

We submit that it is not fair to the owners of a private sawmill line like this to compare its rates for the carriage of goods with the Government railway rates. The comparison should rather be with what it would cost the settlers to convey their goods by any other available means than by sending them by the tramway.

As regards timber owned by the Crown or by any private person or Corporation carried over the line, we recommend that the company be allowed to charge, in addition to its authorized tariff rate, 1s. per 100 superficial feet on all Crown timber carried, and 2s. per 100 superficial feet on all other timber carried. It is only reasonable that the Crown and private timber brought out by the line should make some contribution towards the cost of the tramway, and especially in this case, considering that the tramway must be regarded as a wasting asset, and we think that the amounts above suggested are fair and reasonable under the circumstances.

With the exceptions above mentioned we do not think that any alterations in the company's authorized scale of rates and charges are required, but the company should enter into a binding contract to ensure the tramway being worked in such a manner as to meet the reasonable requirements of the settlers and timber-owners—the Minister of Railways to be referee in cases of dispute—and to charge, except for timber, rates of freight not exceeding those set out in its Orders in Council.

*Passenger Traffic on Tramway.*

The company's Order in Council provides that the company may use its tramway for carrying goods, and may also, after the provisions of Part VIII of the Public Works Act have been complied with, use the same for the purpose of carrying passengers, but in that case suitable vehicles for the conveyance of passengers shall be provided, but they shall not be used until they have been inspected and passed as safe and fit for traffic by an engineer to be appointed by the Minister of Public Works.

The company has never applied for any authority to carry passengers on its tramway, and no such authority has been issued, but passengers seem to be regularly carried, and a return of the revenue earned by the tramway put in by the company's general manager shows revenue from passenger traffic as under : 1915, £322; 1916, £387; 1917, £347; 1918, £401; 1919, £377; 1920, £370.

It would doubtless be difficult for the company to avoid carrying some passengers, even if only its own employees and their wives and families, as there is hardly any other practicable way for the residents of Mokai to reach Putaruru and the Government railway. The stopping of such traffic would entail considerable hardship on these residents and others; but the company should doubtless have complied with the provisions of the law on the subject and also of its Orders in Council, and the Commission considers it desirable to draw Your Excellency's attention to the fact that this has not been done.

ORDER OF REFERENCE NO. 5.—PROJECTED EXTENSION OF THE TRAMWAY.

There would be no advantage whatever to the State in extending the tramway beyond Mokai, but an extension from Oruanui Siding (about four miles from Mokai) to Oruanui Township, as contemplated by the company, would be advantageous, as such an extension would bring Wairakei within seven miles of the tramway, and Taupo within about ten miles. The chairman of the company stated in evidence that the company proposes to carry out this extension, in terms of the existing Order in Council.

A further extension of the tramway to Taupo would also be advantageous, particularly to the people of Wairakei and Taupo, and such an extension is already authorized by Order in Council dated 13th October, 1913; but we understand that the company has no present intention of constructing it unless it receives some large measure of assistance, and we regret that we cannot see our way to recommend that any such assistance should be given by the Crown. We consider the construction of a Government railway to Taupo is inevitable sooner or later, and that it would therefore be unwise for the Crown to subsidize any competing line.