

about forty or fifty years, it follows that in about twenty years from now a portion of this forest will be reaching maturity every year. The trees require thinning out well before this period, however, so as to leave the remaining trees sufficient space in which to develop. This thinning process has begun already, and must of course go on continuously as long as planting is proceeded with.

The Director of Forests gave evidence before the Commission and stated that by 1930 the yield from the Rotorua group of plantations would amount to from 50 to 125 cubic feet of timber per acre per annum. If we take it at 100 ft. per acre, multiply this by 3,500 (the acreage planted), and allow one-third for waste, there will be an export available equal to 28,000,000 ft. per annum, or four times the present annual export of timber from the Taupo Totara Timber Company's mill and tramway.

The thinning-out process must be gone on with, we understand, whether any market can be found for the thinnings or not, but unless some means of cheap transport is provided it will be impossible to find a market for them and they will simply have to be burnt. If transport can be provided they can be sold for mine-props and for other purposes, and also for firewood.

Mr. R. W. Holmes, the late Engineer-in-Chief and Under-Secretary for Public Works, in a report dated 28th April last, on the best route for connecting Taupo by rail with the New Zealand railway system, which has been brought under our notice, states: "There is another point that must not be lost sight of in considering this question, and that is that the Forestry Department has very large plantations in the vicinity of Waiotapu, which is about eighteen miles along the route Rotorua to Taupo. Irrespective of what is done in the way of giving Taupo railway connection, it will be absolutely necessary that a railway be constructed before many years elapse to Waiotapu, to deal with the output from the State forests. The State forest will, when sufficiently developed, provide constant traffic for a railway over this distance. The land is cheap here, trees seem to do well, and it is only a matter of increasing the plantations until there will be as much timber coming out as the railway can comfortably handle, and this will continue in perpetuity." The Director of Forests was asked if he concurred in Mr. Holmes's views, and replied "Absolutely."

It would seem, therefore, that there is urgent necessity, in order to avoid great national waste, for an extension of the Rotorua Government railway to Waiotapu with as little delay as possible; and, bearing this in mind, and having in view the probability that the Government will give effect, sooner or later, to the strong recommendations of the late Engineer-in-Chief and the Director of Forests, your Commissioners venture to express the opinion that the line to connect Taupo with the Government railway system should be an extension of the existing Government railway to Rotorua.

SUMMARY OF FINDINGS.

For the reasons set forth in the foregoing portion of this report we return the following answers to the several interrogations addressed to us in Your Excellency's Commission:—

1. We think the acquisition by the Crown of the Company's tramway would *not* be in the best interests of the State.

2. We do not advise the purchase of any part of the line.

3. The cost of altering the tramway to a standard Government railway (secondary line only) would amount to about £600,000, but we do not recommend the expenditure.

4. Government regulation of charges should be maintained as far as possible, but if the company, as it contends, has the right to surrender its Orders in Council, this is practicable only by mutual agreement.

5. There would be no advantage whatever in extending the line beyond Mokai, but an extension from Oruanui Siding 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 ten miles, and also enable the whole of the millable timber in the locality to be profitably