

for nothing; and not only that, but will have, in addition to the £180,000 it has to pay, an enormous additional value given to the Crown lands lying where those large patches of red are within the boundaries of that area marked on the plan. But there is another aspect apart from the value so created. It is submitted that as a business proposition, viewed as a railway, and as a railway earning profits, this line will pay in itself. Sir, we have submitted, and will place beyond all doubt if it is desired, the results of two years' operations—two normal years' operations, the last two—and those operations, sir, show that there will remain upon this line, if the traffic does not increase at all beyond its present dimensions, a sum giving a profit, after paying for maintenance and cost of operation, equivalent to $4\frac{1}{2}$ per cent. on £180,000, and 4 per cent. upon £200,000. Now, sir, that is upon the present traffic; but it would be absurd to assume that when you have the line completed and the consequences that have been mentioned flowing from that completion that you will not have a traffic upon this line doubled, trebled, or probably quadrupled. The tourist traffic alone, which Mr. Raw estimates at twenty thousand going down to Taupo, would in a large measure go over this line, and would in itself give you a value equal to twice the earnings of the line at the present time. To that you add freights of settlement all along that tremendous area spoken of, and I am entitled to say that this line, constructed by one of our best engineers in New Zealand in the most economical way possible, maintained at its full efficiency, will give the Government, as the owner of it, apart from any consequential advantage to the lands, a full return upon the cost of acquisition. Now, as to the third proposition. Supposing some of the suggestions made by one or two members of the Committee, or, at least inferentially made—that this land is too poor to maintain closer settlement—proved to be true; assume, as has been suggested, that this land is too poor to make that railway a permanently paying concern, then the Government will not lose a brass farthing upon the proposed acquisition, because we guarantee for fifteen years the sum of £11,600 worth of freight per year. Added to that the settlers' and tourist traffic for at least fifteen years will place the railway beyond doubt a paying concern. When the fifteen years have passed, and you have got to face the question of whether the line thereafter can be made profitable by tourist traffic and settlement traffic only—when you have got to face that question, it is not the Government that is in peril of loss, it is the company; because when that time arrives, and after investigation is made, the Government will then decide whether we are right in so firmly believing that this country is going to be closely and prosperously settled, or whether those who take a more pessimistic view are right, and it is going to remain a waste area for all time or for many years to come. Gentlemen, if in fifteen years we are not right, we have got to accept the loss; we have got to take the railway back, pay to the Crown every penny they have paid us, and do the best we can with our railway. If, on the other hand, we are right, and it turns out to be a prosperous and payable line, we do not care whether you take it or not. If it is prosperous and payable we will not be very sorry perhaps to be left with it, but the Crown will probably see the wisdom that these utilities should be State-owned and not left in private hands. If it is prosperous the Crown will get the advantage of this prosperity, but if it is a failure we have to bear the burden. Cynics may ask, What is this company up to? Is it reasonable that the company should make a condition so one-sided if it has not some *arrière pensée* which it is not disclosing? We have opened our hands as much as we can; every letter has been before this Committee; any doubt about sinister methods, I believe, has been wholly dispelled; and I want now to say that the reason why we are compelled to undertake this "Heads I win, tails you lose" policy—I am speaking of the view of the Government—is that we have infinite faith in the future of this country. We believe beyond all question that it will realize the expectations expressed by some of our witnesses, and it is on the faith of those expectations that we are prepared to make this apparently risky proposal. The second reason, sir, is this: we cannot finance this extension unless we get the assistance which the adoption of this branch of our prayer will give us. It is difficult, as you know, in this country to obtain large sums of capital for the development of a work like this. The pockets of New Zealand capitalists have been opened to the extent of £130,000 to provide that railway; we want at least another £50,000 to complete it; and we frankly admit that we cannot find the money readily in New Zealand, but if you will grant us the assistance that this almost one-sided bargain will afford us, we can carry out that line within eighteen months, and have it completed in that time. Those are the reasons which we put forward with some confidence in asking you to accept the main prayer of our petition. Rotorua has withdrawn its main opposition. Mr. Raw says, speaking of the Rotorua petition, that he has no objection so long as the line is State-owned, and I thank him for the way in which he has recognized our proposal as compared with last year. Rotorua is with us, Taupo is with us, and so long as the State buys the whole thing should go through; and I sincerely trust the Committee will make its recommendation to the Government as strong as it can for the acquisition of the line upon the terms I have suggested. Of course, the terms of the guarantee and other matters connected therewith must be left to the Executive. So far as the legislative authority that would be required is concerned, it would be enabling—it would not be carrying out a statutory contract; but power would be given to the Executive to arrive at some such bargain as we have outlined here; and I would earnestly urge upon the Committee that this ceases to be a local matter in view of the vast area involved—one twenty-fifth of the whole cultivable area of our country. In view of the fact that that area will be open to our settlers, and will tend towards satisfying the land-hunger, I believe that the most sceptical member of the Committee will realize that this is a most reasonable proposition to give before the Committee as a business proposal.

2. You say that you are prepared to repay the £180,000 if the Government are not satisfied that the line is paying. Now, I presume that for the fifteen years the company will manage the line: is that so?—That is our proposal.