

3. Supposing now the Government say, "We will not take this line—we do not think it is paying—we do not think it is suitable": what security are you going to give the Government that the company will be in a position at the end of the fifteen years to pay the money?—My answer is that we will undertake to give security that will satisfy the Government.

4. It will not be the line alone?—No, it may be a great deal more. We will offer security worth admittedly £350,000.

5. You stated just now that the Natives were agreeable; but we have, as you know, a petition before the Committee stating that a number of them are not agreeable?—They are not agreeable to compulsory acquisition, but we have had intimations from them that they are prepared to sell their large areas, coloured yellow on the plan, at the present time.

6. Te Heu Heu has admitted that?—Yes. There will not be the least need of any compulsory element. The Natives are anxious to get the line down, and they will sell willingly the large areas.

7. *Mr. Buchanan.*] You are not prepared to give us any more specific details of the security the company would offer to the Government for the repayment of the £180,000 or any other sum if necessary?—Well, let me point out that all we require is a sum sufficient to complete the line from Mokai to Taupo: that is a sum of £50,000. It is highly probable that that is all we will have to get within the fifteen years. We would then have received £50,000 which we had to return, and we have given security over the whole of the railway-line, over 40,000 acres of freehold, over all the bushes we hold, and over the book debts and stock. I do not ask the Committee to accept the responsibility of saying that the security will be sufficient—we make it a condition precedent to your recommendation that we do give to the Government security satisfactory to the Government, let the Government be as exacting as it likes.

8. *The Chairman.*] That opens another question. You said just now that probably not more than £50,000 would be received by the company from the sale of lands during the next fifteen years?—I am hazarding that view—I do not know.

9. The agreement would be that as the land was sold so you would get your proportion?—Yes. We would be paid out of the lands as they are sold, but the Government would control that. They could expedite or delay that as they pleased. The amount of money we would get would be dependent entirely on the Government.

10. *Mr. Buchanan.*] Supposing the Tongariro Company set to work with their railway, how would that affect the position?—Well, that is not a very specific question, is it, Mr. Buchanan? If you will ask me what is in your mind I will endeavour to address myself to it.

11. The area of country served by the completion of the Putaruru to Taupo line would be so-and-so: assuming the Tongariro Company's line to be constructed, the area benefited by the Putaruru to Taupo line would be very much curtailed?—Well, that depends upon whether the two lines are serving the same country.

12. Would not the line of the Tongariro Company, if constructed, serve the same country that you have stated would be benefited by the Putaruru to Taupo line?—Yes, certainly it would; but may I answer that with this further comment, that if the competition by the Tongariro Company is going to diminish the earnings of the Taupo Company below a point which will make the Taupo Company's line payable, then the Government will not take the line. We have to accept that risk—not the Crown.

13. *Mr. Raw.*] When giving my evidence, Sir John Findlay asked me if the opposition of the Rotorua people would cease providing the Government took over the line and it became a State railway. I said that their opposition would cease, because they would have no reasonable argument left; but Sir John may have taken that to mean that we were perfectly in accord with the company handling and using that line and controlling it for fifteen years at the present rate of charges?—No, not at the present rate of charges: that would be entirely a matter for the Government.

14. In the event of the company having the management of that line for fifteen years and controlling the revenue and policy of the line for that period, I do not go so far as to say that Rotorua will not object, but I say Rotorua will not object if it is a State-owned line?—Either operated by the Crown alone or operated by the company, subject to the control of the Crown.

15. *The Chairman.*] You could not say what the freights and fares would be if the company retained control of it for fifteen years—that would be subject to agreement made by the Government?—Yes.

TUESDAY, 17TH SEPTEMBER, 1912.

H. J. H. BLOW sworn and examined. (No. 19.)

1. *The Chairman.*] You are Under-Secretary for Public Works?—Yes.

2. Will you make a statement, Mr. Blow?—I have no statement to make. If the Committee think I can give them any information I shall be very pleased to do so.

3. You made a statement last year, I think, or were you simply examined?—I do not think I volunteered any statement.

4. We have asked you to attend to-day to give us all the information you can on the subject. We want to thoroughly understand the position, and we want you to assist us to understand it. Members will no doubt ask you questions, but if you can tell us anything about this line that will be of benefit to us we shall be pleased to hear it?—The Committee asked me to report on the petition, and I have reported. As regards the line itself, I have been over it, but it is eight or nine years ago, and Mr. Holmes has been over it quite recently. Moreover, he went over it for the purpose of examining and reporting on it, and as his information is so much more recent than mine it would be better to ask him questions relating to the tramway and its equipment.