

answer at all are (1) monopoly, (2) Putaruru line not a connecting-link, (3) depreciation of Rotorua. Dealing with these in order, we wish to state that we at Taupo do not see where the alleged monopoly comes in. In the first place, there is no monopoly of the tourist traffic or hotels. The company has no option whatever over Wairakei, nor is there any understanding or arrangement to give them one. Hence this answers conclusively the argument of monopoly of hotels and tourist traffic. Next, with regard to railway, if the Government acquire the railway at once, or have the right of acquiring it at a valuation or fixed price, and in the meantime protect the settlers and tourists by the imposition of a scale of maximum charges and other conditions, there is a conclusive answer to the question of railway monopoly. Again, the company do not create for themselves a huge goodwill in regard to their line. They sell their line at cost, hence the goodwill of the business they are working up is given to the State for nothing. Again, it is the Taupo people who would have to fear the effect of a monopoly, and if we are satisfied, what business have the Rotorua people, who are not affected, to interfere? The Taupo people have received fair treatment from the company in the past, and are confident of fair treatment in the future, and we recognize that the company has already been a power for good in the district, and has materially assisted the settlers. The objection that the Putaruru line can never become, owing to its geographical position, a portion of a national scheme of railway communication is, to my mind, absolutely incorrect. A glance at the map shows that it is in the direct continuation of the Government railway system, linking Putaruru with Taupo. The Rotorua people advocate a detour of thirty-two miles into Rotorua and thence back to Taupo, solely that the traffic should have the distinction of passing through Rotorua. The objection that Rotorua will depreciate by the line is answered in paragraphs (c) and (e) already mentioned. I would like to again refer to Mr. Raw's evidence (page 12), where he states, "We do not mind the Government taking over the line and carrying it as suggested right through." Hence if the Government adopt paragraph (a) of the company's petition Rotorua will be satisfied. Again, on page 14, Mr. Raw says, "I believe the salvation of that country [Taupo country] lies in cheap manures and cheap live-stock." Also (page 13), "that it would be in the best interests of the people of the Dominion that the Taupo lands be opened up." All the Rotorua objections may be summed up in the word "self-interest," and this is admitted by Mr. Raw in his evidence, page 13, question 35: "Your principal objection is that it would interfere with the thermal district?" Answer, "Yes." Question 41: "Your grounds for objection being principally that it would be against the interests of Rotorua that this should be done." Answer, "Yes." The reply of the Taupo settlers is that they are at least entitled to some consideration as well as Rotorua, and the Putaruru line is directly in the interests of not only Taupo, not only the settlers, not only the Native population, not only the tourists and travelling public, but also in the best interests of the Dominion. We strongly urge the Government to adopt proposal (a) of the Taupo Totara Timber Company, under which the company will sell their line completed to Taupo at cost without goodwill or profit. The company do not require a cash payment, hence the Government can acquire the line without the expenditure of any capital at all. The purchase-money of the line can be raised during the next fifteen years out of the proceeds of the sales of Crown or Native lands, or, rather, out of the proceeds of the unearned increment arising to these lands from the completion of the railway. And the company is willing to take the purchase-money for its line out of such proceeds. We think the bargain in every way an excellent one for the State. If, however, the State will not acquire the line and so develop this vast area of country itself, then we think that, with proper safeguards, the company should be permitted to do so. There is one matter we wish very strongly to emphasize, and trust that the Committee will realize our position. There is no doubt in our minds that it is a case of now or never for the opening-up of the Taupo lands. It might be suggested that the State should wait till the end of fifteen years and acquire the line for a mere song. That would be an absolutely fatal policy—a mistaken and short-sighted one. There is not the slightest doubt but that the present traffic, apart from timber, does not justify the line. But if during the fifteen years' grace given to the line by the assured timber traffic the line is completed to Taupo, and the country has fifteen years or so in which to develop, by that time it is morally certain the traffic, apart from timber, will more than justify the line as a profitable concern. If, on the other hand, the Government waits for fifteen years and then acquires the line, then (1) the Government will have to run the line at a loss for probably fifteen years or so from date of acquisition, and this would entail a very heavy loss to the State—so heavy that we do not think the State would think of acquiring the line; (2) the whole of the Taupo district would be kept unnecessarily stagnant for fifteen years; (3) the Crown lands and assets of the State in the district would be kept from appreciating in value for fifteen years to the consequent loss of capital and revenue to the State. Hence we feel that if the proposal is not accepted our only chance of communication with the outside world is gone. We wish the Committee to realize how serious the position is to us at Taupo.

4. *Mr. Buchanan.*] What is your occupation, Mr. Graham?—Barrister and solicitor.

5. You could not give us any evidence from the land-produce point of view except at second-hand?—Well, I have seen the results of experiments on our own property.

6. In what sense do you mean?—We have grassed a small portion of our own property, and it has taken grass very well.

7. Close to the lake?—We are about six miles from the lake.

8. Along the Waikato River?—Yes. Just about half a mile from the Waikato, but up on the plateau above it.

9. What oats do you think are produced?—I could not say. We have never calculated it. They have grown a good height.