

separately. As to what Mr. Dalziel described as the "main proposal"—namely, Government acquisition—we offer no objection, provided the following conditions are satisfied: (1.) That the capital cost of the railway is paid for out of the increased value of privately-owned land, as well as land now in the possession of the Crown, or to be acquired by the Crown from the Natives. We welcome the recognition of the principle that the cost of railways should be discharged out of consequent increases of land-values as well as out of working-profits, but the present proposal applies this principle in a partial and unfair way, seeing that there is an enormous area of privately owned land to be served by an efficient railway service at fair rates on the present line and the proposed extension. (2.) That a plan is devised whereby it will not be essential to the project that the Crown should dispose of the freehold title of its lands. Our support of the leasehold system (meaning thereby renewable leases) is for the reason that it secures to the tenant all improvements effected by him, while keeping for the benefit of the State the most of the community-created value, and enables the Crown to insist on proper conditions of improvements and user. Until this system is applied to the whole of the lands of New Zealand (not by buying out the proprietors, but by declining to allow them to appropriate for their individual benefit the result of industry and progress and of the increase of population), we are absolutely opposed to the State parting with any portion of Crown lands. (3.) That the railway shall immediately be operated and controlled by the Crown. A railway must necessarily be a monopoly; it is subject to no competition; and that monopoly ought to be permitted only to the State, and be operated for the public benefit. The device of fixing a maximum scale is an ineffective and clumsy expedient. (4.) That the purchase price does not exceed the fair actual value of the railway-line and rolling-stock. Whatever conditions are stipulated for by the State on purchase, the company will have the benefit of being able to dispose of its permanent-way (*i.e.*, rails and sleepers) *in situ*. We are altogether opposed to the alternative proposal (which was the original proposal) that the company should be permitted to acquire 312 square miles of Crown or Native land, and thus be enabled to appropriate for its own benefit (and at the expense of the community) the much-enhanced values that the evidence shows will probably be obtained when the public recognize the proved utility of these lands, when suitably treated for growing root and grain crops and grass. Such increase will be due not only to railway facilities, but also to improvements in agricultural methods, increase of population, scientific discoveries, and the many other contributing factors which go to make up the unimproved value of land. Supposing the company acquires this area of 200,000 acres at 5s. an acre; it is possible that in the ten or fifteen years which it is suggested the company should have in which to dispose of it in small areas the value may increase, with little or no expenditure on the part of the company, to £1,000,000 (200,000 acres at £5). The resulting profit may conceivably therefore be £950,000, which is sufficient condemnation of the proposal, seeing that this very large sum would come not from the cultivation of the land, but out of the earnings of the whole of the community. We respectfully submit that this, the original, proposal was conceived in the lust for wealth without labour or service, and brought forth as the twin brother of a railway monopoly which the company is prepared to offer as a sacrifice to the State on the condition that its lusty twin brother (the land monopoly) is clothed with the sanction of Parliament. We ask the Committee to stifle both; and, in conclusion, we regret that it is a condition precedent to the interment that the country should be put to the expense of another inquest. On this point we draw the attention of the Committee to the Parliamentary Costs Act of the Imperial Parliament as a model to be followed in such cases.

WALTER ERNEST PEARSON sworn and examined. (No. 12.)

1. *Hon. Sir J. Findlay.*] Your calling?—At present I am secretary to the Wellesley Club.
2. Resident in Wellington?—Yes.
3. You know the lands particularly well immediately south of Lake Taupo?—Yes.
4. Will you be good enough to tell the Committee what your experience of these lands is and for what length of time? I think you have prepared a statement?—Yes.
5. Will you read that statement to the Committee yourself?—Yes. Some thirty years ago I lived for some years in the neighbourhood of Tokaanu. I was engaged on a sheep-run owned by Messrs. Morrin and Studholme, extending from Waimarino to beyond Lake Rotoaira; the run contained about 200,000 acres of land, and we ran about twenty thousand sheep.
6. Will you be good enough to give us some idea of the locality of the station where you were employed?—It runs from the eastern slopes of Ruapehu round to the west of Rotoaira.
7. It runs west of Rotoaira for a distance of ten miles [map referred to]?—To shorten the description, it embraces practically the whole of what was known as the Waimarino Plains.
8. An area of how much?—When I was there it had never been properly surveyed, but we estimated it at about 200,000 acres.
9. How long were you on the run itself?—From its inception to the time we had to sell the stock owing to the interference of legislation in acquiring the title.
10. You were managing the place?—No, I was under Mr. John Grace.
11. What was your position then?—I think it was generally somewhat in the nature of chief bottle-washer. I kept the books of that and another station, I looked after the shearing and assisted in mustering and docking, and I ran a schooner on the lake, and did what I was told to do. I had rather a busy time. During this period I was also interested in a store at Waihi, near Tokaanu, and in a schooner trading on Lake Taupo. At that time a considerable area of the Tokaanu Flat was under wheat. It grew very good crops, and I was astonished to find that it had been producing crops of wheat for many years in succession. The wheat was grown by the Natives, who also owned a flour-mill in which the flour required by the considerable number of Natives then in the district was manufactured. In my opinion the delta of the Tongariro River, comprising somewhere between 7,000 to 10,000 acres, is all first-class land, probably some