

realized then that it was not practicable at that time for him to make up his mind what his policy was to be. So we had to take the risk, and we did take the risk, of erecting a sawmill which is going to cost £13,000. We will find it necessary in the immediate future. We are calling for plans and estimates now to erect a new bridge across the Waikato, which will involve us in an expenditure of about £10,000, and on that account also we want to know where we are. Again, the dwellings at Mokai are very old, and in the near future we will be called upon to replace them: there again we want to know where we are—what kind of buildings we will need to provide, and what the Labour Department will require. If there is only a short life in that block we will erect only temporary buildings, but if there is a longer life ahead we can provide more substantial buildings, and make provision for better living-conditions. Another difficulty is this: At present the uncertainty of the position is keeping the General Manager of Railways from determining what his course will be. He is advised by the sawmilling branch that they should hold the Oruanui area as a reserve. Now, our tramways touch that area. It has cost us £29,000 to put the necessary bush tramways and buildings there. The main bush tram cost about £16,000 for formation, £4,000 for steel rails, and £6,000 for sleepers. The bush camp, consisting of twenty whares and two cottages, cost us £3,500. If the Government reserves that area we will take all these working facilities away, and when the time comes for them to work it they will have to find the capital for providing new facilities. It is pure waste. All those facilities are there now. It is just a question of coming to some reasonable business arrangement so that all that timber can be worked in some co-ordinated way. If the timber is to be taken away from the company's railway to the Rotorua-Taupo line, the settlers on our line will not have transport, and they will be left in the lurch, which is contrary to the settlement policy of the Government, evidenced by the following facts. The parliamentary Committee of 1912, after hearing the evidence of the General Manager of Railways, the head of the Public Works Department, the head of the Lands Department, the head of the Agriculture Department, and Mr. B. C. Aston, of the Agriculture Department, who all supported the use of this line for permanent settlement, recommended that it should be maintained as a permanent railway. After that, on that recommendation, Mr. Massey went through the district as Prime Minister, and he was waited upon by deputations of settlers, whom he assured that they could rely upon that railway being a permanent line. In order that this might be brought about he set up the Royal Commission of 1921. Unfortunately that Commission was asked if the Government should take over our line. We did not suggest that. We gave no evidence in support of it. On the contrary, I said that I did not think it was a practicable proposition. Nevertheless, that Commission also reported that the company's line ought to be maintained for the purpose of dealing with the permanent settlement traffic, and in order that that might be brought about they recommended that the private timbers and the Government timber should contribute so-much to a sinking fund to provide for the wiping-out of the capital cost of that line. Then the Government set up a railway board to administer our line. That railway board, the chairman of which was Mr. Friedlander, attempted to get a line upon which they could get Government freights. The special Committee already referred to, consisting of the heads of the Government Departments, reported against that proposal, and that some arrangement should be made to make this line of ours a permanent line. I do not know whether it is opportune to mention this, but in connection with this movement which the local bodies are trying to push on one of the most important questions will be that of finance. I have had a long experience of finance, both as a lender and a borrower. I have advised the Bank of New Zealand and other big financial concerns, so that I know some of the risks of the lender and the difficulties of the borrower, and if you could find it advisable to report that such an investigation as we are suggesting should be made, you will, I think, settle the question of the finance of the pumice country. I discussed the matter with the Public Trustee and other heads of financial Departments, and they agreed that there is no reason why the financial institutions and the settlers should not get together and formulate a scheme whereby the finance should be based upon production instead of valuation. The farmers there are willing to get together.

*Mr. Kyle:* There are a lot of us looking for that.

*Witness:* Yes, the movement has been supported amongst the settlers, and that is what they are asking the Government to investigate now. All these questions could be settled in a few months if the Government would do what we are urging the Prime Minister to do, and that is to get the experts to call together the representatives of the different interests in the district. With all our knowledge and all their knowledge they could arrive at some sound business proposition. That is my evidence, Mr. Chairman.

9. *Hon. Mr. Ransom.*] I would like to know how far the land has been settled in the bush country you are operating upon now?—The only settlement there has been our own. We have thought it wrong to allow the bush to go back to second growth. We thought it wise, therefore, to grass it as we cut it out. There is no other bush farming than ours.

10. You are farming it yourselves?—We are not farmers, though we have one or two farmers on the Board. We have had great difficulties. It is difficult to get a farmer to go back as far as that under present conditions. We have not been able to get a manager who cares to go back as far as that. So far our farming operations have not been a success. There is no doubt about the grass there, but ragwort is coming in, and the thing ought to be tackled. We are still hopeful of being able to get some practical farmer to take it up. We have offered it at less than it cost us, without any charge at all for the land. It is all fenced. But that is the difficulty—to get somebody to go back there and take it up.

11. What is your tenure—leasehold?—No, we have cut out the leasehold tenure. What we are working at present is our own freehold. This block [indicated] is our own freehold. We have sold most of it to the afforestation companies. We have retained only sufficient for our own purposes.

12. And your market is at Auckland?—Waikato and the north.