

constructed) returning sufficient revenue from the working thereof to meet the expenditure incurred in and by such working, together with interest on the cost of the construction of such railway, assuming such interest to be charged on such cost at the rate of 4 per centum per annum." The answers of the Commission to these questions are summarized. They say: "Summarized, we respectfully beg to return the following answers to the questions addressed to us in Your Excellency's Commission: (1) The extent of the traffic which may reasonably be expected to be conveyed over a railway between Rotorua and Taupo, or the vicinity thereof (connecting with the present Government railway at Rotorua) if such mentioned railway be constructed, we estimate as sufficient to produce a revenue of £61,492 per annum provided the railway is completed and opened for traffic within the next ten years. If not then completed the available traffic would require to be again reviewed. (2) We consider that there is under present or probable conditions no likelihood of such railway (if constructed) returning sufficient revenue from the working thereof to meet the expenditure incurred in and by such working, together with interest on the cost of construction of such railway, assuming such interest to be charged at the rate of 4 per centum per annum." That is the question asked, and that is the reply—"there is no likelihood either now or in the future." Then, as to the extent of the country which would be served by such a railway, you gave evidence that it would be five million acres?—No, sir. I said that the total area of the pumice country is five million acres. I contend that the area to be served by the railway to Taupo would be two million acres. That report finds that it would be one and a quarter million acres.

29. This report says 1,250,000 acres of land: that includes all the forestry land and everything else. The report says: "Of this area the quantity proved to be suitable for settlement is very limited. In our opinion further investigation is necessary to determine the suitability for purposes of settlement of the great bulk of this country. (4) The route (generally) which should be adopted for the construction of such a railway (if such construction should be decided upon) is from Rotorua by way of Hemo Gorge to Waitapu, and thence keeping to the right bank of the Waikato River to Taupo Township generally, as shown on a plan forwarded herewith. (The route has not been surveyed in detail.) (5) The various matters which we considered relative to the question as to whether it is desirable and warranted in and by the public interest that a railway should be constructed between Rotorua and Taupo as aforesaid have been set forth in a foregoing portion of our report, and it is not necessary to recapitulate them here." That is the whole of it, so that there is nothing in the findings of the report which recommends this railway at all. Added to that is a note from Mr. Munro, one of the Commissioners, which reads as follows: "The Commission's report reached me yesterday under cover of your memorandum of the 26th inst. Referring to 'Order of Reference No. 1, Probable Traffic,' as stated in my memorandum to you of the 27th instant and again during my conversation by telephone to-day, I disagree with the statement contained in the last sentence of the reply to this question. I am still of opinion that the main purpose of the extension of the railway from Waitapu to Taupo would be to serve the indigenous forests, which would provide traffic for a period of fifteen to twenty years, after which this section of line would have to be abandoned or operated at a heavy loss. I am convinced that the increase of traffic during the fifteen to twenty years which would be required to cut out the indigenous forests would not be anything like sufficient to make good the loss of traffic which would result from exhaustion of such forests. I am signing the report subject to my signature being accepted with the above reservations, and conditional on a copy of this memorandum either being attached to the report or otherwise forwarded to the Hon. the Minister with the report." Upon that point I contend that your evidence that these two Commissions have reported in favour of this railway is not borne out by fact. You will be able to reply to that later, if you wish?—I want to reply at once. Your question was whether the Commission recommended the railway, not whether the railway would pay 4 per cent. I submit that is an imbecile question, because the railways of New Zealand do not return 4 per cent. The railways do not pay—

*The Chairman:* My point—

*Witness:* Allow me to reply—

*The Chairman:* I will give you full opportunity to make any reply you think necessary, but you are not in a position to examine this Committee. You have—

*Witness:* I am not examining the Committee. I want to read parts of the report.

*The Chairman:* I intend to cross-examine you as fully as I can.

*Witness:* Have I no right to reply?

*The Chairman:* You have given your evidence.

*Witness:* Quite correctly.

*The Chairman:* Whether you have given it correctly is a matter for this Committee to draw its own conclusions. I must ask you, if you wish for justice to be done, to give me a fair and reasonable chance to cross-examine you. I cannot be interrupted when I am cross-examining. I say that your actual evidence is this: "the subject has been before two parliamentary Committees and two Royal Commissions, and a unanimous verdict has been given in favour of a railway from Rotorua to Reporoa.

*Witness:* My answer is that that is absolutely true.

30. *The Chairman:* You have a right to contend that your evidence is true?—I will prove it.

31. Well, then, it is not proved by the Commission?—I will prove it from the Commission.

32. My next question is: your evidence is that the area contains five million acres of land?—Quite correct.

33. You also said it is by far the largest area in New Zealand of cultivable and habitable land yet to be settled?—True.

34. Are there five million acres of unsettled land within the influence of the proposed railway, and, if so, where are they?—There are not—I never said there were.