

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