

splendidly situated for the concentration of forces and for the erection of a great arsenal remote from the attack of enemies.* On the other hand, there are many sound reasons why the company's proposals should not be entertained. (1.) The company would naturally exert itself to secure the tourist traffic, and the active forces of private business concerns will always beat the *vis inertiae* of Government institutions hollow. A glance at the map will show the great improbability of the tourist, once at Taupo, returning a hundred miles back on his tracks to visit Rotorua. That would mean a total journey of two hundred miles extra. Tourists would be inconvenienced, and Rotorua with all its Government institutions would be ruined. The Government would ultimately be forced to build its own railway to Taupo to save Rotorua and keep control of the tourist traffic. (2.) Even the company's representatives will not make bold to say that the Government itself would ever dream of building a railway from Putaruru to Taupo; it would most assuredly extend the line from Rotorua. Then why should it saddle itself with the company's line? (3.) There is nothing to be gained from the public point of view from the company's proposal. Their line exists at present, and they say they must extend it seven miles in any case. Let them use it. It will serve all that area of country which they say will not be served by the Rotorua-Taupo line. But why should the country come to the rescue by giving them the virtual monopoly of the tourist traffic and of the trade of all that vast area converging at Lake Taupo? (4.) The line cannot be worth cost-price, let alone cost plus 10 per cent. It is a bush tram laid down to serve the temporary purpose of working the company's bushes. At the time of construction there was no thought of permanency. Further, the company has included in its cost-price its rolling-stock—bound to be obsolete and greatly depreciated in value. A second-hand article cannot be worth cost. (5.) The heavy extra charge for freight will be a perpetual burden on the district, and retard its progress, as compared with districts served by Government railways. Even if the company accepts its charter at Government rates, settlers at Taupo will have to pay 31 per cent. more than those using a Government line *via* Rotorua. To show this clearly I quote from the current railway goods tariff:—

	Classes.																							
	A.		B.		C.		D.		E.		F.		H.		K.		M.		N.		P.		Q.	
Auckland to Putaruru (140 miles)	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
Putaruru to Taupo (66 miles)	59	4	48	2	38	9	31	6	11	4	46	0	6	6	3	7	60	0	14	8	11	6	9	7
Totals	38	8	32	8	27	8	21	5	8	1	27	6	4	8	2	8	38	0	11	2	8	9	6	6
	98	0	80	10	66	5	52	11	19	5	73	6	11	2	6	3	98	0	25	10	20	3	16	1
Auckland to Taupo <i>via</i> Rotorua (230 miles)	74	4	59	3	46	4	39	0	15	1	68	6	7	9	4	6	82	6	19	0	15	9	13	4
Percentage of increase <i>via</i> Putaruru	32		37		43		36		30		7½		44½		39		19		36		28		20	

Average percentage of increase *via* Putaruru, 31.

These are at Government rates. On the company's present tariff the additional burden would be vastly greater still. (6.) Before goods reach settlers there will be three freights to pay—Government railage to Putaruru, company's railage to station, and wagon to homestead—with three chances of loss of goods and three chances of delay in transit, as against two with a Government railway. (7.) If the Government is prepared to shoulder £180,000 for this tramway, would it not be infinitely better for it to lay out that sum towards building its own railway to Taupo—a new railway constructed to the Government's own design and on the proper route? In view of the evidence laid before it I sincerely trust that the Committee will see its way to recommend Parliament to lay a Government railway from Rotorua to Taupo. If from lack of funds or other reason Parliament does not see its way to accept the Committee's recommendation the responsibility will then rest with Parliament. Failing this, I would urge that before granting the company's petition an opportunity should be given to the Rotorua people to themselves construct a private line from Rotorua to Taupo. From careful inquiries I am satisfied that such a proposal would meet with enthusiastic public support, and could be carried to a successful issue. But if neither of these courses commends itself and a charter is to be granted to the company, I would respectfully urge that the following restrictions at the least be imposed: (1) Freights and fares to be at current Government rates; (2) the same charges to be made to all users of the railway—no more and no less; (3) the present concession for all time to be cancelled, and one for a term of years to be substituted; (4) right to be reserved to resume the line at a valuation, the basis of that valuation to be now strictly defined; (5) right of audit of company's books to be reserved to Government; (6) right to be reserved to Government to fix the positions of all stations and subways, and to take roads leading to them. As to the company's land proposals, I have nothing but commendation. The getting of 200,000 acres out of the hands of absolutely non-progressive Native owners into those of a company prepared to develop, subdivide, and sell within a short and strictly limited period would, to my mind, be a great public benefit. But I do not think they should be allowed to acquire any considerable portion of the comparatively small area of Crown lands in that locality. As to the value of these pumice lands for settlement, I am more than