

have had many years of knowledge of the difficulties that its promoters have been through, and I suggest that anything that is done should have regard to those people who have been through all those years of work with very high expenditure. As a matter of fact, they have rendered quite a valuable service to the country—not intentionally, perhaps, but by holding up that timber for seventeen years. If they had not done that it would have been, like a lot of other bushes, largely wasted; but to-day it is a very valuable reserve of timber for New Zealand. My suggestion to you, gentlemen, in the interests of the whole of the pumice country and of New Zealand generally, is that the greatest care should be taken before any new arrangement is made with regard to that area. It contains the only transport route from Lake Taupo to the Main Trunk line. For that reason alone it is of the utmost importance that you should not do anything with that until this whole proposition is investigated. I seem to have given a wrong impression yesterday—I seem to have said that our line extended to Taupo and would best serve the pumice country. I did not intend to say that. We surrendered our Order in Council for the extension, and we have no intention of going on with it. It is not necessary for the purpose of our business now. My own view is that the Tongariro route, from the Main Trunk right to Lake Taupo is the true line for the development of the pumice country. It goes through very valuable indigenous timber, so that it has immediately a traffic which will pay, and it can do what we have been doing on our company's line—take as back loading anything that the settlers require at a cheap rate. I mean, it will pay to do it. I do not know whether they propose to do it.

5. *Mr. Kyle.*] Is that south of Lake Taupo?—Yes.

6. How are you going to approach the other area, the Taupo area, and the Government plantations?—I am coming to that in a moment. For the Taupo proposition as a whole, to provide access for the people around the lake, that Tongariro route is the cheapest and most profitable.

7. *Mr. Jenkins.*] Would you suggest water conveyance from there to Taupo itself?—I do not know what would happen there, because there is a good road round the lake—whether it will be water traffic by steamer or motor traffic: it depends upon the cost. For heavy traffic, no doubt, the steamer traffic over the lake would be the cheaper. In America lake transport is very cheap, so our engineers tell us. We started carrying goods on our line in 1905. We have had twenty-four years of experience of transport in that country. We have had to study the difficulties of the settlers and of the sawmillers during that period. This is one of the questions which has been raised on our line, as well as in connection with the Rotorua-Taupo line. We have been urged to make the first nineteen miles of our line up to Government standard so that the Government's rolling-stock could come along it. We are told by our settlers, as Mr. Vaile told you, that there is difficulty in transporting stock. We went into that question and asked the settlers this: "It will cost us about £60,000 to £70,000 to make that line up to Government standard. Is there not some other way that we could spend that money, some way more profitable to the settlers on the line?" and they admitted that there was. They had not looked at it from that point of view before. With regard to the question of carrying stock in the Rotorua-Taupo district, that is a question you should go into, and you will find that the difficulty can be met much more quickly than by making the line there up to the Government standard. Our experience suggests that if, instead of making up their minds and saying "We want the Rotorua-Taupo line or nothing," the Rotorua people had concentrated upon finding the cheapest method by which the Government plantations and the existing settlements could be served, and at the same time serve the settlements there. If they had done this, I feel sure that they would long ago have had this access—that is, the access that is necessary to serve this Government timber as far as at present workable, and the settlers who are there now. All that they want is a line such as ours. The Government experts have told us that our line is an exceptionally good line as a sawmill tramway. There is no difference of opinion about that. It is quite sufficient for the purpose of serving that timber, and it is quite sufficient also to take the heavy traffic in the form of fertilizers and so on away from the road. We have done this lately. About a year ago we came to an arrangement with the Government under which the settlers on our line could have a rate on the assumption that our line was part of the Government line, and they get through rates from Auckland. The effect of that is that we undertake to pay half the difference in the charge, and the Government undertakes to pay the other half. Under our Order in Council we were charging the settlers the rate fixed by the Government, 10s. 6d. per ton.

8. *Mr. Vaile.*] For what distance?—The 10s. 6d. was for nineteen or twenty miles—it covered the whole of the settlement—all those farms that we are talking about. That meant this difference: the farmers were paying us 10s. 6d., but under the new arrangement they are paying us 6d. That gives them through rates from Auckland. We pay half the difference, and the Government pays the other half. We believe that it is a sound proposition, because all the stuff we are taking through for the settlers is back loading, and something of that kind could be done on the Rotorua-Taupo area. Now, here are the difficulties that this agitation by Mr. Vaile keeps alive—that is, while the Government policy remains unsettled. I will illustrate it by recent happenings. I told you that we are employing 186 hands, representing a population of 503 people. Most of those are at Mokai, in the heart of the pumice country. About a year ago our main sawmill was destroyed by fire. I went to Mr. Sterling, General Manager of Railways, as we had to consider the question of what kind of mill we were going to replace it with—whether to have a couple of small mills or a large up-to-date mill. I explained the position to Mr. Sterling, and asked him to make up his mind and determine his policy as to what he was going to do with this piece of Crown timber (on map) at Oruanui. I said "Why not exchange that piece with this portion of ours (on map) which adjoins the State property named Moroa?" Mr. Sterling said, "We will do all we can for you; you have suffered this loss, and on the face of it I think that your suggestion is a sound business proposition." However, when he came to discuss the matter with the sawmilling branch of his Department he found obstacles in his way, and I