

ton to £2 10s.?—My statement is that the cost of carriage from Rotorua to Taupo has not been £5 a ton.

*Hon. Sir J. Findlay:* Our point was this: that before we started a railway cartage from Rotorua to Taupo was as high as £6 a ton, but as soon as we started the railway it has come down to £2 10s.

106. *The Chairman* (to witness).] You do not deny that?—No; but it is not due to the competition of the railway, but owing to the fact that they are now able to cart over a much better road.

107. *Mr. Buchanan.*] Is this fifty-six miles of road metalled?—No, it is pumiced, because we have no metal in the district.

108. *Mr. Wilson.*] You would not suggest that a man could cart goods over than fifty-six miles at £2 10s. a ton and make a profit?—Yes; the road has been improved.

109. *Mr. Buchanan.*] The road has been improved by formation and not by metalling?—That is so.

110. *The Chairman.*] You were over this road before six years ago?—I have lived on the east coast within what is known as the Bay of Plenty for the last sixteen or eighteen years.

111. And you were over this road before?—Yes, many years before.

THURSDAY, 12TH SEPTEMBER, 1912.

F. G. DALZIELL recalled. (No. 8.)

1. *Mr. Buchanan.*] Your idea of financing the completion of the twenty miles from Mokai to Taupo was from the sale of Crown land now in the possession of the Government and of Native land to be subsequently purchased, was it not?—You would hardly call it financing on that. We would have to find the capital ourselves, of course, and it would give us greater security to offer if the price of the railway were to be secured by this land. In the meantime we would have to finance it on our present assets—that is, we would give a first charge over the whole of our present assets for the money necessary for the extension. But we cannot hope to get our present debenture-holders to agree to that unless we get some security of the kind mentioned. We would not want the cash immediately; we would wait until the land was sold.

2. You would expect the cash in instalments as the land was sold?—That would suit us. It will take some courage to finance it, and we do suggest that if the sales were made it would only be fair that the purchase-money as received should be handed over to the company, if the Crown is satisfied that it has sufficient security for the return of it should the line ultimately fail to make good. The nature of that security would necessarily have to be determined. The Government would have to be satisfied that the security was sufficient for the purpose.

3. Is the share capital of the company all called up?—No, there is about £14,000 uncalled.

4. What about the 43,000 acres of freehold owned by the company: would that be included in the security?—Yes, all our assets.

5. Would you not be in a difficulty as to settling that in the meantime if it were pledged to the Government?—Yes. If the line is purchased all these matters of detail would have to be arranged. I have no doubt the Crown would be glad if we were to dispose of it on terms not affecting their security.

6. Supposing the Government says this: "This tram-line was designed for a specific object—namely, the carrying of timber. As to curves and grades, we could not possibly accept the line as fixed now, because it would mean to a considerable extent shifting the line"?—So far as the grades are concerned, I might say that the ruling grade is better than that from Wellington to Johnsonville.

7. Assuming that, supposing the Government says, "This is comparatively easy country; it would be foolish to adopt the present grades permanently when so much better grades could be got. It would be foolish also to accept the present curves when they could be easily flattened, and consequently we shall have to go to a great expense to put this line on the proper permanent route": what would you say to that?—My answer to that is that that should not be done until the traffic of the district justifies it. You must remember this, that the timber traffic is probably heavier than any other traffic which the line is likely to take at any time. Wagons such as ours, piled high with timber, form very heavy traffic—as heavy as anything, or heavier than anything, the district is likely to produce. This line provides for that traffic now, and as the Public Works Department says, it is equipped and fitted for the Taupo district. The grade is satisfactory, because it is equal to that of the Rotorua line and to the line from here to Johnsonville. The highest grade on the line is, of course, the ruling grade, and our ruling grade is better than the Main Trunk line's. The question of curves, I understand the Department to concur, is simply a question of speed at those points. What we suggest is that not very much more money should be spent on the line until the settlement of the district warrants it.

8. My question was more relative to the taking-over of the line by the Government at the end of the fifteen years than to any alteration now?—At the end of fifteen years they would probably be able to determine whether the line should be improved or whether this Rotorua scheme should not be taken up. It may be that it will ultimately be better to run what might be called the Main Trunk line of that district by way of Rotorua, but in the meantime I think there can be no question at all that this line should be completed to Taupo, because for all time it will be necessary to serve this district by a line of some kind, and until you do serve this country surrounding Lake Taupo by a railway of some kind you will never get the development necessary to warrant the more expensive line.