public welfare, and at the same time indicate the intention to immediately place that concession on the market and realize its value in cash. The case for the petitioner depends to a great extent on the contention that the proposed railway will result in the rapid development and settlement of a large area of Native and Crown lands. The realization or otherwise of this prognostication depends principally upon whether or not the land in question is capable of profitable cultivation. If the land is unsuitable for settlement, I take it that no amount of railway-construction, either by the Government or by private enterprise, can possibly induce settlement, and under such circumstances the benefits suggested in this direction would be non-existent. If, on the contrary, the land is fertile and capable of maintaining a large population, as the petitioner asserts, I submit that the State should provide the necessary railway facilities, acquire a great proportion of the 800,000 acres of Native land at present value, open up these lands, as well as the 350,000 acres of Crown lands, and thus conserve the enhanced value for the public benefit, instead of permitting a capitalistic body to exploit an immense area, purely for money-making purposes. The area proposed to be acquired is equivalent to a block of country fifteen miles wide and running throughout the entire length of the projected railway. It is reasonable to assume that the better-class land in the vicinity of the railway would be secured by the petitioner. The consequence would be that to all intents and purposes the choicest land to an extent of about 200,000 acres, and most conveniently situated, will be closed to settlement, except upon payment of such prices as this monopolistic company may see fit to impose. Intending settlers would thus be debarred from the advantages provided by our liberal land laws for placing settlers on the land under easy and favourable conditions, unless satisfied with inferior land, or that more remote from the railway-line. I submit that grave doubts exist regarding the adaptability of this immense area of pumice land, about one and a half million acres, for profitable cultivation and close settlement by the ordinary class of farmer. If a rush of settlement is to attend the construction of the proposed twenty miles of railway, as the petitioner infers, why has the present fifty miles of line not resulted similarly? The fact that comparatively small areas of the better quality of pumice land, principally flats, have proved profitable when worked by men of means does not demonstrate that the immense expanse of hilly country is suitable for settlement by men of moderate means, which is the essential class to be catered for. There is a tremendous demand for farming lands in this country at the present time—a veritable land-hunger. This is shown by the rush for sections of suitable Crown lands whenever and wherever offered, and by the high prices paid in private sales. Why, then, have these land-seekers not coveted Taupo lands, and why has not a great protest been raised against the Crown locking up 350,000 acres of reputedly fertile lands in the Taupo district? Why have the landless men with some capital and much experience not dealt directly with the Natives, seeing that practically unlimited areas are available at comparatively nominal prices? I say that the keen practical farmers of this country, by their very attitude towards Taupo lands, offer a tacit and weighty opinion which is opposed to the petitioners' optimistic estimate of the value of these lands for ordinary settlement. Absence of railway communication cannot possibly be accepted as an all-sufficient reason for non-development, seeing that fifty miles of the present railway has been opened for six years, and that the proposed extension, which is to revolutionize matters, is only twenty miles in length. Even people who own land in this district appear to

emphatically doubt its capabilities in regard to profitable cultivation. As an instance, an estate of, I believe, over 1,000 acres freehold and additional leasehold, situated at Wairakei, in the heart of the district, and through which the proposed line passes, has been held by the Graham family for many years—I believe, about a quarter of a century. The proprietors of this land own and conduct a large hotel on the estate, and have been more or less engaged in coaching business. Despite the fact that their business calls for considerable consumption of farm and dairy produce, they have not evinced sufficient faith in the capabilities of their land to induce them to improve or cultivate it, even to the extent of providing for the requirements of their businesses on the spot. Surely the expense of carriage by road should in this instance encourage, rather than retard, development of cultivation, at least to the extent mentioned. Nevertheless, this land still remains practically in its original state. I submit that some of the estimates advanced by the petitioner are highly optimistic, and more or less founded on suppositions. For instance, the petitioner has calculated that the community is losing £100,000 per annum through 1,500,000 acres of this land being unoccupied, the inference being that this sum would be saved to the community by the extension of the railway now proposed. The absurdity of this statement could be demonstrated by calculating the so-called loss to the community, based upon a like rate per acre, on all the waste and unoccupied lands throughout the Dominion. Or, if I may be permitted to cite a comparison, it might be asserted that every cubic mile of sea-water round the shores of New Zealand contains fish to a certain value, and that the community is losing many thousands of pounds per annum through not having every yard of it netted. Moreover, some previous estimates by those connected with the Taupo Totara Timber Company have proved extremely unreliable. The estimates contained in the original prospectus in regard to anticipated financial results, and which were even more optimistic than those now advanced in regard to anticipated settlement, have proved lamentably at fault. Again, as stated by the petitioner, they purchased bush on an estimation of 400 million to 500 million feet of milling-timber, which only materialized to the extent of 120 million feet, or an error equal to about 75 per cent. I neither affirm nor deny the possibilities of the land in question. I submit that the estimated results in regard to settlement are at least problematical; that it is advisable to obtain the highest expert opinions on the suitability or otherwise of the soil for close settlement; that if such opinions prove highly favourable it would be in the best interests of the community for the State to provide the necessary railway communication, and thus conserve the enhanced value to the State. Should the petition be granted, I suggest that it would be only reasonable and fair to specify that the petitioner undertake to spend a certain fixed sum, to a reasonable amount, each year, for say, ten years, in the actual improvement and development of land remaining in the possession of the petitioner, until at least half the area sought to be acquired is occupied in accordance with conditions pertaining to the granting of the petition. I think this aspect of the question is important in view of the fact that the petitioner has intimated that it is intended to throw up the land, and sell it for what it may realize if at the end of ten years their efforts be unsuccessful. In reference to the suggestion that the Government construct a railway-line from Rotorua to Taupo, I desire to briefly summarize my opinions: (1) That the granting of the present petition will in the natural order of things relegate the likelihood of such an undertaking to obscurity; (2) that a State line possesses advantages over a private line, especially in regard to long-distance rates and fares; (3) that in addition to opening up land for settlement, the suggested Rotorua-Taupo line would in a few years time bring settlers into direct communication with the East Coast line, and thus with the nearest deep-sea port; (4) that as a tourist route the suggested line to Rotorua is incomparably superior to the Putaruru-Taupo line; (5) that a Rotorua-Taupo Railway would increase the value of Rotorua as a State asset; (6) that a Taupo-Putaruru Railway would depreciate the value of Rotorua as a State asset; (7) That a Taupo-Putaruru Railway can never become, from its geographical position, a portion of a national scheme of railway communication; (8) that a Rotorua-Taupo Railway, with a further short line from about Kakahi on the Main Trunk line, linked up by steamer service across Lake Taupo, would eventually prove highly profitable as a tourist and passenger route, and fit in with the general scheme of railways. The importance of the tourist traffic in relation to railway-construction in the Thermal District cannot be denied, as witness the traffic on the present line to Rotorua. The lines I now suggest would make the distance between Wellington and Auckland, including a detour connecting with the Main Trunk line at Kakahi and Frankton, 529 miles. Considering that the distance at present is 426 miles, and that the detour of only 103 miles would be through the heart of New Zealand's wonderland, it is inevitable that immense numbers of people travelling by the Main Trunk would be induced to make the detour, to say nothing of establishing direct communication with the East Coast line. As an indication of the importance of the tourist traffic, it may be mentioned that in annual reports of the Tourist Department as submitted to Parliament, the value of the tourist traffic to the Dominion was assessed at £100,000 in 1900, and at £449,000 in 1909. The arrivals in Rotorua by train in 1901 numbered 5,606, whilst in 1910 the number reached 21,021. The revenue of the Tourist Department at Rotorua by way of bath fees, &c., is given at £4,616 in 1903, and £12,678 in 1909. It has been asserted, in opposition to the proposed Rotorua-Taupo line, there is no prospect of its construction for many years to come. In view of the extraordinarily rapid increase in traffic above mentioned, and in view of probably increased settlement, such a statement is rather hazardous. The opposition of Rotorua residents to the present petition has been attributed to a fear that the superior attractions of Taupo would result in reducing traffic to Rotorua. The absurdity of this contention is evident from the very fact that the people of Rotorua are agitating for railway communication with Taupo, by what they consider to be the best route. What the people of Rotorua are afraid of is the operations of a gigantic trust, whose self-interest will operate, by every possible means, to deflect as much as possible of the tourist traffic from the State Railways and a State town to a private railway and an opposition thermal

district, where the principal avenues of revenue will be controlled by this same company. In connection with this phase of the question, I suggest that, if the petition be granted, conditions be imposed prohibiting the inauguration of lower fares than are charged on State lines, in order to prevent unfair competition for the tourist traffic. The interests of Rotorua cannot be dissociated from the interests of the State, and the people of Rotorua feel sure that their interests, and the interests of their State-owned town, will not be sacrificed to mercenary private enterprise.

6. *Mr. MacDonald.*] I notice that you say that the land along the fifty miles of railway already in existence has not been developed. Is this additional twenty miles going to revolutionize the land-settlement of that district? I do not know that any attempt was made to acquire this land for land-settlement; the company which constructed that line did so purely for timber purposes. You are aware they were not a land company at that time?—Yes.

7. I suppose nobody took action to acquire Native land or other land at that time, as it is contemplated?—I understand that at the same time the company are possessed of a considerable quantity of freehold land which is not timber land.

8. I, of course, know nothing of that. You state that in regard to the profitable occupation and settlement of this land, that it is purely an experimental and problematical question. There is no doubt that is correct. Do you not consider that it would be in the interests of the Dominion if the company constructs this line of railway and goes into an extensive scheme of experiments to prove the land will be of benefit. Would that not be of benefit to the Dominion?—If the land is in every way highly suitable for cultivation. Then practically with that a large population will follow the construction of this railway.

9. That is, provided that the land can be brought into a practical state of cultivation?—As far as my readings of the reports are concerned, I understand that the company practically assert that extensive cultivation will ensue, and that the construction of the railway will be followed by a large increase of settlement. That is just the reading I am taking up myself.

10. Would it be in the best interests of the State for private capital to be expended in opening up this country?—I cannot disassociate the opening-up of this land by the construction of this line—that is, if the railway is constructed, and the right to acquire the land is granted, the result must inevitably be the creation of a monopoly.

11. Knowing that there is a large area of one million and a half acres of pumice country, and that practically nothing has been done in the way of improving it, do you not consider it would be in the interests of the Dominion for private capital to open up that country so that it could be made useful for occupation?—Certainly, it would be in the interests of the Dominion, providing there were conditions with reference to the opening-up of land that would not be detrimental in other ways.

12. *Mr. Fraser.*] You speak of the probability of a railway being built from Rotorua to Taupo: would that railway in any way serve the locality referred to in the petition?—I think it would.

13. Have you read what Mr. Dalziell stated on that point—that there was a range of hills which would prevent access to the particular area referred to in the petition?—I could not say of my own knowledge whether such is the case or not.

14. Would the line from Rotorua to Taupo in any way serve the area of land proposed to be settled if the scheme were given effect to—would it in any way serve the settlers along that area of land?—Yes.

15. How could they get to it?—I understand the country to be served by the suggested line at the present time is to draw its produce, to a great extent, across the lake.

16. Before you get to the lake?—Both lines would lead to the lake.

17. Do you know the country?—To a certain extent.

18. Have you been to the timber country along the line?—No, I do not know it in detail.

19. You do not know whether a railway from Rotorua to Taupo would be of any service at all to people settling in the locality referred to in the petition?—Except in this way: the line from Taupo to Rotorua must inevitably come along the same line of country for some considerable distance as the projected line.

20. Which end, the Taupo end?—The Taupo end. I should say it amounts to ten miles.

21. It is a distance of how much?—Either sixteen or twenty miles.

22. *Re* the question put by Mr. MacDonald: it is proposed by the petitioners to acquire a large area of land and spend money in reclaiming it, and put it into a state of grass, and then, after it is hoed and put into grass fit for occupation, to cut it up so that people with limited means could occupy it and make something out of it at once. Now, suppose the State were to acquire that land and offer it to settlers, is it likely that the State would adopt any such scheme before asking settlers to go on it?—I do not think it likely.

23. Would it be conducive to settlement to carry out a scheme like that if properly safeguarded?—It would depend upon the safeguard, and even then it would depend upon what beneficial results were obtained from the soil and if those results could be profitably placed upon the market.

24. Your opinion of the country in the locality is not a very high one as far as the small settlers are concerned?—My opinion is one of extreme doubt, in expressing a direct opinion, as to whether it is or is not suitable.

25. *Mr. Newman.*] Are you a farmer?—No, I cannot say I am a farmer.

26. Have you any personal knowledge of the quality of the soil through which this proposed railway will run and of the land it will open up?—Not exactly, as far as the total length of the line is concerned. Speaking candidly, my knowledge of it is decidedly against the optimistic views expressed by the petitioners.

27. How does it coincide with the land about Rotorua?—Against it.



28. About Rotorua they grow excellent vegetables and fruit, &c., on that pumice soil?—Yes, of course the expensive manures and cultivation are very heavy.

29. You think the syndicate or company is taking too optimistic a view of the quality of the soil?—Yes.

30. Would you be prepared to say the soil is quite amenable to fertilizers and suitable for food-growing, &c.?—Considering no extensive experiments have been carried on, I could not say.

31. Large areas up the Main Trunk line have been used for growing roots, using no more fertilizers than on dry land?—I should be surprised to learn the Taupo country would give the results you state.

32. You said the land that had been tapped by this railway for many years had not been taken up?—Not to the extent I am led to believe, as is contended by the present petition.

33. A large lot of the land has been taken up?—A certain proportion of it.

34. You are not opposed to private enterprise?—No, not as a fair question.

35. The Government having announced their policy is to complete the main lines, such as the East Coast Railway and other important railways, first—consequently there is no chance of this railway being done for a number of years—if a private company is prepared to do it, to spend money on roading and bridging and improvements, and give the Government the right to purchase it, would you consider it wrong that they should be allowed to do this?—Yes, I refer to the monopoly.

36. How can a monopoly exist if the Government had a right of purchase?—I refer to the hotels, &c., being held by the company at the present time.

37. If the Government had the right of purchase and to include those options, it could not still be a monopoly. You do not object to a Government monopoly, I suppose. You do not mind the Government having a monopoly of the hotels and means of transit across the lake?—The State ownership would be quite different.

38. Your opposition to this railway is because you think it is against the interests of Rotorua?—I think, against the best interests of the Dominion, and that it would create a monopoly—not an absolute monopoly, but a monopoly to all intents and purposes.

39. *Mr. Guthrie.*] If this company's new line took another route, through Waitapu, would you object?—Personally speaking, I would.

40. Even though it were there?—Yes.

41. And the reason you object is because you are frightened of the monopoly that would be created?—Yes.

42. Do you think that monopoly would work against the State at large?—Perhaps against the community at large.

43. By what way could it work against the best interests of the State in Rotorua?—With regard to the ownership of hotels and thermal action. An enterprising company possessing a monopoly of thermal sites and hotels, backed up with large capital and keen business enterprise, could exert a powerful influence in the matter of directing traffic to their own particular locality. Personally speaking, I believe if I had a control like that, with the advantages and facilities I have named, I could make a tremendous difference in the amount of traffic which would reach Rotorua, or for the amount of time it would remain there.

44. Supposing it were diverted from Rotorua, the State would still have the tourist traffic?—Yes.

45. And Rotorua would not have it; it would lose it?—Yes. Rotorua, I take it, being a State-owned town, would depreciate.

46. In the event of this syndicate being granted the concessions that they ask, and that they get to work and employ their capital in experimenting on this land at the present time, would you object to the expenditure of that capital?—No.

47. Seeing that there is no likelihood of State experiments there for a long time, do you think it a good thing or a bad thing?—By itself I should think it a very good thing.

48. You are afraid to grant the power to the company to do this because that company might affect the interests of a State-owned town?—Practically the company asserts that the land will inevitably carry a large population. My answer is rather different from the way I read the petition. If the company had intended to experiment with this land I certainly would have taken quite a different attitude with regard to the land question.

49. That is their proposal; the company's proposal is to expend a very large sum of money in experimenting with this land, and they stand a chance of losing that money?—With regard to the large amount of money, I take it, with the cost of the railway, £180,000, buying the land, this thermal estate, all the hotels, &c., and the total capital being £300,000-odd, after they have completed their purchase, and so on, there will not be so much money left for conducting experiments.

50. *Mr. Newman.*] I think you said you had been connected with the tourist traffic. Are you in the Government employ?—No.

EDWARD EARLE VAILE, of Waitapu, examined. (No. 4.)

1. *The Chairman.*] You desire to give evidence, Mr. Vaile, do you not?—I am willing to do so, if it would be of any service to the Committee.

2. That is not for us to say, it is for you?—I must thank you gentlemen for coming here this morning to give me the opportunity.

3. Very well. Will you proceed, please?—I wrote out a short statement to save time, and will read it. I am a farmer residing at Waitapu, and owning the "Broadlands" Estate of 53,250 acres, freehold, upon which I have expended about £10,000 in development and stocking. The proposed Putaruru-Taupo Railway would pass within five miles of my land. A railway from Rotorua to Taupo could go by any one of three possible routes—one of them right away from my

land; another about the same distance away as the Taupo Totara Company's proposed line, and the third would pass through my property. This last route would be longer than the others; but by adopting it, the cost of two bridges over the Waikato would be avoided. I have thought it best thus candidly to state my own position so that the Committee may form its own opinion as to the degree in which, if any, my evidence may be biassed. For the following reasons, I am strongly of the opinion that the Government ought to construct its own line from Rotorua through Waiootapu and Wairakei to Taupo, and eventually from Tokaanu to the Main Trunk Railway: (1.) All the natural wonders and sights of the thermal regions would be linked up on one continuous journey, and could be readily viewed by tourists without doubling back on their tracks or going lengthily side trips. (2.) A railway from Rotorua to Taupo would open up the Government's vast forest plantations at Waiootapu, and render marketable great quantities of timber otherwise valueless. And there are other huge areas of Crown land along this route. (3.) such a railway would pass close to Huka, and could be very easily and cheaply worked with a fraction of the power there available. (4.) Railway-construction through this country would be exceptionally cheap. From the settlers' point of view, even if the company adopt the Government's schedule of freights, the charges to residents of Taupo would average 31 per cent. more than on a Government railway *via* Rotorua, although the length of the latter would be twenty-four miles greater. This is due to the break in the journey causing the loss of the benefit of the long-distance through rates. I am satisfied that a railway *via* Rotorua would pay from the start on the tourist traffic alone: 20,000 to 25,000 fares could be counted on. However, if there is no chance of the Government starting a railway within the next twenty years (which would mean that it would not be completed for thirty years)—and from careful inquiry I am perfectly satisfied there is no chance whatever—it would seem to me to be wrong to play "dog in the manger" and block the Totara Company's proposal. If private investors are prepared to undertake development-work which the Government absolutely declines, to my mind they deserve encouragement. But the concession should be on reasonable lines. The company's present concession is to charge a tariff of—Class 1, 10s. per ton up to ten miles, after that 9d. per ton per mile; Class 2, 8s. per ton up to ten miles, after that 6d. per ton per mile; Class 3, (timber), 1s. 2d. per 100 ft. up to ten miles, after that 1d. per 100 ft. per mile. All goods not specified to be charged as Class 1, so that everything except the two or three items mentioned in Class 2 would pay 10s. for the first ten miles, and after that 9d. per ton per mile. The above scale is absolutely absurd. At the present time I am getting goods hauled over a mud road at practically the same rates. Were the road macadamized I could beat those charges badly with horse-traction. It is quite useless for the company to claim that a high tariff would enable them to encourage the struggling settler with minimum charges, compensating themselves by charging full rates to the wealthy storekeeper, hotelkeeper, &c. In practice it would soon mean that the business of their friends and those subservient to them would be fostered under low charges, while that of their enemies and of those obnoxious to them would be ruined by high charges. What I contend, therefore, is that the present concession to the company should be cancelled and a fresh charter issued at Government rates and for a reasonable term of years, with well-defined rights for the Government to purchase the undertaking; the basis of valuation of goodwill to be now strictly stated. It should be provided also that a concession to one is a concession to all. That is to say, for example, if they charge 5s. less than their tariff to any one customer, they must be compelled to carry all other customers' freights at the same reduction; further, that their tariff should be altered in accordance with the alterations in the Government tariff. The right to audit the Company's accounts should be reserved.

4. You mean by the Government?—Yes; that is to say, if the valuation for the goodwill is to be based on profit, it will be necessary for the Government to have some means of ascertaining what profit they have made. It might be reasonable, however, to allow the company to charge somewhat higher rates for a moderate term, say five years; also to provide that the Government's option to purchase should not be exercisable until the company had had a fair opportunity of realizing a profit—say twenty years. As to the land proposals of the company, I see absolutely no objection; indeed, I make bold to say that every acre of land passing out of the hands of Maoris into those of Europeans thereby becomes a solid asset to the country. It then contributes its fair share to taxation, and the owners are liable to clear noxious weeds and rabbits, to erect boundary-fences, &c.: in short, desirable take the place of undesirable neighbours. The company should be bound to sell their land, and in the same areas and subject to the same conditions of occupation and improvement as Crown lands: sales to commence within, say, five years; half to be sold within, say, ten years, and the balance within, say, fifteen years. The company should be bound to fix a reasonable number of stations in convenient situations, and grant roads to them so that other lands than their own may benefit from the railway. They should also construct a reasonable number of subways to give access from one side of the railway to the other, and avoid level crossings. From my own experience I am convinced the country is capable of close settlement, provided good transit facilities are available. All root crops flourish. I have myself taken the following prizes off ground turned over for the first time and very roughly worked and manured with 2 cwt. of manure to the acre:—1910: Waikato Winter show—first for six heaviest swedes in the show, third in class for six best swedes; Palmerston North Show—second for soft turnips; Auckland Winter Show—second for best swedes. 1911: Waikato Winter Show—first for six heaviest turnips, second for six heaviest swedes, second for white-fleshed turnips; Auckland Winter Show—first for yellow-fleshed turnips; Matamata Show—first for oat-sheaf. The Rotorua Meat Company has for two years running carried off the special forty-guinea prize given at the Waikato Winter Show for John Bull swedes, and in 1910 it took first prize for swedes at Auckland Winter Show. Fat lambs and wool from the district have more than once topped the Auckland market.

5. *Mr. Newman.*] Do you farm similar land?—I have not been over the company's land.

6. It is all pumice country?—Yes.

7. You say you use 2 cwt. of fertilizer to the acre?—Yes. This year probably another  $\frac{1}{2}$  cwt.
8. You find you get very good crops of rape and turnips?—Yes.
9. Where are these 53,250 acres—about five miles in which direction?—To the north of the proposed Putaruru-Taupo Railway.
10. *The (Chairman.)* Tell us approximately where it is?—I begin about thirty miles from Rotorua, and end about eight miles from Taupo.
11. *Mr. Newman.*] The land round Rotorua is, generally speaking, rather better on the average? You are in favour of this work being permitted by the private company?—Provided that the Government will not do it, and I know they will not do it.
12. *Mr. Guthrie.*] Eventually do you think you will have to have a railway through the Waiootapu?—Personally I think the railway likely to be constructed will do Rotorua a lot of harm. The Government may not construct a railway.
13. You say, in the event of the Government not going on with this work, you think it advisable to give the company a charter to enable them to proceed with it?—Certainly, as long as it is on reasonable lines. As I pointed out, if the charges are to be as high as horse traffic, then the railway is of no practical use. If, for instance, it enables me to get manure forward to my land at a cost of 17s. 6d. instead of 35s., at this cost I can afford to get more manure and presumably better crops.
14. In the event of an extended charter being granted to this company you are of opinion that strict conditions should obtain?—I think that is the essence of the whole thing.
15. As to the charges on the railway and the equal treatment of customers?—Supposing that I should quarrel with the company, I do not think they should have the power to charge me higher rates than my neighbour.
16. What is your opinion as to giving this company a monopoly over the hotels and tourist traffic generally?—Well, that is a serious matter. I do not know what control the Government have. They have acquired these, I suppose, legally, and I do not know whether it can be upset. The serious part of that is that they have acquired the actual thermal sights. The acquisition of the hotels is nothing. The company have the actual sights, and the consequence is that if I put up a boardinghouse at Wairakei they could chase my visitors off the ground.
17. Matters of that kind should be safeguarded?—I think so.
18. You are of opinion that it is possible to bring this land into cultivation?—I have been working at it for four years, and I am more satisfied every day that that country will be occupied by close settlement.
19. Root crops will grow as a first preparation?—Yes.
20. Will it carry a grain crop afterwards?—Yes.
21. Will it take grass after the grain crop?—Yes.
22. It will take grasses after roots?—Yes. We just disc so as not to bury the sheep-manure.
23. I suppose your experience does not enable you to say how long that grass will last?—The grass has improved from year to year.
24. What is the oldest pasture?—Four years.
25. What is the condition?—Very fair—better than when first put down.
26. What sized areas do you think would be a fair thing to divide this land into?—The land varies very much in quality.
27. Give us an average?—On the best land 200 acres, and on the poorest about 5,000 acres. Close to me there is a swamp containing about 6,000 or 7,000 acres of really first-class country that is now being improved and will be occupied with dairy farms. It is of superior quality to any land that I have seen in the Waikato.
28. After it has been drained what will be a fair value?—I understand that the owners think they will get £40 per acre.
29. Who are the owners?—Stead and Watt.
30. They think they will get £40 for it?—Yes.
31. Is there any quantity of such land on the portion that is said to be acquired by this company?—I have not been over that country.
32. Well, compare it with the poorer land in the Waikato?—I have had men working for me who were ploughing for Mr. Firth when he first took up Matamata, and they say the country which I have ploughed is of a great deal better quality than Matamata was.
33. How far away from the company's line is this land that you speak of which belongs to Stead and Watt?—As the crow flies, I should think about twenty miles.
34. As to the altitude of this land: is it as high as that land of Stead and Watt's?—I cannot say. The level of Stead and Watt's land and mine is about 1,000 ft. above the sea.
35. How does it compare with Rotorua?—Rotorua is about 930 ft.
36. How can a monopoly exist if the Government had a right of purchase?—I refer to the
37. From your general knowledge of the country, would you say that there is any land approaching in quality the land of Stead and Watt's?—There are no other big swamps that I know of as good as theirs. On the other side of Waiootapu there is about a similar area belonging to the Natives. That has been recently surveyed and subdivided, and some of it has been actually leased, and there are applications for all the sections at rentals running up to 3s. per acre per annum.
38. Would £1 per acre be a fair estimate for the ploughing and sowing of the land?—You could not do it for that.
39. What would be a fair estimate?—To put in a crop of turnips with 2 cwt. of manure would cost £2 2s. 6d. That is just about my cost.
40. For ploughing the land?—I usually allow 7s. 6d. for scrubbing—that would leave about £1 15s. for the rest.

41. *Mr. MacDonald.*] With reference to this country that is served by the company's line—take the Rotorua Extension, from Rotorua to Taupo: could it beneficially serve that country?—Well, not to the same extent. The line would be, on an average, I should think, about ten miles distant, which would mean that one would have about ten miles to go before reaching a station.

42. For instance, coming from Mokai to Atiamuri, the nearest access would be Rotorua?—I have not been over the company's line, and cannot speak too positively.

43. At the present time there is a huge area of country there lying undeveloped?—Absolutely undeveloped.

44. And at the present time it is also a considerable cost to the State in the way of endeavouring to keep the rabbits in check?—The Government pays the Maoris so-much a day for poisoning their own land and clearing their own weeds.

45. At any rate, that is a cost to the State?—Yes.

46. In your opinion, it would be in the best interests of the country to have that land put into European occupation?—Distinctly so.

47. Your opinion as regards the construction of the line and acquisition of the land by the company is that you cannot see any objection to it, providing the country is safeguarded in regard to the acquisition of the land, and also in regard to the tariff charges on the railway?—And on the other point, of access to the railway, so that it will not be possible for the company to place stations only on their own land. Unless the right is granted to those stations the railway would be of no use to anybody but the company.

48. *The Chairman.*] Which, in your opinion, would be the best railway for the whole district?—The rail from Rotorua to Taupo.

49. What makes you say that—is it purely on account of the thermal regions or huge amount of Crown lands?—Partly. Further, I take it the country on the Rotorua-Taupo Railway is better or more valuable because settlement has taken place along that route, and it has not taken place along the other route.

50. Is that because the prospective settlers could not get there?—It might be; land along the company's line has not been available—there are practically no settlers there, and there are on the other route.

51. I understood you to say there are huge areas of Crown land on the Rotorua-Taupo route?—Yes, Crown lands.

52. As to Native lands, what about that?—There is a considerable area of Native land on that route.

53. You made a suggestion that differential rates might be charged?—Yes.

54. You said if the company carried goods for one individual at 5s. less than the schedule rates than for another, that that should be provided against?—Yes.

55. Have you any reason for making that statement?—I have been brought up in an atmosphere of railways. That is the great means the Americans have of knocking their rivals out of business—by charging less to their friends.

56. Have the company done that in the past?—I do not think so; I think they have charged uniformly less than they have the right to charge. The present company, I understand, is selling to a new company right away; a fresh set of men, with no interest in the colony at all perhaps, will be in charge.

57. In reply to Mr. MacDonald you said the Government were paying the Maoris so-much per day to clear noxious weeds?—This district is practically free from noxious weeds; the only weeds are round the kaingas. Personally I complained, and the Agricultural Department put on men to cut down these weeds at the Maori kaingas.

58. The inference being that the Government is paying the Natives to clear noxious weeds?—Yes. These men are lying about doing nothing while somebody else is being paid to do the work. The same with rabbiting; they get paid 7s. per day, and work about one day out of three.

59. That is rather a serious statement to make?—I can absolutely prove it.

60. You might be asked to do it?—I have had a good deal to do with rabbiting up there, and can prove it.

61. *Mr. Dalziel.*] I think you were one of the promoters of the agitation in Rotorua against the construction of this railway?—Not that exactly. I was a promoter, eighteen months ago, for the Government to construct a railway from Rotorua to Taupo, and as your company's proposal would interfere with the probability of the Government undertaking such work, it was in that sense I opposed it.

62. You supported the agitation against it?—Yes.

63. You have now come to the conclusion that it is advisable to support the petition?—Yes; from a great deal of inquiry I have made in Wellington I am satisfied there is no chance of the Government doing anything.

64. In your opinion, the railway from Rotorua to Taupo would serve the country better?—Yes.

65. You now think it is better to adopt this course—leaving the other railway to the company. Dealing with the question of rabbits, in your opinion, is it not necessary that this country should be settled as speedily as possible so as to keep down that pest?—It is certainly highly advisable, though rabbits are not the same menace there that they are in many parts of the South Island.

66. Are they increasing—are they a special nuisance at the present time?—Yes.

67. You referred to the question of the monopoly of the thermal sights: you say there is nothing in the monopoly of hotels—it is the monopoly of the thermal sights. Private ownership exists to-day?—Yes.

68. It was private ownership you were objecting to?—Yes, except the sights were in different hands; Graham's had Wairakei, and independent men had others.

69. You have no objection; the spas are Government leases?—With considerable terms to run.

70. There was no question of a monopoly?—No. I think the leases have forty-seven years to go.

71. Do you really think it would be an injury to the public if this property were taken up and largely developed? Do you not think that would be beneficial to Taupo and to everybody concerned?—Yes, I think it would be a public benefit and a benefit to the promoters; but any one else wishing to compete with the company would be at a very serious disadvantage.

72. Might it not be a very great advantage? Forty years is not a very long time in the history of the country; might it not be a very great advantage to the State to have these sights developed by people with capital?—Of course, the reversion should be worth more.

73. You know that Wairakei is not leased—it is Crown land?—One side is Graham's freehold, and the other, I understand, is Crown land.

74. *The Chairman.*] Mr. Dalziel asked you if you were against this railway because the Government should make its line from Rotorua to Taupo?—Yes.

75. You made inquiries since you were in Wellington, and found there is no chance of the Government making the line from Rotorua to Taupo?—I had the honour of an interview with Sir Joseph Ward, and he said there was absolutely no hope of the Government starting it within fifteen or twenty years. I have also the statements of a large number of members on both sides of the House, and they have expressed the same opinion.

76. They would not know much about it?—I take it principally from what Sir Joseph Ward said. The Government naturally has the first and greatest say in such matters.

FRIDAY, 29TH SEPTEMBER, 1911.

W. LEWIS LUXFORD, of Hamilton, examined. (No. 5.)

1. *The Chairman.*] What is your name?—W. Lewis Luxford.

2. What is your address?—Hamilton.

3. The Committee will be pleased to hear what you have to say?—I have come down here, seeing the reports published very fully with regard to the proposition being made by the Taupo Totara Timber Company, and also a full report of the position shown by the Rotorua people. I may say that I am a farmer and an occupier of 8,000 acres close to Rotorua, and cannot understand why the Rotorua people show any opposition. My circumstances are the same as many others—I may say thousands of others—and the Taupo Totara Timber Company's proposition appeals to me in a very forcible way. We are surrounded by thousands of acres of Native land, and any proposition that is feasible by which these Native lands could be occupied will positively benefit me to the extent of many pounds, and also others similarly situated. These lands are absolutely a harbour for noxious weeds and many other troubles. If cattle get away, it is generally the last that is heard of them, and therefore any proposition that would be the means of bringing these lands into occupation is what appeals to me. Then again, the expenditure, or probable expenditure, under this proposition of a large sum of money in developing these lands must prove an immense advantage to others who are nearer centres on similarly situated lands. For instance, if I can get fertilizers or manures at a paying rate I can put more money in my pocket, and improve my property. It is only the difficulty of getting these fertilizers that prevents a very large amount of development going on. Of course, there are the bulk goods to handle, and the only possible way is by railway. I have had many years experience in Taupo and round that district, and am convinced that if the pumice lands are properly treated, then they can be made productive in a measure. As far as I am personally concerned, I contend that if by any expenditure of money the Taupo lands could be raised in price from 10s. to 30s. per acre my property would go up correspondingly—being the nearer centre—and therefore the proposition appeals to me most strongly. I did not come down pretending to favour the proposition from any colonial or general standpoint; I think that would be agreed to by the Legislature. As far as I am personally concerned—and I say there are dozens of others similarly situated—it would be of immense benefit to us. There is another argument that I use, apparently in sympathy with many of the Rotorua people, and that is with regard to the benefit that this proposition would absolutely be to Rotorua. Of course, a great many of them say if a railway is taken to Taupo and Wairakei it will injure Rotorua. I do not think many of them have been very far. The argument I bring forward is—I have travelled pretty well all over the world, and, taking Switzerland as an example—there they cater not for the development of any one particular State, but for the easiest means of access to all the different parts of Switzerland, and that is the reason why they get the large influx of tourists; and the more you can show tourists, and the variety of sites, the more they will come to the country; and is it likely that any people coming from a pleasure point of view would come to Wairakei and Taupo and not to Rotorua? If, where now a thousand people come in, they could bring in fifteen hundred by other inducements, then it must be an advantage to Rotorua as well as to the other places.

4. *Mr. Guthrie.*] Have you been invited by the company to give evidence?—No. I have come absolutely on account of seeing reports in the papers.

5. You were connected with this company originally?—Yes.

6. You did the valuing of the company?—No. I was on the board of directors in the original formation of the company.

7. You said, in speaking, privately you would be benefited by this railway?—Yes.

8. You own land up there?—Yes.

9. In the vicinity of this railway?—In the vicinity of Lake Rotorua. Part of this land is somewhat similar to the pumice land, and requires something of the same treatment.

10. I know you have a good knowledge of land there. Could you give the Committee any idea as to what would be a fair value of this land unimproved?—I have no idea of where this Native land is situated. I have not seen any map or anything. [The position of this Native land was then indicated to witness on the map by Mr. Guthrie.] I should say, from 7s. 6d. to 10s. per acre.

11. In its present state?—Yes. Of course, that is approximate.

12. Are you acquainted with any of the swamp lands in that district?—Yes. I know several of them.

13. What is your opinion, as a practical man, of the possibilities of the future of those swamp lands?—Some of them have possibilities and others have not. Some of the swamps are absolutely worthless. They have been tried, and would need very expensive draining. Of others—well, there are some very good swamps between Rotorua and Atiamuri—away in the back of the hills there.

14. Do you know Stead and Watt's land in there, near Waiotapu?—I only know it from just passing it. I have never been on it.

15. If the Government were prepared to build a railway from Rotorua *via* Waiotapu to Taupo, would you consider that service to be better than the present system?—As far as the service goes it would be better, certainly. It would not be the means of going through the same class of country.

16. Would it open up better or worse country?—A lot of it worse, and a lot of it better. At present there are fifty miles going through undeveloped country.

17. As a practical man, what is your opinion as to handing over to a private syndicate such a vast tract of country as this?—Well, as a business proposition I think it is the only possible way that any of that land will be developed. It is out of the reach of the Government to go into details, such as finding out the best fodder, or grasses that will grow, and experimenting with the different fertilizers with the incentive of making something pay. That could only be done by a private individual or private company. It strikes me from a business point of view, if I wanted to test 200,000 or 100,000 acres of that land I naturally should want something for my trouble, and the incentive would be in that; with the Government there is no incentive. We hope to get some benefit through the development of these lands.

18. In the interests of the Dominion as a whole, would you be willing to give full options to this syndicate over the hotels and spas, as well as the land?—I think the State is quite capable of safeguarding any concessions.

19. Do you consider, as a practical man, these ought to be safeguarded?—Yes, certainly I do.

20. They ought to be strictly safeguarded?—The State would be wanting in its duty if it did not safeguard the concessions; otherwise it is right, and otherwise the land is a menace to all settlement.

21. Now, in what areas do you say it would be suitable for settlement—roughly, say?—It depends on the development. If they found something that would run a sheep to 2 acres it would pay in 2,000 or 3,000 acres.

22. What is the capacity of this land, improved?—That is what we all want to know. It is only to be found out by the expenditure of a large sum of money.

23. Would it carry a sheep to the acre, or half a sheep?—Possibly half a sheep. Mind you, there are many other possibilities. I would not like to venture an opinion as to the cost of bringing it into cultivation; it is only a matter to be found out by experience and experiments.

24. You have no suggestion to make?—To get the capital to do what we want done is a good one: that is my opinion. And wherever there is a means of getting cheap fertilizers, as a basis of development, then it must benefit us.

25. *The Chairman.*] I understood you to say in answer to Mr. Guthrie that you thought that, if you had to decide, it would be the better line from Rotorua to Taupo. Take the one suggested by the company: for the whole Dominion, would you select the company's suggestion?—If you look at it from a traveller's point of view, then doubtless the Rotorua to Taupo line would be the best, but from a Dominion point of view, as to which will lead to most development and most benefit to a certain class of people—to a large class of people—then the other line is by far the best.

26. If it is for the development of the country rather than the tourist?—Then no doubt the Taupo Totara Timber Company's line is the best.

27. If you were to be told that we have in evidence that the other line would be the best, would you be inclined to question that?—Most certainly, and show very good reasons for it too, I think.

28. The quality of the land on both routes would be just about the same—all pumice land?—It is pumice land, but there are more possibilities of getting large patches of better-class land on the Taupo line than there is on the Rotorua line.

29. *Mr. Dalzell.*] Talking about the monopoly of sites: do you think it would be more injurious to the country if these sites were held for the next forty years by a company, which would develop them, such as is suggested being done, than if they were held by private individuals separately?—The company would develop them and make them more attractive.

30. You said you thought that this land was of average value from 7s. 6d. to 10s. an acre: do you mean with the railway there?—In its present state.

31. Assuming we had the railway completed to Taupo?—With the railway through, it would not make a great deal of difference.

32. With the railway's access and facilities?—Yes.

33. *The Chairman.*] Taking the country as it stands at present, the land is worth from 7s. 6d. to 10s. an acre?—Yes.

34. Mr. Dalziell asked you if with railway facilities, and you said Yes?—Well, the railway does not make much difference to the value of the land. There is an area of 800,000 acres, and in a great portion of that the railway is there now.

35. Do not railway facilities increase the value of land?—Were it not for the Taupo Totara Timber Company's line being there now I should take quite half that off for the value of the part that is served by the line; it is not worth 5s. an acre without that.

36. If the present company's line has increased your estimate, why would not the extension of the line still increase the value of the land?—That is only sixteen miles further on. It is there now.

37. You contend that putting down this line would benefit you materially, and other settlers?—The development of the Native land would. The putting-down of that line would not make one iota of difference to me, except it would be the means of putting value on certain lands by the expenditure of money, and by my being nearer a centre.

38. And enabling the settlers to get fertilizers at a cheaper rate?—Yes.

39. Mr. MacDonal.] Where are your 8,000 acres situated?—Four miles from the Lake Rotoiti.

40. Mr. Greenslade.] This line would not go through your property?—No, nowhere near it.

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THURSDAY, 12TH OCTOBER, 1911.

W. C. KENSINGTON, Under-Secretary for Lands, examined. (No. 6.)

1. *The Chairman.*] The Committee has asked me to request your attendance to-day so that you may give the Committee information in your possession with regard to the lands sought to be acquired by the petitioners. You have probably seen the petition?—No, but I know all about it.

2. Would you like to give a statement of your own?—I presume that the information the Committee requires from me is as to the area of Crown lands that might be influenced by the proposed extension of the company's railway-line, and the general character of the soil, and then that I should be ready to answer any questions.

3. Yes?—I produce a map on a scale of four miles to the inch showing in pink the various Crown lands within a radius of thirty miles from the town of Taupo. The whole of these lands I do not consider would be influenced by this proposed railway-extension. I think the lands that are marked red, the total areas of which I will give, may be considered as being more or less within the influence of the proposed extension. The map will be placed before the Committee. I think there are about 166,800 acres of Crown land that might be said to be very nearly influenced by the proposed extension.

4. *Mr. Newman.*] Benefited by it?—Yes. I want the Committee to clearly understand that I am not expressing any opinion as to the necessity of the proposed extension. There are 166,800 acres of Crown lands which would be more immediately benefited by the proposed extension.

5. *Mr. Myers.*] Is that indicated by the red marks on your map?—No; I have drawn a thirty-mile radius from the town of Taupo. The present terminus of the Taupo Totara Timber Company's railway-line is shown on the map by a blue line. The actual distance in a direct line from the end of the railway-line to the town of Taupo is between twelve and thirteen miles. Then there are another 184,441 acres that would be benefited outside the first area I mentioned—that is to say, benefited in a secondary degree. These areas make a total of 351,241 acres of Crown lands which I consider would be benefited by the railway-extension. There is a further area of 64,000 acres of Crown lands, but I consider that would come within the influence of the Rotorua railway-line and not so much within the influence of this proposed extension. I have now dealt with 415,241 acres of Crown lands, and even part of the 64,000 acres comes within the thirty-mile radius from the town of Taupo. Perhaps I had better now speak as to the general quality of the soil. I know the whole of these lands, although I have not been all over them. I have seen the rest of the land from the summit of Tauhara Mountain. The areas within the limits of the 166,800 acres I mentioned are of a variety of quality of soil, mostly what I should call pumice and gravel formation. Wherever the land is forest-covered there is a far better quality, there being a good deal of soil upon it. With regard to the lands that are immediately benefited, the greater portion is also of a light pumice formation. The same remark applies to the 184,000 acres and the open portion, and any forest originally existing upon it has been burned long ago, and apparently there is a little soil mixed with the pumice. Then, we have lands that are just within and partly outside the thirty-mile radius which are more or less heavy forest lands. These are of a fairly good quality. These would come partly within the 184,000 acres. The quality of the land not covered with forest is light pumice and gravel land. I said that the greater portion of the Crown lands within the second area of 184,441 acres was mostly light pumice land with a very little soil mixed with it in parts, but that the other portion which is just on the verge or edge of the thirty-mile radius is chiefly forest land, and most of it is of fairly good quality.

6. *Mr. Reed.*] Is the forest on it marketable timber?—I am coming to that. The forest on these lands lying considerably to the east of the town of Taupo contains more or less marketable timber, but it is not considered to be of very good quality—that is to say, it is chiefly mixed forest. The Whirinaki and Heruiwi blocks are considered to be of good quality, but the other areas are not of very good quality. That is on the eastern side already referred to.

7. Does it contain totara and rimu?—The Department has not obtained proper reports on this land yet: it has only had a general and superficial examination. The reports are to the effect that there is timber of all kinds scattered all through these lands, but not of sufficient marketable quality. I am speaking now of the Whirinaki and Heruiwi blocks, and also of the Pohokura Block, which is also Crown land.

8. *Mr. MacDonald.*] Are the whole of the lands you describe now unoccupied?—Yes, the greater part of them. With regard to the value of these lands I have mentioned, I produce before the Committee a poster showing some of the lands the Crown proposes to put upon the market in the immediate vicinity of Taupo Town on the 24th October—*i.e.*, this month. Part of this block is adjoining on the lake. Some of the sections are right up to the lake itself, and some are within half a mile of the town of Taupo. There are some small grazing-runs which extend along the Taupo and Napier Road. The lands on the shores of the lake and adjoining Taupo are placed at various capital values running from 10s. an acre up to £1 19s. an acre or £2 an acre. These are all small areas. The largest one is 134 acres. I am not speaking of the grazing-runs, but of the rural sections. The grazing-runs are valued at from 5s. per acre for the capital value—*i.e.*, the unimproved capital value. The others, the rural sections, vary from 10s. to £1 19s. per acre.

9. What value do you put on the grazing-runs?—The capital value for one is 5s. 2d. per acre, and the other is 4s. 6d. per acre. The latter is a run which has a very inferior soil. That is the capital value on which the land is assessed, and the rent would be  $2\frac{1}{2}$  per cent. on that. The area for one is 4,000 acres, and for the other 2,246 acres.

10. *Mr. Neuman.*] What is the rent?—The rental for one is £21 and for the other £10 a year. It is allotted by application, not by auction. I should say 5s. is the proper value of that land. All these small runs are opened at a very low price to encourage settlement. They are small grazing-runs. It has been shown that this light soil is capable of growing root crops after cultivation—winter root crops. I saw some grown on Mr. Vaile's property, and was perfectly astonished at their size, because that class of land had been formerly looked upon as useless. Some members of the Committee may also know that where fruit-trees have been planted they have done remarkably well in that soil. I have seen wonderfully good crops of apples on land which has had little cultivation.

11. *Mr. Forbes.*] Is that the utmost amount of land you are going to open for selection as shown on the poster—7,000 acres?—That is all we propose to offer at present.

12. Is there a demand for the land there at all?—It is proposed to subdivide the lands known as Whirinaki and Pohukura blocks; in fact, the Pohukura will be subdivided and probably put on the market as small grazing-runs next year, unless countermanded.

13. What effect will the railway have upon those lands? In fixing the value on which the rent is based is any consideration given to the fact that a railway is going into that country?—No prices have been fixed for these lands yet, except those shown on the poster.

14. If a railway were constructed there would be a considerable advance in the price of those lands, would there not?—These lands are up to £1 19s. an acre. I do not know what additional price would be placed on them if the railway extension were going on: that is problematical.

15. How would these people be able to sell their produce?—At present they would have to cart it to Rotorua—that is, those in the immediate neighbourhood of Taupo.

16. That must mean a considerable tax on the settler, and must be taken into consideration as affecting the price?—Yes. When it is decided that the railway shall be extended, in fixing the price of future sales that would have to be taken into consideration.

17. If these Crown lands would be benefited by a railway to such a great extent—as undoubtedly they would be—would it not be wiser to construct a railway and then put the lands on the market, so that the State might get the benefit of the increased prices?—Yes; but I think that is a matter for the Committee to consider.

18. Do you know what the price of similar lands is about the lake at the present time?—I have just shown you the poster.

19. I mean the private lands?—No, I do not know what price they are asking for them.

20. Are there many settlers there on the Crown lands?—There are none at all, except in the township.

21. You cannot speak from your own knowledge of how the settlers are doing on the land?—No, I cannot.

22. *Mr. Reed.*] What is the present outlet for the Crown lands you have mentioned if the settlers go on them? If there are settlers there now, what would be their present outlet?—The present outlet would be the town of Taupo. That would be their rallying-point.

23. The town of Taupo is a rallying-point for the settlers if they go on the Crown lands?—Yes, for those lands I have spoken of.

24. And under present circumstances they would have to cart their produce to Rotorua?—Yes. If they liked they could send it another way by steamer to Tokaanu, and then cart it to the Main Trunk line. Part of the other lands would have an outlet from the Galatea side through to Rotorua.

25. Then you maintain that within the area you have mentioned the produce will be concentrated on to the lake through Taupo, and would go by rail, supposing that railway-extension were made?—I understand your question to mean, would the produce of these lands—or the greater part of those mentioned—be carried by the railway-line if it were extended to Taupo: is that what you mean?

26. Yes?—Undoubtedly it would.

27. What is that country suitable for? I saw by a report recently in the newspapers that similar lands had grown turnips and oats: do you think that land is capable of growing turnips and oats?—Yes, certainly. It has grown good root crops.

28. Would that land develop into dairy country?—I cannot say.

29. At all events, it is sheep country?—It is sheep country at present; but, as I have said before, it has been proved to be capable of growing remarkably good root crops.

30. *Mr. Myers.*] Has there been any demand for this class of land up to the present time?—No.



31. Then, the land you are submitting at the end of this month is the first occasion on which you have submitted land to auction at Taupo?—It is not to be submitted to public auction. The Crown offers small areas at auction occasionally in the town and suburbs, but these lands are open for application. It was subdivided owing to applications.

32. Up to the present there has been no outlet for these half-million acres of land?—That is so.

33. And you think the advent of the railway would change the aspect of affairs in that direction?—I do undoubtedly.

34. You are satisfied from the experiments you have seen made that the lands can be made productive?—Yes, with, of course, considerable expenditure. I want that to be clearly understood.

35. If a certain amount of expenditure were incurred you are satisfied that settlement would take place and the value of the adjoining land would be enhanced?—I am.

36. You are perfectly satisfied that the productivity of the pumice lands has got beyond the experimental stage?—Yes, I think so.

37. *Mr. Newman.*] In fixing the price at £1 19s. per acre it is not sold as grazing-land?—No, it is the residential value. These lands have a special value through their vicinity to the lake, and therefore the values put upon them are not the intrinsic values for agricultural and pastoral purposes.

38. Can you state the cost of making these pumice lands productive?—No. I have seen so many statements which have been made with regard to the amount of manuring and so on, but I cannot say what the cost would be from my own practical knowledge.

39. Would you be surprised to hear that the manure would not last any time—that it goes through the land and disappears?—I can well understand that it requires renewing.

40. So that if you manure it again and again it is not lasting?—I am afraid that can be said of other lands which are in exactly the same position.

41. And is this land hilly or flat?—It is mostly undulating country. From the nature of the country it is intersected by washouts and watercourses.

42. Is the land fairly well watered?—Yes, most of it, by good running streams.

43. Would the value of the land shown on the poster be a fair average for all the land within the thirty-mile radius?—No. The part marked off for the small grazing-runs is not put at values which would be fair values for the other lands.

44. When the bush land is cleared will it carry sheep well?—I think it will.

45. Have they any of that disease which has been spoken of?—No, I have not heard of it in that neighbourhood.

46. Fruit-trees seem to grow better than anything else on that land? Yes, fruit and root crops up to the present time; but when the land is consolidated by sheep running over it the clover grows remarkably well.

47. Is there much swamp land?—There are a few swamps, but there are not very large swamp areas on the Crown land.

48. Is there likely to be much dairying done in that country?—I cannot say. I am only speaking of our Crown lands, not of the private lands.

49. *Mr. Fraser.*] You gave us some evidence about two blocks containing 351,000 acres, all within the thirty-mile radius of Taupo?—Yes.

50. Have you seen the plan of the area of which this Committee has more particularly to deal with, and are those blocks comprised within the green-line area?—As far as I can judge from the map, most of them are. Some of the areas I have given are outside the green line.

51. You have made no reference to the Native lands?—No.

52. Do you know that the Native lands constitute the greater portion of this block marked yellow?—Yes, it does consist of Native land in the greater part.

53. Can you give the Committee any evidence with regard to the character of these Native lands?—No, I have not looked into that question at all. The evidence I was supposed to give to-day was in reference to the Crown lands.

54. Have you been over this block of country comprised within the green line?—Yes, I have been all over it.

55. Can you not form some idea by which you could convey to the Committee your impression of that country?—Yes. The greater part of the Native lands shown within the green line are on the eastern side of Lake Taupo, and are of very much the same quality as the Crown lands. The Native lands to the south-east of Taupo are also similar in quality, except that they extend back more into the slate country. The lands on the western side of Taupo, or a good portion of them, are forest lands, and all the forest lands have turned out to be, generally speaking, of very good quality. The Native lands near the Waikato River are the same, apparently—inferior pumice lands—as are the Crown lands. That is speaking from memory. I did not look into the question before I came here.

56. The Crown lands you referred to, then, would include the whole of those blocks marked red?—Yes, they are very much the same.

57. This part marked "Kaingaroa": is not that where the white tussock is growing?—Yes.

58. What is the character of that land?—Mostly open tussocky land. It is similar to the land which Mr. Vaile is working: it is almost the same quality of land.

59. You say this western side is mostly forest land?—Yes.

60. What character of forest is it?—That I do not know; I have never been through it. As far as I know, the part on the western side close to the lake is generally mixed forest, containing, as is understood, a fairly good quantity of milling-timber.

61. There is a road through this western end of Lake Taupo going over towards the Wanganui River?—There is no formed road, but there is a road through from Tokaanu to Waiouru, and it is a good road.

62. Is that a good vehicular road?—Yes.

63. It is suitable for wagons, and so on?—Oh, yes. There is another road which is partially formed passing Lake Rotoaira and going across the Waimarino Plains to Waimarino Station on the Main Trunk line. It is not quite formed throughout as a cart-road, but is formed at both ends.

64. Would not the access to this country here [place pointed out on map] be to the Main Trunk line?—It is all on the western side of the lake. The principal access to the land on the western side of Lake Taupo would be the Main Trunk line.

65. And not to Taupo?—I think so, undoubtedly.

66. These white blocks marked on this plan are supposed to be freehold private lands?—Yes.

67. What is the character of that land?—Similar to that of the land held by Mr. Vaile.

68. And this land from Lichfield downwards?—That is all light land of a similar character.

69. Do not the Taupo Totara Timber Company own some land of their own?—Yes; this is their totara forest [shown on map].

70. What is the practice in selling lands that face a stream, as to fishing-rights?—Wherever there are fishing-streams the Crown makes a 25-links reservation, more or less: it is generally 10 links up to 25 links, according to the character of the banks.

71. And if the Natives were to sell their freehold rights of this land to an individual or to a company without any such reservation the individual or company would have a monopoly of the river-fishing?—Yes, I should think so. The right of reservation only applies to Crown lands.

72. But that would be the effect, would it not?—Yes, that would be the effect.

73. This country marked yellow—what is the general character of its contour: is it flat country, rolling downs, or precipitous country?—It is broken country. A good deal of it could certainly be ploughed.

74. What proportion of it—roughly?—I could not say.

75. Could two-thirds be cultivated?—I should think two-thirds could, approximately. I have only seen it from the lake.

76. Could you give us any idea, roughly speaking—comparing this block with the ordinary Crown lands of the Dominion—of the prairie value it would be before improvement?—It varies so much, I should simply say from 5s. an acre up to £2 an acre. I am not speaking of the value of the timber. Generally speaking, the land can be classed as land fit for pastoral and agricultural purposes at from 5s. up to £2 an acre in cases where the land is very much better or for any other particular reason.

77. How much of this land do you think is only worth 5s., how much is worth £1, and how much is worth £2, roughly speaking?—Two years ago I would have said that a third of that land was worth 5s. an acre. I would not say so to-day, because of the results shown by the growth of root crops grown by Mr. Vaile and others, who have demonstrated that it is of very much greater value than we ever put on it.

78. How much do you think would be worth £1 an acre or £2 an acre?—I would rather not say.

79. Is there much of it worth £2 an acre to-day, unimproved?—Some proportion of it might be, but I could not give you any idea of how much.

80. Would 1,000 acres be worth £2 an acre apart from the bush?—Yes.

81. Would there be 2,000 acres?—There might be that, but I cannot answer the question.

82. *The Chairman.*] You know the proposed route of the line from Rotorua to Taupo?—Yes.

83. Putting it shortly, which would be the best route for the Dominion as a whole?—I am afraid I could not answer that question. You are asking me questions that only engineers should answer.

84. I mean in opening up the country?—You will notice in my evidence I said that within certain limits I considered these lands would be tapped by the extension of the present Taupo Totara Timber Company's railway, but the other part of the lands would be tapped from the Rotorua direction.

85. You are referring to the two railways?—I thought you asked me had I considered which would be the best route for the whole of the Crown lands—to extend the company's line or to extend the line from Rotorua.

86. Which line do you think would be the most beneficial in the interests of the Dominion?—If I were asked to state my private personal opinion, I should say the extension of the Rotorua line would open up a greater portion of the Native lands—that is, private and Native lands—from Rotorua to Taupo. Our Crown lands lie in the vicinity of Taupo, and that is the point I cannot get away from. A railway-line coming from Rotorua, as it stands at present, would not benefit very much Crown land—that is, the projected line. The Crown does not at present own any considerable areas of land—practically little land—between Rotorua and the town of Taupo along the line of any projected railway.

87. Can you give us any idea of the Native lands—which has the greater acreage on each route?—That I cannot give you. If you would like me to have a map prepared showing the whole of the Crown land that would be influenced by a line from Rotorua to Taupo, I should be very glad to have it done in order to give the Committee the whole of that information.

88. *Mr. Dalziel.*] You know, I suppose, all about the Crown land you have sold or leased in recent years?—Yes.

89. Is any substantial area at present not served by a railway?—There are considerable areas not served by railways at present.

90. Lands which have been settled?—Yes, both north of Auckland and south of Auckland.

91. On the west coast of the North Island is there a very considerable area not served?—Yes; but one requires to know what you mean by "served."

92. I mean, immediately served?—Yes, there is.

93. Do you know if the road access to those lands is good at the present time?—Not in some cases—not good access.

94. That is, in the winter-time they are very bad?—Yes, sometimes.

95. Those lands the Crown has disposed of are mainly of proved value?—Yes.

96. They are not like the pumice country?—No; quite a different character from that.

97. The area of land which has been worked and is known to be of a profitable quality is quite considerable, is it not?—Yes.

98. Are you aware that there are large areas in the North Island—Native, Crown, and European lands—which are known to be of good quality, but which have not yet been made available by railway or good roads?—Do you mean, are there still left considerable areas of Crown, Native, and private lands in the North Island which are not yet within the influence of a railway-line?

99. Yes?—Then I answer, Yes.

100. With regard to the access, you said the land on the west side of Lake Taupo would be more readily served by the Main Trunk line?—Yes.

101. Do you know there is a very big range of hills through which it would be very difficult to construct a railway?—Yes. I did not speak of the construction of a railway. I was asked whether I thought the general access to this land would be through to the Main Trunk line, and my answer was Yes, I thought the land on the western side would be chiefly served by access to the Main Trunk line.

102. *Mr. Myers.*] Will two-thirds of the remaining idle Crown and Native lands be served by this proposed extension of railway to Taupo?—The word “remaining” is troubling me.

103. The remaining unoccupied land?—“Will the remaining lands still in the hands of the Crown and the Native lands be served or helped by the extension of this railway-line?”

104. Yes, what proportion?—Within the Crown land area?

105. Yes?—That I could not really answer.

BERNARD CRACROFT ASTON examined. (No. 7.)

1. *The Chairman.*] What is your position?—Agricultural Chemist.

2. Probably you are aware of the prayer of the petition?—Yes.

3. There is no need for me to explain it?—No.

4. Will you be good enough to tell the Committee your views from your own standpoint?—I have a few notes here which I have prepared, on pumice soils. Pumice soils are classified as coarse sands, but the word “sand” conveys rather a wrong impression, sandy soils usually consisting of a large proportion of silica in the free state (quartz), a substance incapable of yielding the necessary food for plants. Pumice contains a less amount of silica, which is in the combined state, and a larger amount of plant-food, than the majority of sands. The pumice sands of the North Island central volcanic plateau are an example of a soil which has undergone the least possible alteration from the original eruptive rock from which it was derived. Usually soils are formed by the weathering and disintegration of rocks and by the action of moving water in transporting, grinding, hydrating, and sorting out the rock-particles. Some of the more soluble constituents of the original rock are dissolved out and lost; other constituents are oxidized or hydrated; so that the resultant soil possesses characters widely different from the parent rock. On the other hand, although of the same chemical composition as granite, pumice, owing to its vitreous or slaggy nature, is not readily attacked by the chemical influences which produce disintegration of granite; yet, owing to its vesicular and porous nature, and the ease with which it is comminuted, pumice will form a soil and support luxurious plant-growth without previously undergoing the same amount of weathering necessary to reduce granite to a soil. A pumice soil may therefore contain all the elements, and in the same proportion in which they are present in the original rock, with the addition of a certain amount of decaying organic matter. The essential difference between pumice and granite is that pumice reached the surface of the earth and quickly cooled from the molten condition, resulting in the formation of a light, vesicular, non-crystalline mass, easily reduced by the volcanic and other forces to a fine powder, having an apparent specific gravity less than that of water, and therefore more easily wafted over the face of the country by wind and water currents; whereas granite cooled very slowly below the earth's surface, which has enabled the component minerals to crystallise out. These decompose unequally under the chemical weathering agencies, thus gradually allowing of the disruption of the mass of rock. Eruptive rocks as a class give rise to very productive soils, but as these rocks differ widely from each other this statement must not be accepted without some reservation. They contain all the elements necessary to support plant-life, but some acidic eruptive rocks, such as obsidian (volcanic glass), pumice, and the volcanic ash derived from its pulverization, decompose with extreme slowness, owing to their glassy nature. Basic eruptive rocks are much more easily weathered, giving rise to red or dark-coloured heavy soils; the acidic eruptive rocks, on the contrary, are with difficulty weathered, and give rise to soils light in texture and colour. The volcanic glass soils of California are usually unthrifty, and bear a small growth of pines; but there is a vast difference between the rainfall of California and that of Taupo. So far as one can learn, there is no other country having similar climate and agricultural characters as those obtaining on the New Zealand volcanic plateau. Here we have large areas of flat and hilly land covered to a depth of many feet with a layer of wind-borne pumice at an altitude of from 1,000ft. to 5,000 ft., with a rainfall of 50 in. to 70 in., and varying in its vegetable covering from forest to desert scrubs. It is the copious rainfall which probably saves the situation, for in dry climates sterility follows a light soil resting on a permeable subsoil (Warming). The pumice soil readily allows the heavy rainfalls to rapidly drain away, and, owing to the excellent capillarity of the soil when compacted, permits the soil-water to ascend from below where this is possible. Owing

to the absence of clay-particles the soil can be worked at any time, wet or dry, without danger of puddling. The entire absence of clay-particles is indeed a matter for regret. On the Kaingaroa Plains, owing to the alternate freezing and thawing, the young plant may be "heaved" out of the ground. This is due to the upward expansion of the surface soil in freezing, the plant-root being thereby ruptured. On thawing, the soil surrounding the upraised plant is apt to settle down, especially in the case of rain, leaving the stock and roots exposed either to drying or freezing, as may be. It is a matter of common remark that the clovers grow luxuriantly in cleared-bush pumice lands; and even on the scrub lands, where the wild horses and cattle have tramped and manured the soil, the white clover has successfully established itself. This is no doubt due to several reasons: the chief is that clover-seed has been introduced by stock, but there are also the facts that it germinates under favourable soil-conditions. The droppings of stock act extremely favourably as an ameliorating agent on pumice soils. The complex organic acids formed by the decomposition of organic matter (humic acids) act strongly upon the more readily decomposable silicates in the soil, and in the course of time will dissolve out most of the plant-food. The underclays of coal-beds and the lower portions of peat-beds, as well as peat and coal ashes, are almost wholly destitute of mineral plant-food (Hilgard). It has been shown that the richer the organic matter humified is in nitrogen the more energetically it acts in rendering available the mineral matter of the soil for plant-nutrition (Snyder). With the increase of humus in the soil there is also a corresponding increase in the amount of mineral plant-food which may be extracted from a soil by 4-per-cent. ammonia (Ladd). The intensity of nitrification is dependant upon the porosity of the soil (Hilgard). The greater the porosity the more intense the nitrification, by which is meant the conversion of the inert nitrogen of humus into active soil nitrogen, the most expensive fertilizer-ingredient. It is probable that in these pumice soils the oxidation of humus will be exceptionally rapid, and the valuable nitrates will be washed away and lost unless some check is imposed. It is always found that humus accumulates if the soil be kept covered by vegetation, whereas if the soil be kept stirred, or if vegetation is unable to cover the surface, the humus is fast oxidized, and the soil thereby depleted of this all-important constituent. The clothing of these desert scrub plains with a permanent sward of vegetation would therefore suggest itself as a possible method of treatment, but before this is accomplished it may be necessary to sow green leguminous crops such as clovers, alsike, cow-peas, vetches, and plough them in. The dominant plant-food required for legumes is potash, and this is present in abundance in the pumice. The selection of a suitable crop must be carefully considered, and plot experiments should precede any extensive planting, in order that the dictates of theory may be verified. It may be found possible to grow lucerne as a permanent crop, though the altitude and inland situation must be remembered in considering what is a suitable leguminous crop to introduce. Where the pumice is loose and apt to be blown about by the wind the planting of belts of quick-growing trees (even though such may be useless for purposes other than shelter) and live fences, such as gorse and broom, should be experimented with in an endeavour to mitigate the effect of wind and frost. Some areas richer in humus will be found suitable for the growth of root crops such as beet, mangolds, and turnips, which would form a most welcome addition to the pasture ration of stock. The depth of the pumice layer and the nature of the underlying rock are important points to be ascertained. It is possible that this will exercise a considerable influence on the fertility of the super soil. At Tongariro, for instance, there is beneath the pumice a rock richer than it in plant-food (Thomas). Leguminous deep-rooting plants such as lucerne are able to obtain their food several feet below the surface. To effectively establish lucerne may require dressing with lime, and this entails railage facilities from Te Kuiti. Improvement in pumice soils must depend largely on increasing the store of humus and by application of phosphatic fertilizers. There is some evidence that superphosphate is the most suitable phosphate to apply. I attach great importance to the need of increasing the content of humus on pumice lands not only because it will improve the mechanical condition of the soil, but because a very great increase in the availability of the plant-food may thereby be effected. There is not wanting evidence that pumice soils are capable of very great improvement. Where humus has accumulated large amounts of available phosphoric acid and potash are found—for instance, at East and West Taupo (J 853-4), at Tokaroa Plains, at Arahiwi (G 37), Oteroa (M 798), and Rotorua (L 1121)—and this is not due to there being a greater amount of plant-food in the original rock, for the total amount shown by analysis is often not greater in the richer soil than in the poorer. It seems certain, then, that when once these sandy plains are covered with vegetation they may be expected greatly to increase in fruitfulness.

5. *Mr. Newman.*] You said it was the copious rainfall that saved the situation?—I think so.

6. What is the effect of rainfall on manure—does it wash it right through?—In the case of nitrates it would wash it out, but nitrates are not the only class of ingredients valuable in fertilization; phosphates are always retained. The ground is full of potash. It is not all in an available condition; but all the samples I have analysed have been rich in available potash.

7. Without nitrates the vegetation would be very poor?—You must have nitrates.

8. Have you tried practical experiments on this soil?—No, unless analyses are practical experiments. You mean plot experiments?

9. Yes?—They are being tried at the present time.

10. Your experiments have been in the laboratory entirely?—With one exception I think. We have a series of experiments at present going on at Te Pu, near Rotorua—that, of course, is on pumice soil—but they are not completed yet. I have personally seen those experiments, and it is from those experiments that I consider superphosphates will have a great ameliorative effect on this pumice land.

11. What quantity of superphosphates per acre do you estimate will be wanted?—From 3 cwt. to 5 cwt.

12. How many years would you expect its effect to last in the soil?—It is impossible to say how long—practically for ever. So long as you keep the soil-covering the effect will be prolonged indefinitely.

13. Will it not wash out?—No, phosphates do not wash out; it is only nitrates that wash out. The phosphates becomes less available in certain cases.

14. Do you consider this land suitable for growing roots especially?—Yes, certainly.

15. Rather than grain?—Roots are suitable in places where there is enough humus to keep the moisture—for instance, in swamp areas which have been drained, and in swamp lands near Rotorua where there is a fair amount of humus in the soil.

16. You are favourably impressed with the possibilities of this land?—Oh, certainly.

17. *Mr. Guthrie.*] In the event of fertilizing the soil and putting grass on it, do I understand that it would be permanent as long as the grass remained on it?—I said the effect of the superphosphate would be permanent.

18. Would the grass remain on it?—That is another matter. There are other factors that come into the matter which you must inquire of the biologists and people dealing with the grasses, such as Mr. Cockayne.

19. You said that a dressing of from 3 cwt. to 5 cwt. would be required?—Yes.

20. What length of time would that one dressing keep the vegetation there?—I would not say definitely on that point without a plot experiment. Of course, we have experiments in other parts in which we know how long the superphosphates have lasted, but they are not applicable to this case; they are in different soil.

21. You think this land is capable of being brought into productiveness?—I am certain of it.

22. This country is not all level?—No.

23. What is your opinion of the lasting productiveness of these hilly portions?—It depends largely on the slope. On some of the hill portions it would be very difficult to say. For instance, the Kaimanawa Range is very broken land and very steep; but where the slope was gradual I should think it would be quite possible to establish some leguminous plants.

24. Will the surface dressing on the broken country require redressing?—Could you give me an instance of the type of country?

25. Say such as this [map referred to]?—A re-dressing of superphosphate would have the effect of increasing its fertility.

26. The soil could be regrassed?—Yes, I think so.

27. *Mr. MacDonald.*] You have stated that you are satisfied this pumice land is capable of growing root crops?—Yes.

28. Is it not also capable of producing fruit?—It would produce fruit, no doubt, in places where there is sufficient humus and the other factors were favourable—that is, the wind, shelter, and so on.

29. Are there any other crops it is capable of bearing in addition to root crops?—Yes, cereals such as oats and maize. I have recommended maize in this country where the humus is in an insufficient amount, and I think maize would be successful there.

30. Having regard to the fact that the land requires manuring and a large amount of work to bring it into cultivation, do you not consider it is advisable to work it in small areas?—It is certainly suitable for small areas—that is, cutting it up and planting live hedges and windshelters on it. That is the only way in which it can be worked.

FRIDAY, 13TH OCTOBER, 1911.

H. J. H. BLOW, Under-Secretary for Public Works, examined. (No. 8.)

1. *The Chairman.*] The Committee has asked you to attend before it so that we may secure some information, if you possess it, regarding the railway-line at present owned by the Taupo Totara Timber Company, its state of efficiency for carrying passengers, freight, &c. Perhaps it would be better for you to make a statement with regard to it?—Yes. The line was not authorized as a railway. It was authorized as a tramway, and it so called in the Order; and all the correspondence relating to it speaks of it as the Taupo Totara Timber Company's tramway, so that the Department would not look at the work quite so closely as it would have done had it been authorized as a railway intended for the public conveyance of passengers. I have been over the line, but it was some years ago, and, of course, I cannot say whether it is in the same condition to-day as it was then. When I went over it its condition as to maintenance was very good for a tramway in connection with a timber-mill. There are many curves, and they are of very short radius.

2. Do you know what the radius is?—The majority are  $1\frac{1}{2}$  chains. The line is worked at present with special rolling-stock. They have an engine built by the Heisler Company—a geared engine—and the maximum speed of it is twelve miles, but it practically never makes that speed, so that it takes about eight hours to run from one end of this line to the other. Of course, that could be got over by using a different engine. The present engine is incapable of travelling faster, I think. The line is not authorized for the public conveyance of passengers. There is a clause in the Order in Council which states that in the event of the company using the tramway for the conveyance of passengers suitable vehicles shall be provided, and it shall not be used until passed as safe and fit for traffic by the Minister of Public Works. The Department realized that the line was scarcely in such good order as to carry passenger traffic, and that provision was inserted—that it should not be used for passenger traffic until it had been passed as fit for such traffic.

3. *Mr. Reed.*] How long is the line?—Fifty miles, approximately.

4. And you say that it takes eight hours to go that distance?—Yes.

5. *Mr. Newman.*] What is the condition of the tramway as compared with an ordinary railway?—That is rather difficult to answer. Some tramways are as good as some railways, but this tramway is not according to the standard of the Government railways, if that is what you mean.

6. A tramway is a sort of inferior railway?—A tramway is usually designed to carry a different class of traffic from a railway. It does not travel at the same rate of speed nor carry such heavy loads. This railway is incapable of carrying, without material alteration, traffic such as the Government railways carry.

7. If the extension were granted to Taupo, would the existing portion be fit for passenger traffic?—Not as now existing.

8. *Mr. Guthrie.*] It would simply mean practically relaying the line?—Do you mean substituting heavy rails for the existing rails?

9. Yes?—I think that would be the case. These rails are of a lighter character than on any Government lines to-day.

10. Is the gauge the same?—Yes.

11. And the curves?—I think they would have to be re-aligned.

12. What are the grades?—The grades are good, and the steepest, I think, is 1 in 47. But the excessive curvature means that they make a greater distance, while taking out the curves would mean shortening the distance, and without inspecting the plans I do not know what effect the re-alignment would have on the grades.

13. *Mr. Fraser.*] Do I understand that before passengers are allowed to be carried on this line there would have to be considerable improvements made on the line itself?—That would be in the judgment of the officer who inspected the line, who might not think as I do. My own opinion is that considerable improvement would be required.

14. Is not the weight of rail a factor where you consider speed more than safety?—It is both, because we have had instances in New Zealand of rails breaking, but this line is very heavily sleepers. It has more sleepers than some of the Government lines, because the company had plenty of timber at its disposal.

15. Do you know what the rails were?—30 lb. rails were laid. We do not use anything lighter than 55 lb. now, and 70 lb. rails on main lines.

16. Then, if the extension of the company's line to Taupo were seriously considered there would have to be considerable expenditure on this line before it would be considered fit for traffic?—Undoubtedly. I think the company realize that.

17. Then, is it probable that the new portion would be constructed in a similar way to the present portion?—If used for the same purpose.

18. I mean for the extension?—If it were intended for the public conveyance of passengers it would have to be laid in a way approximating to the standard of the Government railways.

19. Would the line already formed require to be brought pretty nearly up to the standard of the Government railways—I do not mean as far as the weight of rails is concerned?—I think it would require to be brought pretty well up to the Government system in all respects.

20. You want a heavy rail to carry a heavy engine, and you cannot get a high speed without a heavy engine?—The speed is not the only matter to be considered. If this line is to carry a general goods and passenger traffic, the company would have to run heavier engines in order to haul the greater weight, even at the same speed. Of course, the line would have to be certified as fit for traffic. Very short trains, at low speeds, might be run over the line. The curves are not so sharp as some of those used on the city tramways. The company could hardly run such trains as are run now on the Government lines, and probably the public would demand that. The line, when it gets to Taupo, will be about seventy miles long, and if there is any considerable traffic the public will agitate for a far faster service than there is at present; and to allow passenger traffic to be run in a satisfactory manner the line must be put into approximately the same condition as the Government railways.

21. *Mr. Myers.*] The speed at present would presumably be about five miles an hour?—A little faster—fifty miles in eight hours.

22. If this were a Government railway, having regard to the contour of the country, what would you consider the average speed should be to bring it into conformity with the Government line?—About fifteen miles an hour.

23. I believe, Mr. Dalziel, in his evidence, stated that Mr. Coom, a former Government Railway Engineer, gave it as his opinion that this line, with some slight improvements, was sufficient to bear a heavy traffic: you disagree with that statement?—I am afraid I must disagree with it. The line is capable of carrying passenger traffic now, but if you wish to run a train at all like the train from Auckland to Rotorua, the line would require to be materially altered.

24. The sleepers you say are exceptionally heavy?—Numerous.

25. What is your opinion with regard to the condition of the formation of the ground for heavier trains and engines?—The formation is all right. It runs over pumice country, but the company cannot alter the nature of the country they traverse.

26. The embankments are of a light character?—Yes, something like the Government lines, but the cuttings are narrower than would be permitted on Government railways. Most of them have no "batters," but are vertical, and comfortably wide enough for the company's railway to get through.

27. So that it would require a faster engine, heavier trains, as well as material alterations in the formation of the track, to bring the railway into line with the Government standard?—That is so.

28. *Mr. MacDonald.*] Supposing the company were to use the new motor railway service—I understand the Government are getting something of the kind out from England at the present time?—Yes, we have some in operation already.

29. Well, seeing that the passenger traffic to Taupo would not be anything like the traffic to Rotorua, would the company's line be fit to run a motor train?—It certainly would not run the motor train we are running from Auckland to Henderson. We could not get our engines round the  $1\frac{1}{2}$ -chain curves.

30. It would not be necessary to have such a heavy line for a motor engine?—No, that is a train consisting of one car. If the train consisted of one or two cars the line would run such a light train.

31. *The Chairman.*] Do you know anything about the bridges on that line?—The bridges were designed by a thoroughly competent man, an ex-engineer of the Public Works Department; and I think they would be satisfactory. I did not examine them. I did not get off the railway.

32. When an Order in Council gives permission to carry passengers, do you insist that the line should be inspected, and, if so, how often?—The law requires that the line shall be inspected before passengers can be carried over it. There is no period stated as to how frequently the line should be inspected afterwards; but it can be inspected whenever the Minister of Public Works so directs.

33. If an expert stated that the Department did not demand any standard of efficiency in the permanent-way where passengers were allowed to be carried, would that be correct?—I should say it is quite incorrect. The Order in Council does not contain any particular clause saying that a certain degree of efficiency shall be arrived at; but it is safeguarded by a provision that the line shall not be used for traffic without being inspected and passed. The inference is that the Department would require a certain degree of efficiency.

34. Can you tell us how often surfacemen go over the ordinary Government lines to inspect them?—Every day, without exception.

35. As passengers have been carried on a line by permission of the State, do you demand, then, that it shall be inspected every day? The Department is not aware that passengers are carried on the line; but some may travel occasionally, as it would probably be impossible without a force of policemen to prevent passengers using it occasionally.

36. You are aware, of course, that the company has stated through its solicitor that if it did offer the line to the Government it would be properly repaired in accordance with the demands of the State?—No, I am not aware of that.

37. I might ask you as to the class of timber used in the bridges?—As the company is a timber company, I should think the bridges would be first class.

38. I hear that some of the sleepers on the line are rimu; but mainly the official report says the line is in very good condition?—Yes; some of the sleepers originally used on the Government lines were rimu.

39. *Mr. Fraser.*] After the line had been once passed by the Government, and the license was granted to carry passengers, would there be any further responsibility on the part of the Government to see that the line was maintained in that state of efficiency which it might deem advisable?—There is no responsibility.

40. I do not mean responsibility for accidents, but would the Government feel themselves called upon to see that the line was maintained properly—what is the practice?—The Government does not usually feel itself called upon to make an inspection unless moved to do so by receiving complaints.

41. With regard to the Manawatu Railway, which was a private line, the Government did not make any inspection of that line, did they?—Yes, on two or three occasions.

42. There was no regular inspection of the line?—No regular periodical inspection.

43. *Mr. Reed.*] What guarantee do you get from the owners of private lines that they will keep up the maintenance of the line in the same way that the Government do—that is to say, the Government have surfacemen spread over the line who are constantly watching its upkeep?—Do you mean that we require a company to enter into any bond?

44. In what way do you safeguard the interests of the passengers in the future?—There is full provision for that in the Public Works Act, enabling the Minister to inspect the line at any time.

45. The only safeguard is that you have the power; and presumably you would ascertain whether there was any laxity on the part of a private company in the upkeep of the line?—That is so. We have full power to cancel the license.

46. Some small defect may be allowed—for instance, the sleepers might be changed?—The company is fully liable in damages. If an accident occurred on a railway through negligence, they have full responsibility at law. In addition, we have a full power of inspection under the Public Works Act.

47. *Mr. Dalziel.*] You say this line was originally laid with second-hand rails?—Yes, I understand so. The report made by the Government Engineer who first inspected the line stated that that was so. Possibly he was misinformed. I have no other information than that.

48. The whole line was laid with new rails, purchased in England, 30 lb. in weight?—I have no information about that.

49. With regard to the question of speed: when you spoke about the train taking eight hours, you were speaking of the timber trains?—That is the only train running that I am aware of.

50. Do you know that an engine goes through in four hours—an "A" engine?—An "A" engine can probably do it in that time. I went through in about six hours myself.

51. You were inspecting it part of the way?—I went to have a general inspection—not in detail. I did not get out of the train and walk over the formation.

52. What is the average rate of Government goods-trains?—I cannot say.

53. It is pretty slow, is it not?—Yes, except the long-distance through goods-trains.

[Mr. Blow desires to state that in answering a question he incorrectly replied that he was under the impression that the rails were not new when laid.]

## EDMOND CLIFTON examined. (No. 9.)

1. *The Chairman.*] What is your position?—Director of Fields and Experimental Stations in the Department of Agriculture.

2. Are you acquainted with the land which is covered by the petition of the Taupo Totara Timber Company?—I know the land fairly well throughout the greater part of the Taupo country; but I do not know that I am familiar with the particular piece.

3. You see the map there [pointed out]?—Yes. I am fairly well acquainted with the part coloured green, except perhaps that part which is at the end of the Taupo Totara Company's railway. That was bush when I knew the country.

4. Would it be suitable to you if we asked you questions—would you prefer that?—Yes.

5. *Mr. Newman.*] What is the character of this country?—The whole of the country is, of course, affected by volcanic action. It is all practically pumice country. As a general view of it, one would say that the country was poorer in the immediate vicinity of the lake, and improving as the distance from the lake itself increases, that especially applying to the eastern side of the lake.

6. Does it carry any vegetation now?—The vegetation is principally the ordinary tussock—the so-called silver-tussock principally—that is, vegetation in the form of anything like grasses. The usual tea-tree and the scrub, usually called the black scrub of Taupo (*Dracophyllum*) are found on the plateau and plains. The hills, or many of them, are bush-clad.

7. Is bush land better land after it is cleared?—The bush land is undoubtedly the best, and the hills are better than the plateau. The principal work going on at Taupo in the way of improvement applies more to the swamp lands than to the plateau country.

8. What sized holdings do you think that land could be cut up into?—As it is now?

9. Yes, with the railway?—Very large holdings; with the railway they would be lessened; but in fairly large ones, in any case.

10. Is it not a fact that if you wish to improve it you must tread it down, and you must have small holdings?—I do not know that that follows. I think the country must be fairly well subdivided into small paddocks. It is certainly pastoral country in the first instance, and not arable land.

11. Does it grow good roots?—So far, the roots have been principally grown on the swampy land; but a great part will grow roots.

12. With or without manure?—Absolutely with manure. That applies to the greater part of the North. Manure has to be applied quite liberally. I do not think Taupo is different in that respect from many other parts of New Zealand.

13. You have had experience of that sort of thing: do you think manuring in that pumice land has the lasting effect that it has in other parts of the country?—The usual thing in light land everywhere is that the lasting effects are not great. The manure is used up quickly. On that light land the manure is very available to plants. But the manure from the stock no doubt disappears on land with such an open formation underneath: it is pumice.

14. Is it pumice on the top and a sort of rock underneath?—Not usually. There are great variations in the soil. One would exclude those areas that are of pure pumice: they would come in later. It is pumice mixed on the surface with a certain amount of soil. In places it is a brownish to light-coloured clay, while in other places the pumice is very much in evidence; but in few cases do you find the rock close to the surface. In fact, I hardly know any country in this district where the rock would affect calculation.

15. Have you seen the settlements on the Murimotu Plains, near Waioru?—Not very much, except by passing through on the railway.

16. You take a hopeful view of this country?—Decidedly.

17. And think it is amenable to treatment?—Yes. It is on that account that I have induced the Department to make experiments. It is only now several experimental plots are being completed throughout this district.

18. How does fruit grow there?—Very well indeed.

19. Without manure?—Fruits may grow without manure, but all orchards are fertilized.

20. Are there any large swamp lands in that district?—The whole area of swampy land would be fairly large, but no one swamp is of any extent.

21. Do you think that swamps are good?—They are certainly useful, and usually easily drained.

22. It is not peaty?—No. The drainage is not usually expensive.

23. Taking it all over, you think the land would improve very much by occupation?—I think two-thirds in the course of some years will be useful land for settlers.

24. *Mr. Reed.*] Do you know the class of land that the proposed route passes through at the present time?—I know it to a certain distance south of the Waikato River—not the last twenty miles of it.

25. Do you know the class of land between Rotorua and Taupo?—Very well.

26. Which is the better land, that on the proposed railway route, or the other—is there any material difference?—In quality I do not think there is very much difference, but on the coach line the country is broken and hilly. The other road, *via* Waitapu would be easier.

27. I was speaking with regard to the nature of the country?—Some parts are very broken indeed.

28. *Mr. Forbes.*] Do you think from your knowledge of this country it is very necessary that there should be a railway through it before it is profitably settled?—I do not think profitable settlement is possible until better communication is provided.

29. Do you think a reasonable amount of settlement can be effected along this comparatively poor country if they have communication?—Yes, the better part of it immediately, and almost all for pastoral purposes.



30. Would you say that a man would require a fair amount of capital to take up land of that sort?—He would be perfectly hopeless without a liberal amount of capital; all the land has to be improved.

31. It must be improved in grassing?—Yes, and it must be fertilized for any purpose.

32. What sort of feed is there for stock?—Over the greater part there is no useful feed for stock at all. That country has stood unoccupied for years; no one has attempted to do anything with it.

33. Is there any stock about there?—Not in that immediate vicinity.

34. Are there any rabbits there?—There are, but they are not numerous.

35. Any wild horses?—Not so many as there were. They have been shot off.

36. *Mr. Guthrie.*] What will be the comparison between this country and the Murimotu country?—It is very similar country in quality, and it is a beautifully-shaped country—low hills, rolling downs and plateaus, and the greater part of it well watered.

37. You think as good results could be got in this country as in the Murimotu country?—Yes, over the greater part of it; and from the experiments we have made for years past there is great encouragement. The red-top grass (*Agrostis canina*) is not a first-class grass, but it is growing well.

38. What is the rainfall?—I cannot speak as to that, but I think it is a fairly liberal one.

39. The experiments that you have carried on you think enable you to say that there is a likelihood of the pasture lasting?—Our experiments have been definitely toward the provision of pasture. The first of these plots was laid down about six or seven years ago. It is between Waiotapu and Galatea, and there this red-top grass is certainly very promising indeed. It has lasted through six years, and, I think, seven. Fescue also does very well in that country, but it is not one of the grasses that is very much appreciated.

40. Do you think this land would have to be cut up into fairly large areas and is only suitable for moneyed men to take up?—Fairly large areas; and capital would certainly be required to work it.

41. In your experience as a practical man, would two hundred acres be sufficient?—That would not be sufficiently attractive. I should be very unwilling to take up two hundred acres there.

42. What is your idea of the value of the land?—I do not know. It is a question one cannot answer very well. Possibly, as compared with Matamata, the Matamata land is worth ten times as much as this Taupo land.

43. Do you know Waiotapu?—Yes.

44. Is there any land in that vicinity worth £20 an acre?—For farming purposes?

45. Yes?—There may be a swamp fairly valuable, but I should think it was absolutely out of the question. It would not be a price affecting the country we are speaking of.

46. Are the swamps there different in character to those of the Waikato?—Usually they are better. The vegetation there is to a great extent raupo, flax, and toe-toe; and in the Waikato swamps it is principally rushes and tea-tree.

47. There is only a small proportion of the whole area that can be classed under the head of swamp land?—Taking the whole area it is comparatively so. I think there are three million acres altogether in the Taupo country.

48. You think it is absolutely necessary to have communication there before the land is tackled?—I think, undoubtedly so. All this country requires fertilizers, as all other country. It is a long way to cart. It is expensive, and fertilizers and supplies can be obtained easily. I do not think the country can be attacked without railway communication.

49. You know the whole distance between Taupo and Rotorua, and also between the southern end of the line and the Main Trunk line which do you think is the proper connection?—The country we are speaking of, undoubtedly, from the northern side.

50. The present line or the line that has been spoken of from Rotorua to Taupo—which do you think would open up the most country?—If I were a settler at Taupo I should prefer it from Putaruru, inasmuch as the distance would be shorter.

51. But from your knowledge of the country?—From Putaruru.

52. You think that would serve the largest area of land?—I think so.

53. *Mr. Fraser.*] Have I understood you rightly: you said just now that in the Waikato the land was ten times as valuable as the land within the green area on the map?—Yes.

54. Were you comparing unimproved land about Matamata with unimproved land here?—I was comparing Matamata land unimproved as against unimproved land at Taupo.

55. You have no personal knowledge of that block marked yellow on the map—the Native land?—Yes, I have been right over it from the Waikato through to Tokaanu on the western side of the lake.

56. What is the character of that country—is it bush, open country, or fern country?—A great part of it nearest to the lake is covered with tussock; here and there is tea-tree. On the higher part there is the cotton-plant, or mountain-daisy (*Celmisia*). Nearer the ranges it is bush country. There is some very heavily timbered country.

57. Is the soil on that class of country as good as the average of that block within the green line?—I think about the same; possibly less pumice.

58. You said just now that no one except with considerable capital and fairly large areas would venture upon occupying that country?—That is my opinion.

59. Well, supposing the company proposed to carry that line down to Taupo and to acquire a large area of land, and were to spend a lot of money in improving the land, would that land, after it was improved and grassed, be suitable for occupation in small areas?—A great part of it would be suitable in reasonably small areas.

60. What would you call reasonably small areas—200 acres or 2,000 acres?—I should say, nothing less than 500 acres—excluding any very rich land, as swamp land.

61. Is it country, after improvement, at all capable of being used for dairying purposes?—I should think that could only apply to very small areas indeed.

62. It is more stock-grazing country?—Yes, far more for stock-raising than for dairying.

63. In your experience, can land suitable for stock-raising—either sheep or cattle—be occupied in small areas as arable land on which you can grow crops for dairying purposes? Land that is suitable alone for the grazing of stock cannot be occupied profitably in as small areas as land which is suitable for dairying purposes?—It cannot be occupied in such small areas.

64. *Mr. Myers.*] You are quite satisfied that, as far as growing root crops is concerned, that country has passed the experimental stage?—Decidedly. Of course, you have land of many varying descriptions there. On the greater part of it root crops can be grown.

65. But no cereals?—Cereals as a rule will not be produced there; neither is the North Island a cereal-producing country. As a matter of fact, I have bought oats myself as long ago as 1876 grown by the Maoris in that country.

66. Oats and barley can be grown in the North Island: it is more a question of harvesting, is it not?—No, it is more that it is a suitable country for grazing. It is more profitable for grazing than for cereals.

67. By fertilizing the land you think fruitgrowing can be carried on profitably?—Yes.

68. And maize?—I should think not. Maize requires very rich land. Maize in itself is a great consumer of plant-food.

69. An expert stated yesterday that it could grow maize?—As far as that goes, I have seen maize grown there very successfully, but that does not apply to any great extent of the country.

70. What would you think the average cost per acre would be to break in the land and fertilize it, having regard to the nature of the country you are acquainted with?—I suppose the farmer considers he has done very well when he gets rough land into use at £6 to £10 an acre.

71. Presuming that the company were allowed to purchase this land and break it in, would it not be more suitable for close settlement because labour is naturally required to keep it in a satisfactory condition?—Undoubtedly.

72. And you would consider, if subdivided, it should not be in less than or about 500 acres?—I think so.

73. *Mr. Dalziell.*] Apart from the quality of the soil, are the general conditions in this district suited to settlement?—Yes.

74. Would you say they are exceptionally favourable—the climate, for instance?—I should think the climate is the finest in New Zealand. Apart from its present isolation, it would be eminently suitable, so far as health conditions are concerned.

75. And the cultivation of the soil would be very cheap in the working of the land?—It is very light land, and easily worked.

76. It does not contain much clay, and is easily ploughed at any time and in any weather?—The greater part could be cultivated at any time.

W. D. S. MACDONALD, M.P., examined. (No. 10.)

*Witness:* In regard to this country, the great bulk of it is in the Bay of Plenty Electorate, and during the past three years I have been considerably interested in the country and have been through a large portion of it on three occasions—that is, from Taupo to Mokai, and from Taupo to Rotorua *via* Atiamuri, and from Rotorua to Taupo *via* Waiotapu.

1. *Mr. Fraser.*] Where is Mokai?—The end of the company's railway. On each occasion that I travelled through the country I was looking at it with the view of thinking out the best method of settlement—the general character of the land and its capabilities for settlement purposes—and I came to the conclusion that there were very large areas of land that could be profitably occupied for farming purposes—that is, principally sheep-farming. Of course, like all large areas of country in the North Island, there are patches of the land that I consider would be of no value at all from a productive point of view—that is, for grass or agriculture. It would be suitable for tree-planting and shelter. To my mind the greatest necessity for opening up and developing that country would be the means of transport—that is, for bringing manure and other materials required for farming, and also for transporting stock from the country to the nearest markets by rail. Of course, it is clear that the best means for doing that is by railway. From Putaruru to Mokai and on to Taupo, the company's line would pass through large areas of country that I consider could be profitably worked in reasonably-sized areas. My idea is that the areas of that class of country to be held by one person should be about 500 acres to 5,000 acres, because a great deal of the low-hill country cannot be cultivated, and will need to be crushed heavily with stock to bring it into grass. On my last visit to that part of the district I went over Mr. Vaile's and Mr. Butcher's properties at Strathmore, with a view to seeing what farming operations they were carrying out on the land. I found that on Mr. Vaile's property a considerable amount of work had been done in ploughing and growing root crops, and at the time of my visit there were several paddocks of turnips that seemed to be from fair to average crops—a crop that would run about six to eight sheep to the acre for several months. There are, of course, some considerable areas of swamp land throughout the portions of the district I visited. The main swamp I saw that seemed to me to be of the greatest value was near Waiotapu. That is already in occupation as freehold land. There are about 10,000 acres in that swamp. It is really what could be classed as first-class land when drained. There is a good fall down the Waiotapu River into the Waikato River. Shortly I might say, on viewing the country I was convinced that very large areas of it would be suitable for profitable occupation, providing there were means of transport to the land; and without railway communication it seems to be practically impossible to develop the country, because in growing root crops it would be used for fattening purposes for some years to come before stock could be successfully wintered on the land. Stock would have to be fattened on rape or turnip and trucked away to the nearest market. In my

opinion this great area of land should be developed, if possible, either by the construction of a Government railway or by a private line. It is clear that under present conditions, without the means of access, the land will lie in the unproductive state that it is in at present. We have had it in evidence here that the Crown already owns nearly half a million acres of land in that locality, and, of course, owing to the necessity for manures and fertilizers to successfully work the land, no settlement has taken place. I feel sure, if railway facilities were given, that a very great deal of the country would be taken up for settlement purposes. There is another aspect of the question that is worthy of consideration—viz., that if this land is taken up and occupied it will save the State a very considerable amount of money annually in the destruction of rabbits and noxious weeds. I might say that I am particularly interested in this phase of the question, because there is a fear on the part of people in the Poverty Bay district, where I live myself, that the rabbits will eventually get through from the Galatea and Taupo districts to Poverty Bay. At the present time, although there are no rabbits within sixty and seventy miles of Gisborne, the people there are paying a rabbit rate in order to keep the rabbits back on the Taupo side of the country; but as the bush is being gradually chopped down it is feared that it will not be many years before it will be an easy matter for the rabbits to get right through from the Taupo district to Gisborne. In my opinion the only way to successfully cope with the rabbit difficulty in that district is to see that the land goes into occupation. I think it has already been stated that this particular class of country—and there are from two million to three million acres—can only be profitably worked and occupied by giving railway facilities either by the Government or private individuals.

2. You say there are from two million to three million acres, but all that land is not under the review of this Committee: you mean in the whole of the Taupo district?—What I wish to convey is this: that it is estimated there are 800,000 acres of Native land and 400,000 acres of Crown land in this particular area under review. If it can be shown that this country can be profitably worked and occupied, then there is an area of a million acres of a similar class of country that will be benefited.

3. *Mr. Newman.*] Are you in favour of private enterprise in the making of railways?—I am not really in favour of private enterprise undertaking a work of this kind; but I prefer to see it undertaken by private enterprise rather than that the country should be lying idle and unproductive for the next fifteen years.

4. *Mr. Reed.*] Do you consider it essential, in the interests of the country, that railway should be constructed to the shores of Lake Taupo?—Yes. Dealing with the prayer of the petition, I think the proposal—providing nothing can be done by the Government—to extend the company's line to Taupo and to spend a sum of money in attempting to develop the country and show what it can produce would be in the best interests of the settlers and of the people of this Dominion. I have no doubt about that.

5. *Mr. Fraser.*] You have been all over that country—roughly?—Yes, a good portion of it.

6. Has the construction of the present line from Putaruru to the bush in any way encouraged settlement upon the portions of the country it runs through?—Not to a very great extent, so far as I know. It has been held in very large areas.

7. It is privately owned?—Yes, a good deal of it.

8. What is the state of the country at present—is it in a state of nature?—Practically. Going further into the bush at Mokai there is a good deal of stock there—principally cattle, no sheep at all that I know of—but no one can fail to be impressed with the possibilities of the place, because it is beautiful-lying country. Of course the question of fertilizers is the whole difficulty, and what it is going to cost to bring the land into a state of profitable productivity.

9. In your experience of that country, is it such that a man of small means could venture to take up a small area at present?—At present I should say he would not have any chance with a small area, and I do not think a man of means with a large area could do much with it at present.

10. In fact, it is country that requires a good deal of money spent upon it?—Yes, a good deal of money.

11. *Mr. Myers.*] Knowing the great demand that exists for land at the present time, and from your knowledge of the country, do you believe if the ground were properly broken in it is likely to be taken up?—Yes, I feel confident of that, with a reasonably good means of access, it having been proved to be suitable.

12. You think there would be a demand for it?—Yes, it is a very healthy part to live in.

F. G. DALZIELL recalled. (No. 11.)

*Witness:* I wish to remove what I think may be a misapprehension with regard to one or two points. It has been suggested that we are asking for the right to acquire a large area of land with the idea that if we can sell it and make a profit out of it we shall do so, but if not we shall throw it up, so that we stand to make a big profit and not to make much loss. I want to make it plain to the Committee that that is not the position at all. I think it should be a condition—if the Committee is favourable to this proposal—that the syndicate should not be permitted to acquire this area of Native land until it has completed the railway to the satisfaction of the Public Works Department—that is, completed the railway to Taupo. That is a condition which, I have no doubt at all, the Natives will insist upon before they sell to the company, because the inducement to them to consent to the sale of this large area of land is that the balance of their lands will be benefited by the improved access: so that before this land can be acquired the railway must be completed. Therefore the whole of the lands of the district, including the 650,000 acres of Native land and about 350,000 acres of Crown land, will get the benefit of the improved access, and the company will have to take the risk of loss on the capital invested in the railway. In addition to that it will also no doubt be a condition that the purchasing syndicate is to pay in cash for the area it acquires. If it acquires 200,000 acres it will have to pay not less than 5s. an acre, so that it will actually have to pay in cash, before it can get this land,

the sum of £50,000. It is then under obligation to dispose of that land within a term—whatever the term fixed, say ten or fifteen years. It is quite plain, I suggest, that it cannot hope to dispose of that land unless it spends a considerable sum of money in the development of portions of it, so that there is no question of this company making any profit out of the transaction—rather, there is no question that the company is going to make a large profit, or any profit, out of this transaction without taking a very great risk indeed. It runs the risk, of course, that it may lose all its capital invested in the railway. It might not be able to obtain purchasers for the land it acquires within the ten years' term, at the expiration of which time the land would have to be disposed of even if it fetched only a penny an acre, so that the company also stands the risk of losing that £50,000 and any money it puts into the development of the country. It has also been suggested that there is something in the nature of a monopoly intended to be created. It is said that we are going to have a monopoly of the thermal sights, and that by virtue of that monopoly we may exclude people from these sights. That seems to be a little illogical, because this syndicate is a railway syndicate, and the more people it can attract to Taupo the better chance there is of its railway paying. Therefore it is interested and its sole interest lies, in getting as many people as possible to visit the thermal sights, so that it has every inducement to make them attractive. It is not as if it were a private syndicate going to take it over for private purposes and keep it from the public. The syndicate's very existence depends upon the public getting access to the country and its sights. More than that, the syndicate would have no power to exclude people from these sights. At Wairakei the hotel is a licensed house, and any one who goes there is entitled to accommodation. At the Spa, the hotel is held under Government lease which requires that accommodation shall be given at fixed rates—for instance, 7s. 6d. per day, and the highest price the lessee can charge is 12s. 6d. These are the rates fixed by the Government lease, and when that lease expires in forty years the Government, of course, gets control of the property. The Terraces are held under lease from the Crown on exactly the same terms. So there can be no question of the exclusion of the public from any of these properties. I think these are all the facts I desire to bring before the Committee. I would, however, like to say this: I hope, if the Committee is favourable to the proposal, that it will not propose specific conditions which the parties might not be able to fulfil. As I said, we do not want to get what we are asking for except upon conditions which the Committee will think reasonable, and all I would suggest is that in proposing conditions the Committee should not make them specific, but as far as possible make them general, so that there will not be any obstacle in the way of a fair arrangement. It was suggested that I might be asked some further questions after all the other witnesses were examined, and I have to say that I shall be very glad to give any further information if the Committee requires it.

1. *Mr. Fraser.*] Do I understand that if your proposal is given effect to you would be under no obligation to acquire any particular area, or any area at all, of this land from the Natives—that you wish to be absolutely free in that respect—No. I have not looked at it in that light before. We do not hope to get the line through unless we get this area of 250,000 acres. The suggestion is that the capital would be available to us if we can get that area. We cannot be bound to get a certain quantity, because the Natives have to agree to sell it. Our desire is to get what these people are asking.

2. That is not exactly an answer to my question. Do you suggest that you should be allowed to complete the line to Taupo and carry out your project as far as the Thermal District is concerned, without being in any way bound to acquire and thereafter improve any of the Native or Crown lands which you may acquire—that you will not be bound to take up the land?—That did not occur to me at all before. When one is negotiating with capital it is a little difficult to commit oneself to a definite statement. What we are trying to do is to find some means to extend our railway to Taupo and use it profitably. You know, of course, the difficulty there always is when negotiating with capital. You have to satisfy people. The point has not occurred to me that you might want us, or to force us, to take up a certain quantity of land. Of course, you have always to remember that we have to buy it from the Natives at whatever they will sell it at. If we are forced to buy it they might say their price was £1 or £2 an acre, and I do not see how we can get over that difficulty.

3. The Committee may be inclined to support the proposal with the view of facilitating the settlement of a large area of absolutely unproductive land just now?—Yes.

4. The Committee might not be inclined to the proposal if the company wanted merely to extend the line in order to make the Thermal District at Taupo more accessible. How is the Committee to be protected?—In regard to that I say this: that we have to take an Order in Council upon terms fixed by the Government experts as to rates. These rates, no doubt, will be reasonable rates—reasonable, I mean, from the point of view of the public. They must not be rates that will not pay, otherwise the railway will not be built. They must be fair to the promoters and fair to the public. Now, if the Taupo country gets the benefit of the railway on these terms, then it gets an enormous benefit: the whole of these lands then become available for settlement. What we are asking is to be allowed to take up this land. We are asking for a concession of something that will be of benefit to us; but if you make conditions and place any difficulties in our way with the Natives, they will say, "You must buy this land, and we want so-much." My own opinion is that the scheme will not go through unless we can purchase the land at something like what we are asking. So far as the negotiations have gone, that is the condition on which that capital will be available, and only on that condition will it be available.

5. Yes, I can see your difficulty in that respect—I saw it before: that is why I was rather surprised that, before approaching the Government or the Committee at all, those who propose to give effect to this scheme have not made some arrangement by which, if a scheme were entered into and the railway were made, they would be certain to get a given area of land. Options, you know, are constantly being entered into?—We could not get an option over this country without an Order in Council.

6. You might have got an option conditionally on certain things being done?—That is what I think we shall have to do. We were in this position: this capital is available now—that is, assuming we can comply with requirements. The reason why we brought this matter before the House this session is that we cannot hold that capital until next session. We shall probably lose the opportunity if we have to wait until after next session. That is the reason why we were forced to bring the matter before the House. It was necessary to come before it this session, and our purpose in bringing the matter before the Committee and the House is that we might ventilate the whole of the proposals in the hope that it would facilitate a fair arrangement.

7. *The Chairman.*] Following up what Mr. Fraser has said, if you build the proposed line as laid down, will not that almost naturally increase the value of the land through which it passes?—Which it serves, certainly.

8. Would it not be better for the company to purchase the land before putting down the line?—Our proposal is to purchase this 200,000 acres.

9. Will that be the first step you will take?—Yes.

10. Your intention is not to put the line down in order to tap the thermal regions?—No, sir. Our purpose is to make our own present line have a permanent value—that is, the Taupo Totara Timber Company's line. It is a purpose we have been trying to find some means of carrying out for many years, and it is only by reason of the recent attention that has been drawn to the pumice lands and their suitability for farming that we have arrived at the conclusion that we can carry out that project.

11. Has your present line no value unless this proposal is granted?—It has a value, but what we anticipate is that in the course of fifteen years possibly our timber will be cut out. At the present time it pays us to run our railway for the purpose of carrying our timber. What we hope to arrive at is, when our timber is gone, to find some other traffic for the railway which will enable it to be run as a paying concern. Therefore, if we can get the line completed to Taupo, the better it will be for us and the better for the whole community, because the whole of the community will have a daily railway service to Taupo.

12. Have you entered into any negotiations at all with the Maori chiefs in connection with this land?—I have in this way, that I have discussed it with Heuheu and one other of the Native chiefs. You can hardly call it negotiating, because one cannot enter into any formal commitment.

13. Has any suggestion been made as to any probable price you will be asked to pay for the land?—No. In the past, when the Government has purchased, the highest price paid has been 4s. 6d. an acre. We do not know what we shall have to pay for this country. It will have to be a price equal to the Government valuation of it, whatever that may be.

14. You have secured options over all the places in the thermal regions?—I have options at Wairakei, Taupo, and the Terraces. I include the Spa in Taupo.

15. Suppose you suggest 4s. 6d. as the highest price to be paid for the land, and the Maoris decline to take anything like that sum, what would become of the scheme?—If they ask a reasonable price I presume we shall pay it. The scheme has to be a payable proposition or it will not be taken up, of course. Not only that; I suggest it has to be not only a payable one, but a very tempting one, owing to the conditions that exist there.

16. The present Taupo Timber Company, I am led to understand, is not in a flourishing condition? You cannot say that. It is making a substantial profit for a concern like that. It is purely a question of how much timber you have. At the present time we have a substantial profit.

17. Did you not lead the Committee to understand that the timber in the bush was two-thirds less than you anticipated?—It is only a third of the original amount we expected. It will result in a loss of capital. You cannot say it is not in a good financial position: that means that you are hampered for finance. That is not so—our finance is in a very good condition to-day.

18. Unless this proposal is granted, I understood, the company will be financially unsound, and the present line will be practically useless when the timber is cut out?—No, it will not be useless. The company owns 50,000 acres of land. The line will be there and available for use by the Taupo people if Taupo develops sufficiently to make it pay working-expenses. But our suggestion, which I say is in the interest of the whole community, is to complete it at once and maintain it as a permanent railway.

## APPENDIX.

## EXHIBITS.

## LIST OF EXHIBITS.

1. Report by Mr. John Coom as to condition of present line from Putaruru to Mokai (put in by Mr. Dalziell).
2. Order in Council consenting to construction of tramway (put in by Mr. Dalziell).
3. Telegram from chairman of meeting of Putaruru residents to Chairman of Committee (dated 28/9/1911).
4. Telegram from chairman of Taupo District Railway League to Mr. W. D. S. MacDonald, M.P. (dated 28/9/1911).

## PETITIONS (two).

## EXHIBIT No. 1.

## REPORT BY MR. JOHN COOM.

SIR,—

Auckland, 10th March, 1911.

*Re the Taupo Totara Timber Company's Tramway.*

In accordance with your request, I have made an examination of your company's line, and for your information I forward the following report thereon.

## CONSTRUCTION.

As it may be of interest, and as it will enable a comparison to be made with the present condition of the line, I have extracted the following from the original contract and specification.

The line is described as a tramway with sleepers and wooden rails extending from Lichfield to Tuaropaki Bush, a distance of forty-five miles.

## FORMATION.

The grades outwards, from the bush, are stated to be of an average of 1 in 60; inwards, towards the bush, of an average of 1 in 50; in both cases flattened to suit the curves, and compensated to 1 in 45 and 1 in 35 respectively on the straight lines. This resolves itself to a ruling grade on straight lines of 1 in 45 outwards and 1 in 35 inwards.

The minimum curves are limited to 100 ft. (about  $1\frac{1}{2}$  chains) radius in steep sidling ground, and from 3 to 15 chains radius on the easier formation of the line. All curves to be laid so as to permit of being straightened if found desirable to do so.

Cuttings on straight line are to be not less than 8 ft. wide at formation-level, with side slopes as steep as they will stand; on curves to be sufficiently wide to allow of 65 ft. lengths of timber to be carried on two bogie wagons without touching the sides.

On sidling ground the formation to be not less than 8 ft. wide on the solid ground. Embankments to be not less than 10 ft. wide at formation-level, with side slopes of  $1\frac{1}{2}$  to 1.

## BRIDGES AND CULVERTS.

The timber shall consist entirely of heart totara. The bridge over the Waikato River to be of one or three spans, at the option of the contractors. All other bridges to be a succession of small spans of about 15 ft., or understrutted wider spans, at the option of the engineer. They shall be constructed to carry with the usual margin of safety a six-wheel coupled locomotive having 4 tons on a wheel, or a total weight of 24 tons on a length of 10 ft., to be followed by a train weighing half a ton per lineal foot.

## TRACK.

Sleepers to be of sawn timber, 7 ft. by 7 in. by 5 in., heart of totara, matai, or rimu, 2,200 per mile.

Rails to be of timber, matai, totara, or rimu.

Ballast to be of pumice or soil from the sides of the line.

Sidings: Not less than four intermediate sidings or crossing-places to be built, also a siding at each terminus.

## GENERAL.

Generally, the line was to be constructed so as to be capable of being subsequently laid with steel rails, and to be worked by locomotives. It was to be a tramway, and not a railway up to the Government standard, and by reason of the character of the ballast, and desire to keep down cost of maintenance, the speed of locomotives was not to exceed ten to twelve miles an hour, while on sharp curves the speed must be still slower,

By the contract the line should have been constructed by about 1905, but the Order in Council authorizing its working is dated 29th January, 1908.

The Order authorizes the use of horses or mechanical traction, provides for the maintenance at level crossings, and stipulates that should the tramway be used for passenger-traffic suitable vehicles shall be provided, which have been inspected and passed by an Engineer appointed by the Minister of Public Works.

Failing to observe any part of the Order the company is liable to a fine of £5 a day.

Attached to the Order are three schedules. The first describes the conditions under which the line shall be worked, the second includes the scale of charges for passengers and goods, and the third the general regulations.

The cost of the line in the company's books appears to be about as follows:—

						£	s.	d.
Track and formation	..	..	..	..	..	117,629	19	0
Locomotives	..	..	..	..	..	2,905	2	6
Cars and wagons	..	..	..	..	..	5,340	10	6
Tools and machinery	..	..	..	..	..	407	14	11
Cottages and buildings	..	..	..	..	..	816	2	1
Total	..	..	..	..	..	£127,099	9	0

#### EXISTING CONDITIONS.

In the following remarks on the present condition of the line I have divided the subject so as to be more readily compared with the previous extracts from the contract and specification, and to be easier for future reference if desired.

From Putaruru to Lichfield the line is laid on land leased from the Government, formerly used for the Putaruru-Lichfield Railway, which was abandoned several years ago.

#### FORMATION AND TRACK.

The track is constructed to a gauge of 3 ft. 6 in., laid with steel rails weighing 30 lb. to the yard, on sleepers 7 ft. by 7 in. by 5 in., and the line is worked by locomotives, but of a much less weight per wheel than specified in the original contract.

Steel rails of 30 lb. to the yard, even if heavily sleepereed, are scarcely sufficient for axle-loads of 8 tons as provided for in the original specification, although they are quite heavy enough for loads in excess of those they now carry.

The five miles from Putaruru to Lichfield are in good condition, although a little slack of ballast in places. Between Lichfield and Kopokoraki there are two or three rock-cuttings which should be widened. This could be done at a cost of about £25. Up to 21½ miles, Kopokoraki, the track, with the exception of some 3 or 4 miles which may be said to be in indifferent order, is well maintained. From Kopokoraki to Mokai the track is generally in good order.

At present there are fourteen surfacemen employed with a working foreman, and some assistance is afforded by a lad at Kopokoraki and a bridgekeeper at the Waikato River.

At about 26 miles, where the formation has been washed out, the track has been repaired in timber trestle-work. On the outside longitudinal beams are supported by vertical posts resting on solid rock, and on the inner side the beam is let into the rock. The structure is perfectly safe, and quite fitted for existing loads. The banks in many cases are too narrow, and scarcely support the sleepers at the ends.

From Putaruru to Kopokoraki, while the sleepers are mostly totara, there are a good many rimu; from Kopokoraki to Mokai they are all totara. They are of the full size specified, and are being well maintained, the sappy totara and decayed rimu being renewed as required.

The sleepers are not adzed, following the American practice, and rails are laid vertically and wheels are cylindrical. Although this differs from the practice on the New Zealand railways, there is no objection to the method.

The curves and grades are most severe from the Waikato River to Mokai; the easiest section is from Putaruru to Kopokoraki. While the middle section, from Kopokoraki to the Waikato River, has sharp curves and heavy grades, it is lighter than the section from the river to Mokai.

#### BRIDGES.

The main structure is that over the Waikato River. The type may be termed a "braced arch." It has been well built of sound totara timber, and should have a long life; but when the time for repairs arrives considerable difficulty will be experienced in carrying these out on some parts of the structure. This, however, is not a matter for immediate concern: the structure will last very many years with only a trifling expenditure. I have calculated the strengths of the principal parts, and find they are fully strong even for the loads it was originally proposed to carry, and no fear need be entertained as regards the safety of the structure.

The other bridges are structures of small spans of 15 ft. There are ten of these, with a total number of spans of fifty-seven. With the exception of that at Ngatuwera (six spans), which is partly of totara and partly of rimu, all are built of good heart of totara, and will last for many years. They are fully strong for the loads they are carrying—in fact, they are unnecessarily strong, as the original design provided for a much heavier type of locomotive than is now in use.

## ROLLING-STOCK.

The rolling-stock is well maintained, and generally is suitable for the traffic. It should be borne in mind that for working the curves of small radius nothing but bogie stock should be used. The wheel base of "A" class engines (5 ft. 7½ in.) is too long for curves of 100 ft. radius, and it would be better to limit the wheel base to something like 4 ft. 6 in. The Heisler engine seems a good type for the purpose, but has the drawback of being rather too slow for a passenger service. Four engines are in use for working the traffic between Mokai and Putaruru, two of the Heisler and two of the New Zealand Railways class "A" type.

There are two composite vans to carry passengers and goods, and twenty-eight "U" wagons for timber traffic.

## BUILDINGS AND MACHINERY.

The shed at Mokai stables two engines. The machinery consists of a wheel lathe and wheel press in the running-shed. In the machine shop there are two lathes, one shaping-machine, one drill, emery grinders, and small tools. These are driven by the mill engine and electric motors. In the blacksmith's shop are three forges and an annealing-furnace. There is sufficient machinery in thoroughly good order to enable all reasonable repairs to rolling-stock to be carried out on the company's works.

The value of the rolling-stock, machinery, and buildings has been written down in the company's books, an allowance for depreciation having been made.

## WATER-SUPPLIES.

Provision for watering engines has been made along the route at nine stations besides the termini, and with the exception of during specially dry seasons the supply is ample. To get over the shortage in very dry weather it is proposed to make some additions at two or three of the stations.

## STOPPING-PLACES.

There are ten recognized stopping-places other than the termini.

## RECOMMENDATIONS AND SUGGESTIONS.

Taking the whole line throughout, the track is well maintained, and, with the exception of the sharper curves, which will regulate the speeds, is quite fitted for twenty miles an hour, which is fixed by the Order in Council.

It is possible that, should the company apply for a license to carry passengers, a slightly higher standard of maintenance might be looked for, and it would be necessary to consider a daily inspection, instead of an intermittent one as at present. Another surfaceman, or, at the outside, two men, would be all that would be wanted. Now the inspection is made only in rough weather, and when damage to the track may be anticipated. The Order in Council does not seem to demand any standard of efficiency as regards the permanent-way even should passengers be carried on the line.

The facing-points at sidings, where wagons may be left standing, will need to be locked, and stop-blocks provided to prevent wagons fouling main line.

On many of the curves the cant is excessive and should be reduced. It is only necessary to provide cant for the maximum speed to be run: this need not exceed 1 in. on the sharpest curves. Excessive cant, especially when irregularly distributed, is a frequent cause of derailment. On the sharp curves slack to the extent of ¾ in. should be allowed.

Guard or check rails should be maintained where already existing, and should be provided on all curves of 3 chains radius and under.

All engines should be fitted with gear for watering rails. This should be kept in good order, and always used on curves, as both wheels and rails reap the advantage of such lubrication.

The original specification provides that the sharp curves should be so laid that they could be easily improved. It is evident that this has been done in some cases, but, without an inspection of the plans and sections of the line as completed, it cannot be said that the condition exists throughout. I propose, when I can make an examination of the drawings, to send a further report on this point.

The permissible speeds around the curves might vary from eight miles an hour on the sharpest—100 ft. radius—to twenty miles an hour on the flattest—800 to 1,000 ft. radius. With fair maintenance these speeds would be well within the limit of safety.

I am of opinion that had the banks been originally constructed to the full width of 10 ft., with 1½ slopes, they could not have weathered to their present width, and it will be necessary to widen them before applying for a license to carry passengers. The work is not a heavy one, and I think the whole of the banks could be made 8 ft. wide at formation-level for an expenditure of from £300 to £400. I am of opinion that, for safe working, it is unnecessary to make them more than 8 ft. wide, although a wider bank makes it easier for maintenance. On the New Zealand railways the standard bank was originally made 10 ft. wide, they were subsequently widened to 12 ft., and the present standard width is 14 ft., and it was for the reason given above that the existing width was adopted, not on the grounds of safety.

I recommend that the upper surfaces of the arches of the Waikato River Bridge be tarred and well sanded. If properly done and maintained, it will add to the life of the structure, and minimize the danger of fire from engine-sparks.

Should it be decided to apply for license to carry passengers, shelter and accommodation may be asked for at some of the stopping-places. The cost of this need not be large: I estimate that £25 to £30 would be sufficient for each place.



## PASSENGER VEHICLES.

As the cuttings are narrow, I would recommend that windows and platforms of passenger vehicles be protected with metal rods and gates.

In a general way I might remark that I was surprised to find the line and works so efficiently maintained. There is nothing in the condition of the track to-day, with the exception of the narrowness of some of the banks, to which any objection can be raised. As I have pointed out, these can be widened at a small cost, and I should have no hesitation in giving a certificate that the line is fit for passenger traffic at moderate speeds, say, twenty to twenty-five miles an hour on the straight lines, as soon as this has been done.

## ESTIMATED COST OF ALTERATIONS AND ADDITIONS.

Widening cuttings, Lichfield-Kopokoraki	..	..	..	..	£	25
Widening banks, Lichfield-Mokai	..	..	..	..	..	400
Accommodation at stopping-places	..	..	..	..	..	200
Providing stop-blocks and point-locks at sidings (say)	..	..	..	..	..	50
Total	..	..	..	..	..	£675

I have, &amp;c.,

JOHN COOM, M.Inst.C.E.

The Chairman of Directors, Taupo Totara Timber Company.

## EXHIBIT No 2.

## ORDER IN COUNCIL.

*Counties of Piako, East Taupo, and West Taupo.—Taupo Tramway.*

## PLUNKET, GOVERNOR.

## ORDER IN COUNCIL No. 1.

At the Government Buildings, Wellington, this 29th Day of January, 1908.

Present: The Right Honourable Sir J. G. Ward presiding in Council.

In the matter of the Tramways Act, 1894, and the Counties Act Amendment Act, 1903; and in the matter of an application made by the Wellington Industrial Development Company (Limited), as the promoters under the provisions of the said Act.

## Recitals.

WHEREAS the said Counties of East Taupo and West Taupo are counties wherein the Counties Act, 1886, is not in force: And whereas the Wellington Industrial Development Company (Limited) has constructed a tramway from Putaruru, in the Piako County, to Mokai, in the County of Taupo, a distance of fifty-one miles or thereabouts: And whereas a tramway has with the consent required by law been constructed in the said counties as shown upon the plans of the said tramway deposited in the office of the Minister for Public Works at Wellington, and marked P.W.D. 22755: And whereas more than two-thirds of the said tramway lies within the said Counties of East Taupo and West Taupo: And whereas application has been made by the said company pursuant to the provisions of section 3 of the Counties Act Amendment Act, 1903, for an Order in accordance with the Tramways Act, 1894: And whereas the Council of the Piako County having been applied to has not consented to the said application: And whereas it is expedient to grant the said application:

## Operative part.

Now therefore His Excellency the Governor of the Dominion of New Zealand, in pursuance and exercise of the powers and authorities in that behalf vested in him by the Tramways Act, 1894, and the Counties Act Amendment Act, 1903, and of any and every other power and authority enabling him in this behalf, and by and with the advice and consent of the Executive Council of the said Dominion, doth hereby authorize and empower the Wellington Industrial Development Company (Limited) (hereinafter called "the promoter") to constitute, maintain, and use within the said counties the said tramway: Provided always that the powers hereby conferred upon the promoter shall be deemed to be subject to the regulations and upon the terms and conditions following, that is to say,—

## Short Title, &amp;c.

1. This Order may be cited as "The Taupo Tramway Order No. 1," and it shall come into force on the date hereof.

## Motive power.

2. The power to be used upon the tramway shall be steam or other mechanical power, or horse traction.

## Surface level of rails.

3. The rails shall be laid and maintained so that the uppermost surface thereof shall be approximately on a level with the surface of any road on which it shall be constructed, and so that at all times ordinary vehicles can cross the same where it intersects such road with ease and safety: Provided that, if and whenever the local authority having control thereof alters the level of any road along or across which any portion of the line is laid, the promoter shall, if so required by the Minister for Public Works, alter and relay the rails so that the uppermost surface thereof shall be approximately on a level with the surface of the road as altered.

## Maintenance of roadway.

4. The promoter shall at all times repair and maintain in good condition the roadway between the rails of the tramway as well where double as where single lines are laid, and in every case so much of the road as extends eighteen (18) inches beyond the rails of and on each side of the tramway.

## Traffic.

5. For the purpose of enabling His Majesty the King and his licensees to exercise the rights reserved to them by a deed of covenant dated the first day of July, one thousand nine hundred and one, and made between the Taupo Totara Timber Company (Limited) and His Majesty the King, a draft whereof is filed in the office of the Native Minister in Wellington, the promoter shall, when reasonably possible, and if required by the Minister for Public Works so to do, run one train three times in each week from Putaruru to its other terminus, and a similar service from that terminus to Putaruru, and shall carry in such train timber and farm-produce from any lands which now are or were at the date of the said deed of covenant Crown lands, at the rates specified in the Second Schedule hereto.

## Part VIII, Public Works Act, 1905.

6. The promoter may use the tramway for the purpose of carrying goods, and may also, after the provisions of Part VIII of the Public Works Act, 1905, have been complied with, use the same for the purpose of carrying passengers; and the tolls and charges as fixed by the promoter, but not exceeding those mentioned in the Second Schedule hereto, shall be chargeable for the use of the tramway subject to the regulations in that behalf in the Second and Third Schedules contained.

## Rolling-stock.

7. In the event of the tramway being used for passenger traffic, suitable vehicles for the conveyance of passengers shall be provided by the promoter, but they shall not be used until they have been inspected and passed as safe and fit for traffic by an engineer to be appointed by the Minister for Public Works.

## Failure to comply with order.

8. If the promoter fails or neglects to fulfil any of the requirements of this Order relating to the maintenance of traffic, it shall be lawful for the Governor by Order in Council to impose upon the promoter a fine of five pounds for every day or part of a day of such default, such fine to be recovered in any Court of competent jurisdiction by any person appointed by the Governor to recover the same.

## Failure to comply with Act.

9. If the promoter fails or neglects to observe, perform, fulfil, or keep any of the requirements, conditions, and provisions of the Tramways Act, or any other Act for the time being in force relating to tramways, to the full intent of the same, or to observe any by-laws, rules, or regulations which may from time to time be made and passed under the provisions of the Tramways Act or any other Acts for the time being relating to tramways it shall be lawful for the Governor by Order in Council to revoke this Order: Provided always that the powers and remedies by this clause vested in the Governor shall not be exercised unless and until the Governor has first caused to be given to the promoter, or left for it at some principal or conspicuous part of the works, a notice in writing of the intention to exercise the same, and of the specific breach or breaches in respect of which the aforesaid powers or remedies are intended to be exercised, and default has been made by the promoter (after the giving or leaving of such notice) in repairing or remedying the breach complained of for the following spaces of time:—

- (a.) For the breach of any by-law, rule, or regulation referred to in this clause, thirty days after the giving or leaving of such notice;
- (b.) For any other breach except as aforesaid, sixty days after the giving or leaving of such notice.

## Compliance with order.

10. The Governor shall be the sole judge of the fact whether the requirements of this Order have been complied with, and he may from time to time make inquiry into any matter connected therewith or arising hereunder in such manner as he may think fit, and his decision shall be final.

## Conditions.

11. This Order shall be subject to the provisions and conditions contained in the First, Second, and Third Schedules hereto.

## Saving rights of the Crown.

12. Nothing herein contained shall be deemed in any way to interfere with or affect or abridge any rights or powers that may be vested in His Majesty, or in the Governor on his behalf, or otherwise under any Act of the General Assembly authorizing the construction of railways, or the erection, construction, working, or management of any other public work which his said Majesty or the Governor

on his behalf or otherwise may be authorized to erect or construct; nor shall His Majesty, or the Governor, or any person on his behalf, be liable to pay to the promoter any compensation for injury done to the said lines of tramway by the construction of any such railway or any public work as aforesaid, or for the loss of traffic occasioned thereby, or for the exercise of any such right or power as aforesaid.

#### FIRST SCHEDULE.

- (a.) Trains shall be deemed to include a locomotive only, or a locomotive accompanied by one or more vehicles, or in the case of horse traction the equivalent thereof.
- (b.) Each train shall be accompanied by a driver, fireman, and guard.
- (c.) Brake appliances shall be equal in efficiency to those in use on the Government railways before the Westinghouse brake was applied to them.
- (d.) Head and tail lights shall be used on each train.
- (e.) The tramway shall be maintained in good order and condition, and efficient in every respect for the traffic carried upon it.
- (f.) The traffic upon the said tramway shall be conducted under an efficient system sufficient for the purpose of such traffic.
- (g.) Warnings shall be given when trains are approaching road-crossings.
- (h.) Notice-boards shall be maintained at road-crossings.
- (i.) The speed of trains shall not exceed a maximum of twenty miles per hour.

#### SECOND SCHEDULE.

##### Fares, Tolls, and Charges.

The scale of maximum fares, tolls, and charges which may be demanded and taken by the promoter in respect of the tramway is as specified below:—

##### FARES FOR PASSENGERS.

	s.	d.
For any distance over 0 m. but not exceeding 10 m. . . . .	1	3
"    10 m.          "    20 m. . . . .	2	6
"    20 m.          "    30 m. . . . .	3	9
"    30 m.          "    40 m. . . . .	5	0
"    40 m.          "    50 m. . . . .	6	0
For children over three years and under twelve years of age . . . . .	Half-fare.	
Children under three years of age in charge of an adult . . . . .	Free.	

But not more than two children shall travel free in charge of one adult; any in excess of two to pay half-fare.

##### PARCEL RATES.

	Not exceeding					
	10 m.		40 m.		50 m.	
	s.	d.	s.	d.	s.	d.
For every parcel up to 3 lb. weight . . . . .	0	6	0	6	0	6
"    over 3 lb. but not exceeding 7 lb. weight . . . . .	0	6	0	6	0	9
"    "    7 lb.          "    14 lb. . . . .	0	9	0	9	1	0
"    "    14 lb.          "    28 lb. . . . .	1	0	1	3	1	6
"    "    28 lb.          "    56 lb. . . . .	1	6	2	0	2	3
"    "    56 lb.          "    84 lb. . . . .	1	9	2	3	2	9
"    "    84 lb.          "    112 lb. . . . .	2	0	2	6	3	0

##### RATES FOR GOODS.

Class I.—Goods in cases; oats, chaff, potatoes, and other agricultural produce in bags; machinery, carts and wagons, oil, wool, flax-fibre in bales (loose fibre will not be accepted for carriage)—in lots of 6 cwt. and over:

10s. per ton up to 10 miles inclusive; for each additional mile 9d. per ton shall be added.

Class II.—Coal in bags and other raw minerals, lime, bricks, cement, fencing-wire, sheep-skins (in bundles), iron fencing-standards, green flax—in lots of 1 ton and over (lots of 6 cwt. and over, but less than 1 ton, will be charged at Class I rates):

8s. per ton up to 10 miles inclusive; for each additional mile 6d. per ton will be added.

## Class III.—Timber, sawn or hewn.

1s. 2d. per 100 superficial feet up to 10 miles inclusive ; for each additional mile 1d. per 100 superficial feet will be added.

Split post and firewood will be carried at half sawn-timber rate.

Goods not otherwise specified will be charged Class I rates for lots of 6 cwt. and over.

## CHARGES FOR SMALL LOTS.

	Not exceeding				
	10 m.	20 m.	30 m.	40 m.	50 m.
Over 1 cwt. but not exceeding 2 cwt. .. ..	s. d. 2 0	s. d. 3 0	s. d. 4 0	s. d. 5 0	s. d. 5 6
„ 2 cwt. „ 3 cwt. .. ..	2 9	4 0	5 6	7 0	7 6
„ 3 cwt. „ 4 cwt. .. ..	3 0	5 0	7 6	8 6	9 6
„ 4 cwt. „ 5 cwt. .. ..	3 0	6 0	8 6	10 0	11 0

For the purpose of computing the above tolls and charges, the distance between Putaruru and Mokai shall be deemed to be fifty miles.

Within the limits of the aforesaid maximum scales, the promoter may from time to time fix and alter the fares as it thinks fit.

## THIRD SCHEDULE.

*General Regulations.*

Passenger fares will be collected in advance.

Charges on parcels and goods must be prepaid by consignor or by consignee before delivery.

All goods (except Class III) will be loaded and discharged by the company without extra charge.

Poisonous or injurious substances will not be received by the promoter unless securely packed.

The promoter may decline to receive broken, damaged, insecurely packed, or leaky packages.

Goods which have arrived at destination and are not taken delivery of by the consignees within four (4) working-hours after arrival are thereafter held by the promoter as warehouseman at the owner's sole risk, and may be charged storage as follows : not exceeding 56 lb., 2d. per day ; not exceeding 112 lb., 4d. per day ; exceeding 112 lb., 2d. per day, per ton, for the first working-day ; and for each working-day or part day thereafter, one-half the above rates.

When goods, parcels, and luggage specified as " Owners' risk " in Part V of the Passenger Fares and Goods Rates, 13th November, 1904, issued by the New Zealand Government Railway Department, are charged at the ordinary rates, such goods, parcels, and luggage will be received, held, and conveyed at the sole risk of the owner, but they may be received, held, and conveyed at the risk of the promoter subject to the following limitations, upon the consignor specifying at " Promoter's risk," in which case the rate may be increased by one-fourth of the ordinary rates.

The liability of the promoter for loss or damage is limited to £10 for any package containing certain classes of goods, specified as " Special Goods " in Part V., Government Railway Tariff 13th November, 1904, unless such goods are declared by the consignor to be " Special goods " and the value is stated.

Any package which exceeds in value the sum of £250 is also declared to be " Special goods," and will be carried under special contracts only. When goods are declared to be " Special goods," and the value is also stated, a charge of 2½ per cent. on such value may be made for insuring the same. The value of each package must be stated separately.

The promoter reserves the right to inspect all goods, parcels, and luggage before insuring or accepting the same for transit. For this purpose, if considered necessary, any package must be opened by the sender at his own expense.

If any package contains any of the goods specified as " Dangerous " in Part V of the Government Railway Tariff, 13th November, 1904, the word " Dangerous " must be marked on the package, and full particulars of the contents must be specified. The promoter is not bound to carry any such goods.

The promoter will not be responsible for the delivery of any goods by any particular train or at any particular time.

Approved in Council.

Clerk of the Executive Council.

## EXHIBIT No. 3.

[TELEGRAM.]

Chairman, Parliamentary Committee Taupo Railway Extension, Wellington.

Putaruru, 28th September, 1911.

At largely attended and fully representative meeting of residents of Putaruru held last evening, following resolution was carried unanimously, to be telegraphed to you: Residents of Putaruru request the

favourable consideration by the Parliamentary Committee of the proposed extension of the railway-line to Taupo, such extension being of vital importance not only to local residents but to all surrounding districts.  
C. M. Dowd, Chairman Meeting.

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EXHIBIT No. 4.

[TELEGRAM.]

W. D. S. MacDonald, M.P., Wellington.

Wairakei, 28th September, 1911.

THE executive committee of the Taupo District Railway League, the members of which have an intimate knowledge of the country traversed by the Taupo Company's line and the proposed extension, affirms opinion scheme for land-settlement embodied in company's proposals as only means practicable of developing these pumice lands, giving to neighbourhood immediate benefits of railway communication, and will be of inestimable value Europeans Maoris alike, and it commends the scheme to the favourable consideration Committee of the House. Present state affairs entails annual loss revenue to Dominion, being impracticable collect rates from Native lands at present being unproductive. Further opposition can only be considered as against true interests of district.

GRAHAM, Chairman.

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