

We have never asked the Government to do anything but arrive at a policy as to what it proposed itself to do with its interests in the district. We have never sought Government assistance. We have faced our finance ourselves. In the same letter we said :—

"The warrant appointing the Commission was drawn up by your Department. No draft was submitted to my company or the settlers for approval, but by the courtesy of your head office one was shown to me, and I thought it was sufficient for the purpose. It raised the question of purchase of the tramway by the Government, and I did not object to that, as your Department wished it to go in, no doubt with a view to giving greater freedom to the Commission. I may say at once that in so far as your Department is concerned we have no cause of complaint. On the contrary, we have reason to be grateful for its help in this matter. Our grievance is solely with the acts of the members of the Commission.

"The warrant to the Commission is plainly limited in its terms to an inquiry into the use of the company's tramway and the lands and timber served by that tramway. Before the Commission sat a deputation from Rotorua, headed by Mr. Vaile, waited upon the Prime Minister and you and the Minister of Public Works, and asked that the Commission might deal with the question of the Rotorua-Taupo Railway, and was plainly told that the Commission would not go into that question. When the Commission sat in Rotorua Mr. Vaile appeared before it, and offered evidence in support of the Rotorua-Taupo Railway, but the Commission ruled that the question did not come within its order of reference; and accordingly no evidence was tendered and no argument allowed on that subject throughout the Commission's sittings to take evidence and argument.

"Our grievance is that in spite of all this the Commission's report deals with the matter as though there had been referred to it the whole question of the permanent railway facilities of the Lake Taupo basin. . . . It will be difficult to find in the history, in New Zealand, of judicial tribunals (such as a Royal Commission) so great a departure from good faith and justice as is involved in this recommendation. To those with a knowledge of the circumstances it is well known that before such a finding could be reasonably or fairly reached it would be necessary to consider not only the proposed Whakatane-Galatea-Taupo route, but more particularly the proposed Tokaanu-Kakahi Railway. This line serves the most valuable and extensive area of totara and matai timber now remaining in New Zealand. It would therefore be an immediately payable line, and would connect the whole Lake Taupo basin with the Government central railway system. On inquiry it may be found to be in the national interest to construct this line in the near future and postpone the construction of a Rotorua-Taupo line for many years, and in that event the completion of the company's tramway to Taupo might be advisable in the national interest."

Shortly, the position is that Rotorua people came to Wellington and urged that this Commission should be allowed to go into the question of the Rotorua-Taupo line as well as the Putaruru-Taupo line, and that Mr. Massey, then Prime Minister, said he would not allow it. He said that the Commission had been set up to go into the question of the Putaruru-Taupo line only. There was no authority in the Commission relating to the Rotorua-Taupo route at all. Mr. Vaile, when the Commission sat in Rotorua, asked to be allowed to give evidence regarding it, but the Commission would not allow evidence on the subject at all, and no evidence was called, and no comments made. Finally, the Commission recommended that the railway be constructed. It had no authority in its evidence, and was told by the Government that it would not be allowed to go into it, and that is what Mr. Vaile is relying upon. The next thing was the 1922 Commission. The Chairman has already read the conclusion of that Commission, which was that there was no justification for the line. On the report of the Commission of 1921 a railway board was formed to control my company's railway. There were five members on that board, and they represented the settlers. We could not be on it, because we were dealing with the board. After negotiations they decided that instead of taking over our line, which the Act said they were to do, they would take a portion and make a deviation which would take only nineteen miles out of the fifty-two of our line. These are the difficulties we met. They decided to alter the route. The new route they proposed went through 30,000 acres of property of one of the members of that railway board, and it went on through the property of another member of the board, and on to the Tauru-Tutukau Block, the owner of which was another member of the board.

4. *Mr. Jenkins.*] Three of them owned properties?—Three of them owned property. The proposed line went through the property of these three gentlemen, the Government set up a special Committee to go into the question of this board's proposal. That Committee consisted of Mr. Furkert, head of the Public Works Department, Mr. Jones, Chairman of the Government Railway Board, and the Chief Accountant of the Railway Department. This was in 1925. The Committee went thoroughly into the question of the alternative route proposed by the local railway board, and in a very short report they summed up the position. They said, "We are of opinion that there is no call for the construction of a new line. The present line is sufficient to do all the business necessary. If the money were borrowed we are of opinion that within a year or two the finances of the board would be in such a position that the board would use every endeavour to get the State to take over the line. In order that amicable arrangements may obtain, we are of opinion that the management of the line should be in the hands of a board on which all interests are represented." We have always been prepared to do that. As a matter of fact, this legislation which set up the board was promoted by us, and we spent several hundred pounds in assisting it, until we found that it was using our finance to endeavour to get this alternative railway constructed through the land of some of the board's own members. They complained bitterly when we stopped the finance. However, I will not go into that question.

5. *Mr. Semple.*] Who were the members of this board?—Is there any use in stating that? I do not want to bring out names.

6. I want to know who they are?—One was Mr. Hugo Friedlander; another was Mr. K. S. Cox, a settler on the line.

7. Can you give their areas?—Mr. Friedlander owned 30,000 acres. I do not know what were the areas of the others.

8. Who was the third?—Dr. Rayner. He owned the Tauru-Tutukau Block. Another member of the board was Mr. Campbell, and the other was Mr. Bullock, of Lichfield.