

is estimated by the Rotorua objectors to this petition that on the completion of a passenger line to Taupo the annual number of passengers going to this district would be not less than twenty thousand, providing annual revenue of £12,000. This estimate is probably not excessive, and there would seem to be no doubt that this increase in the passenger traffic, and the traffic arising from the land-development, would within fifteen or twenty years make up for the loss of the timber traffic at the expiration of that time. We have realized for some time past that if our line is to have a permanent value we must make it available for the whole Taupo district as speedily as possible, because unless the district is developed while the timber traffic is bearing the bulk of the cost we will find when the timber is exhausted that there has not been sufficient development to provide the traffic necessary to pay the running-cost. It is not a matter of great importance to the company that its line should be purchased by the Crown in the near future; on the contrary, its timber business would be better served if it continued to hold the line until the timber is cut out. But what is of importance to us (and I suggest of even more importance to the community) is that the public should know as speedily as possible that the Taupo district will be permanently served by a railway, so that they may be encouraged to assist in developing this district before the timber, without which a line to Taupo cannot at present be run, is exhausted. After considering the matter very carefully, and going into it very fully, we are convinced that every year you refrain from putting this line through means a year wasted in the development of the country; and it also means taking away some of the produce which may be found ultimately necessary to the continued running of this line. Our purpose naturally is to get every possible assistance to make this line have a permanent value, and anybody who knows this district as I and Mr. MacDonald do will realize that the one important thing is to get the line through to Taupo as speedily as possible, in order to take advantage of this timber traffic, because that is all there is to pay for the running of the line in the near future. The resources of the district, we are satisfied, will not do that. We believe that it is hopeless to expect any of the Public Works Fund to be devoted to the development of the district while there are richer lands calling for railway services; and we have for some time past been endeavouring to arrive at some scheme whereby the district can finance its own development. It is not practicable to impose a rate on such country, and the only feasible scheme seems to be for the district to pay in land for the line. This is the conclusion at which we have arrived, and, as nearly the whole of the land to be served by the extension is either Crown or Native land, we have found it necessary to approach Parliament. We realize that there may be some prejudice against this line being taken over by the Government, owing to the fear that funds may be diverted from other districts, and we therefore think it well to say at once that we are content to look for payment for our line out of the lands in the district to be served by it. I might explain that the Taupo property includes about 8 acres of land in the centre of the Taupo Township, which is at the proposed terminus of the company's line. It also includes some land on which The Spa is situated, through which the company's line will go. My reason for acquiring that property was that it would very much facilitate the company's operations at its terminus. I would like to say, also, that the whole of this property is available to the Crown at cost price if it takes over the railway. Our proposal, shortly, is that the line completed to Taupo should be purchased by the Crown at cost, approximately £180,000, and should be paid for out of the Crown and Native lands to be served. There are about 800,000 acres of Native lands and 350,000 acres of Crown lands, and the Natives are willing to sell a considerable area of their lands. We therefore suggest that the Crown should purchase with the moneys annually set apart for the purchase of Native lands a portion of this area at present values, and that the purchase-money for the line should be a charge upon the proceeds arising from the sale of the Native lands so purchased and the Crown lands. We are also willing to run an efficient passenger and goods service on the line for the period of fifteen years, and that the Crown should only then be compelled to purchase if the service is proved to be payable. We suggest, however, that the proceeds of sales should be paid over to the company as realized, to be secured by a first charge on the company's assets, and to be repayable if the line is not taken over. It will thus be seen that we are content to make the purchase by the Crown contingent upon the successful development of the district. It may be said that this proposal does not give the public an assurance that the line will run permanently, but we are satisfied that settlers would be content if the only risk they ran was the prospect of the land not producing a profit. If this proposal does not meet with approval, then we ask in the alternative that the company should be allowed to purchase an area not exceeding 200,000 acres of Crown or Native land at present values, to be settled within a reasonable time on such terms as may be agreed upon. We also ask that we should be given an Order in Council permitting us to extend our line to Taupo. In asking this we are not asking any monopoly. As Mr. Short informed you, it only involves the right to cross certain roads. Before concluding my evidence I would like to make it plain that in this matter the only interest the Taupo Company has is to get back the value of its line, and then only if it is worth that sum as a permanent line. I would like also to take this opportunity of contradicting certain rumours in circulation tending to prejudice these proposals. It is said that we have secured a monopoly of the hotels and thermal resorts in the district. This is not true. Options were taken over the Wairakei, Taupo, and Terraces properties, but the whole of these options were abandoned. Recently, however, I have been offered the Taupo property on satisfactory terms, and arrangements have been made whereby it will be available to the company, and, if desired, to the Crown, for the purposes of its terminus, if the line is constructed. Apart from this, neither the company nor any of its directors or shareholders has, I believe, any interest in the Taupo district which will be directly or indirectly served by this proposal. It has also been said that this company has some connection with the Tongariro Company, and that they are aiming at some monopoly. There is no foundation for this suggestion. There has never been any association or negotiation