

With regard to the indigenous forests which lie to the westward of the railway route, it must be pointed out that the Taupo Totara Timber Company is conducting sawmilling operations in the locality, and is taking out the timber by its line of tramway from its mill at Mokai to Putaruru, a station on the Government railway. This company has extended a logging tramway from Mokai to its bush in the vicinity of Oruanui Village, and had in contemplation the establishment of a mill in the latter locality. It was represented on behalf of the company that these western forests were equally accessible from its tramway, that the company was negotiating with the Government regarding some arrangement for taking out the timber from these forests by way of the tramway, and that it was not in the public interest that another line should be constructed to deal with this timber when suitable means of transit already existed.

The company has authority under its Order in Council to charge 4s. 8d. per 100 ft. for a distance of 54 miles, and carriage by tramway involves transshipment at Putaruru of timber for other stations on the Government lines, whereas the present classified rate on the Government railways is only 4s. 3d. (subject to a surcharge of one-seventh) for 225 miles, the estimated distance from Taupo to Auckland.

Subject to the result of the negotiations mentioned, we have assumed that the indigenous forests in question, other than those owned by the Taupo Totara Timber Company (Limited), may be considered as sources of traffic for a railway between Rotorua and Taupo if such railway be constructed within the next ten years.

Reference was made in the course of the proceedings to an offer which has been made by the settlers whose lands would be served by a railway from Rotorua to Taupo to have their lands rated to the extent of an average of 1s. per acre as a contribution to the cost of constructing the railway. We find that this offer is embodied in a petition which, we were informed in evidence, has been presented to Parliament on three occasions, the last occasion being in September, 1920. The paragraph in the petition dealing with the matter reads as follows:—

That while firmly believing that a railway from Rotorua to Taupo would from the tourist traffic alone pay at least the average rate of interest, we recognize that under existing financial circumstances it is the duty of landowners who would be benefited by public improvements to contribute to the cost of these improvements. We therefore offer to have our lands rated to the extent of an average of 1s. per acre, as a contribution to the cost of the proposed railway, and to have our lands declared a rating-area for that purpose—Crown, Native, and European lands all to be placed on the same footing. Roughly, we consider that lands within twenty miles of the railway—or, say, 2,000,000 acres—would be benefited; but the natural features of the country should be taken into account. We are therefore willing that the boundaries of the suggested rating-area should be settled by Government officers and the contribution of each owner by Government valuers, the basis to be the amount of benefit to be received by such owner. An Assessment Court to be subsequently set up to hear objections, if any, to the inclusion of any particular lands in the area, or to the amount of any contributions levied. The rate to be payable only if the said railway is open for traffic on or before 1st January, 1926, and shall be payable in one sum on 1st January, 1927.

As it is a condition of the offer that the railway from Rotorua to Taupo should be open for traffic on or before the 1st January, 1926, and there is no probability of this condition being fulfilled, we have not taken this offer into consideration.

ORDER OF REFERENCE NO. 1.—PROBABLE TRAFFIC.

In estimating the extent of the traffic which may reasonably be expected to be conveyed over a railway between Rotorua and Taupo, or the vicinity thereof (connecting with the present Government railway at Rotorua), if such first-mentioned railway be constructed, the Commission has considered traffic at present in sight and available for a railway completed in the immediate future—say, within the next ten years. If sufficient funds be available the railway could be completed and equipped in seven years from the date of undertaking.

The passenger traffic is estimated to average 66 passengers per day each way, which, at an average single fare of 7s. 6d., will produce £47 6s. per day. To this is added £2 14s. for parcels, luggage, &c., making a total of £50 per day, or £15,650 per annum.

It is estimated a traffic of 30,000,000 superficial feet of timber per annum will be obtained from the indigenous forests, and 7,500,000 ft. of timber and 2,614 trucks of posts, mining timber, and firewood from the Government plantations. The timber is expected to produce earnings for the new line of £39,892 per annum.