

2. In 1912 the matter was dealt with by another special Committee of Parliament, the proceedings of which are reported in Parliamentary Paper I.—10 of that year.

3. In these proceedings it was made plain that the primary necessity for the development of this district is to connect Lake Taupo with the Government railway system.

4. Three different routes by which this connection could be secured were discussed, namely: (a) Putaruru to north of Lake Taupo, 67 miles; (b) Rotorua to north of Lake Taupo, 56 miles; (c) Kakahi to south of Lake Taupo, 40 miles.

5. Of these routes the only one on which there is an existing railway is the Putaruru-Taupo route, which has been carrying the Taupo goods traffic for the last fifteen years.

6. Of this railway the then General Manager of Railways (Mr. Ronayne) said that under certain conditions as to restricted speed it could be worked safely, both for goods and passengers (p. 88, par. 4, and p. 91, par. 46, of parliamentary report). Mr. Holmes, Engineer-in-Chief, Public Works Department, said "to work the line as an independent line for passenger traffic it would require very little improvement" (p. 83, par. 6). "The present line (extended to Taupo) will be quite enough for the Taupo traffic for some years to come" (p. 84, par. 33). "This line would most decidedly answer the purpose of the Taupo district" (p. 85, par. 50). Mr. Blow, Under-Secretary for Public Works, said: "If the company is disposed to extend its line to Taupo I think it is wise to encourage it—it would be of great use to the Taupo district (p. 75, par. 93). I think it would be justifiable to devote any increased land-values arising from the construction of this railway to its assistance" (p. 76, pars. 95–96).

7. These public officers were of opinion that the Government standard railway to serve the Taupo district should be that from Tauranga to Taupo, via Rotorua (p. 75, pars. 91–92, and p. 83, first and second pars.); but that such a line is not justified at the present time (p. 75, pars. 74, 75, 76; p. 86, pars. 100–6).

8. The Rotorua people desire that the Tauranga-Rotorua section of this line should be constructed before the Rotorua-Taupo section (p. 41, par. 69–70), and the Public Works estimate of the time within which the line would be completed to Taupo, after authorization, is eighteen years (p. 74, pars. 46–48, and p. 86, pars. 101–3).

9. Though admitting that the Taupo Company's railway, extended to Taupo, would be sufficient for the needs of this district for some time to come, the Government experts advised against it being taken over as part of the Government railway system, because in that event they feared an irresistible demand for its reconstruction to accommodate express through trains from Auckland, to which it would be twenty-four miles nearer than via Rotorua (p. 81, last par; p. 88, par. 5).

10. The main feature of the Taupo Company's line that makes it objectionable as a main passenger-line is the sharpness of the curves; but the hydro-electric-power sources of Arapuni and Aratiatia lie close to the line, and when developed would enable these curves to be cut out at small cost.

11. The Parliamentary Committee reported that the proposed Rotorua-Taupo line would not, owing to the topography of the country, materially benefit the district served by the company's line, and that the company should be encouraged to extend its line to Taupo (p. ii).

12. The question of the proposed railway connecting with the Main Trunk line at Kakahi was not dealt with by the Committee, but the position is that it is proposed to be constructed by the Tongariro Timber Company for the purpose of working a valuable timber bush on the western side of Lake Taupo. The Government is negotiating for the purchase of this timber, but has no present intention of working it or constructing this railway in the near future.

13. The pre-war estimates of the cost of establishing these railway connections with Lake Taupo were—Taupo Company's line, £50,000; Tongariro Company's line, £300,000; Government line, Tauranga-Taupo, £720,000.

14. The progress of events since these parliamentary inquiries were held has fully justified the conclusions of the special Committees. Settlement has progressed along the company's railway. Many thousands of acres of this pumice country have been converted into profitable dairy farms at a cost less than the price of equally productive land in other localities, and there are some hundreds of thousands of acres of equally good land in the district served by this line.

15. It has become clear, however, that, without the timber traffic, any railway in this country could only be carried on for many years at a large annual loss. Owing, however, to the fact that the more easily accessible areas of timber in New Zealand have been cut out, the timber upon the company's railway—of which a considerable portion belongs to the Crown and Natives—has become so valuable, as compared with other timber areas in New Zealand, that it is now clear that a traffic is secured to this line for many years to come which is sufficiently profitable to enable special facilities to be given for the encouragement of land-settlement in this district without undue expense to the community.

16. For some time past the company has been unable to meet the growing traffic needs of the settlers and business people on this railway. In order to meet these needs the company would be compelled to embark considerable capital in the purchase of new rolling-stock and to employ additional staff, and there is no prospect of the company receiving any adequate return for this expenditure during the life of its bushes—about fifteen years. The company is not justified, therefore, in incurring this expenditure, unless an arrangement is first made as to the terms upon which the Crown and Native timbers will be available for traffic purposes.

17. The company has been accumulating its profits for some years with a view to the development of its railway if some fair arrangement can be come to with the Government ensuring it a fair return upon its liability. It has now over £55,000 available for this purpose, and can, if necessary, provide the funds for the equipment of the line and its immediate extension to Taupo.

18. The company is prepared to enter into any reasonable business arrangement with the Government for the use of this railway that will secure to the company the present value of its interests, such value to be ascertained in any fair way. It is prepared to sell its business as a