

expenditure on them is unwarranted. With this view I do not agree. It is true that many places where a railway would have been the natural means of development in the past can now be developed without the expense of laying down a railway, but where long distances have to be traversed or heavy merchandise moved the railway is still the most economical form of transport, provided, of course, that there is sufficient business to prevent the enterprise being overburdened with capital charges. Speaking of capital charges, I do not know whether honourable members have ever looked into the question of the capital charges in connection with motor transport; but, if so, they will have found that the capital invested in motor transport, including the track on which it is operated, in New Zealand is greater than that invested in the railways, the roads being, of course, an essential part of motor transport. If rolling-stock and running-expenses alone are taken, the cost of motor transport is several times that of railways, while I do not think anyone would be found who would argue that even double the motor transport which we have in the country could do anything like the work which is being done by the railways at present. There are localities which in order that they may be developed to their fullest must be provided with cheap transport, particularly in the case of manures, and if a method of cheaply transporting fertilizers is not provided, then without doubt the districts requiring such facilities will never be developed. It is, of course, necessary to be reasonably assured that when the development has been brought about there will then be sufficient business to justify the losses in the early stages.

Bearing in mind the foregoing, the question of commencing the railway from Rotorua into the centre of the North Island, into what is now the largest area of undeveloped country in New Zealand which is capable of development, was considered by the Government. The question of development of this country by railway connection was investigated by two Royal Commissions in the past, and the evidence which they collected was of very considerable value to the Government in coming to its decision.

The exotic forests which have been established by the operations of the Government's forestry policy in and around Waio tapu have grown to such a stage that within a very few years it will be necessary to have rail transport in order that the produce therefrom may be economically brought to market. When the Royal Commissions previously referred to went into this aspect of the problem they had in mind an expansion of 8,000 or even perhaps 10,000 acres per year on to an already existing area of 27,568 acres, while actually there is at the present time 84,000 acres, 27,000 acres of which was planted last year, while the forestry programme of the next few years contemplates the planting of 30,000 acres per year. If railway connection was considered at all in 1922, how much more has its necessity been emphasized by this tremendous expansion.

Apart from the necessity for a cheap method of transporting the timber, referred to above, from the area to be served by the Rotorua-Taupo Railway, there is also the question of providing the most economical method of developing the immense area, estimated at well over a million acres of land, which lies in the valley of the Waikato River. The wonderful development of the land east of Hamilton which followed the construction of the railway from there to Rotorua inspires the hope that the providing of cheap transit facilities to bring in the much-needed manures and to take away the produce will result in a similar development south of Rotorua. The progress that has been made by the few progressive pioneers who attacked the problem even without railway transit has demonstrated what can be done with this land, but a full measure of development could never be obtained without rail transport. It is not claimed that the whole million and a quarter acres said by the Royal Commission of 1922 to be served by this line is capable of a high state of development, but a very considerable portion of that area certainly is.

The almost total absence of good road-metal or other material suitable for concrete creates conditions under which the construction of a concrete road would be almost as expensive as a railway, and to attempt to carry out the timber already referred to by road would necessitate the road being constructed with a concrete foundation. Taking all these points into consideration, the Government decided to commence the construction of the railway, making Reporoa in the meantime the objective.