

river between Atiamuri and Cambridge. The flotation method was, however, never tested. It was then decided to construct a steam tramway, and in 1905 initial steps in that direction were taken, and later on a formal contract was entered into with a leading firm of contractors to construct a tramway from Putaruru Station, on the Rotorua Railway, to the company's bush at Mokai. The contract provided that the tramway should be completed early in 1905, and it seems to have been finished by about that date, as the line actually began to bring out timber about the middle of that year.

The first portion of the line—viz., the section between Putaruru and Lichfield, five miles in length—is constructed on the old formation of the Lichfield Branch Railway, which was discontinued and taken up consequently on the opening of the through line to Rotorua. The company holds a year-to-year lease of this strip of ground from the Railway Department, which lease they first obtained in December, 1904.

As already stated, the output of sawn timber began in 1905, and has continued ever since. The company did not apply for an Order in Council under the Tramways Act to authorize the construction and working of its tramway until 1907, and the Order (Order No. 1) was not actually issued until the 29th January, 1908.

Practically the whole line to Mokai—fifty-one miles in length—is laid on the company's freehold or leasehold property, and the company seems to have constructed the tramway and subsequently worked it (until January, 1908) as a private tramway under the Tramways Act, 1894.

For the first few years the company's operations were not very successful from a profit-earning point of view, and the quantities of millable timber contained in its bushes had also been found to be largely overestimated, and they petitioned Parliament in the session of 1911, and again in 1912, submitting proposals for an extension of their tramway to Taupo, and for certain assistance being rendered to them by the owners of the land that would be specially benefited by such an extension.

The Parliamentary Committee of 1911 which dealt with the petition of that year recommended a postponement of the matter to the following year, and that in the meantime full inquiry be made as to the best means of connecting Lake Taupo by rail with the existing railway system.

The similar Committee of 1912 advised that the Order in Council to authorize the construction of the extension of the tramway to Taupo should be issued, and that the Government should guarantee the cost of the line up to £50,000.

On the 13th October, 1913, Order in Council No. 2 was issued to the company. This Order authorized the extension of the tramway to Taupo—the work to be completed on or before the 31st December, 1917—and at the same time made sundry amendments in Order No. 1.

In the session of 1914 special legislation was passed (see section 28 of the Reserves and other Lands Disposal and Public Bodies Empowering Act, 1914) empowering the company, on obtaining the consents of the owners of the land affected, to levy a contribution at the rate of 1s. per acre on the lands to be benefited by the Taupo extension—roughly estimated at 1,500,000 acres—for the purpose of raising a fund to provide for the construction of such extension. The European landowners are stated to have approved of this proposal, but the Native owners disapproved of it, and consequently nothing was done.

The war also doubtless tended to hamper operations having for their object the raising of large sums of money, and nothing further seems to have happened until 1917, but the company continued to carry on its sawmilling operations in the meantime.

On the 27th September, 1917, the company made application for another Order in Council extending the time for the completion of its tramway to Taupo, and on the 11th March, 1918, Order in Council No. 3 was issued, extending this time to the 31st December, 1921; and this was the state of affairs existing at the time of the setting-up of Your Excellency's Commission.