

39. What is this estimate?—£120,000 for the line, and £10,000 for the rolling-stock.

40. That is to say, the assets, roughly, comprise £120,000 and the debentures £88,000?—We have other assets, such as machinery, and so on.

41. You cannot tell me what the company's assets are?—The book value is equal to the liabilities of the company less about £52,000. My own opinion is that the values are too high. We have not altered them because, unfortunately, we have not been able to pay dividends, and therefore it was not necessary to make any alteration.

42. These debentures have, of course, priority over the present and future debts and obligations of the company?—Not necessarily over any future debts.

43. The debentures in regard to any ordinary company's business have priority?—That is so.

44. That is to say, unless there was a special arrangement with the debenture-holders, the debentures would have priority over the Government claim?—I have told the Government that there would be no difficulty at all in getting the debenture-holders to agree. In fact, the shares are held very largely by the debenture-holders. What I offered was a first charge to the Crown.

45. It was mentioned last year, when a similar petition came up, that it was proposed that the English financiers would take over the proposal?—Yes.

46. It was proposed to sell to others?—Yes.

47. The company acting as a sort of brokers in the matter?—As a vendor.

48. Is that the idea now?—We would endeavour to do that if the Government gave us the second alternative. We would have to finance and to arrange with the London syndicate. I do not know whether that is available to us to-day; there is no binding obligation.

49. Under the second alternative you would, of course, require capital to continue the line?—That is so.

50. Some point was made in your counsel's opening as to this being wholly a New Zealand company?—Yes.

51. I presume you have no objection to putting on record the names of the present shareholders of the company?—None at all.

52. And the names of the debenture-holders?—Yes, I will do so now.

53. Sir John Findlay said it was proposed to extend the line in any case?—Yes.

54. Will you indicate the extension that is proposed?—It will be from the junction of the present line to Oruanui. I would like to say this further at this moment, which I omitted to say yesterday: I have had ten years' experience of this pumice district and know it fairly well, and I know also New Zealand fairly well, and I do not think you can for the same expenditure of money open up so much country anywhere as you can by this proposal—for this reason: that by making the proposed extension of twenty miles you get what is in effect a railway probably over a hundred miles; you get the railway all round the lake. A steamer service would probably be cheaper or as cheap as a railway service, and there is a steamer now on the lake that serves any part of it; so that you get in effect a railway round that lake, because you can get almost to any part of the lake down to the water. The whole country is of a pumice nature, which enables you to get down to any point. You get for an expenditure of £1,500 a mile, or a total of £50,000, twenty miles of railway which will serve probably approaching a hundred miles of country.

55. *Mr. Buchanan.*] What would you say is the approximate variation of the level of the lake? You have floods, and so on?—I am afraid I do not know. I have never had occasion to go into that. There is no difficulty at all in approaching any part of the lake with a boat, and you can get a road at a very small expenditure indeed to any part, owing to the nature of the country.

56. *Mr. Buick.*] What is the nature of the country?—At Mokai, where they grow almost anything, it is about 2,000 ft. high.

57. That is not from the lake?—No, it is all rolling country. There is no country at all round the lake which is not ploughable—that is, excepting the actual ravines. None of that country is very high. I think Mokai is one of the highest points, and you have no difficulty in growing anything you like there. There are very keen frosts at times, but nothing compared with what you get in the south. All that land is ploughable, and would be served efficiently by a railway.

58. Most of the country is rolling tablelands 300 ft. above the lake?—That is so.

59. *Mr. Buchanan.*] My question as to the level of the lake had reference to a wharf, so that the wharf could be available at all levels of the lake?—There is no difficulty at all. There is one wharf at Taupo and another at Tokaanu. There is no difficulty in serving them with a small steamer.

60. *The Chairman.*] Will you produce the agreement you have with the Natives in regard to their rights: you have Native lands?—We have no Native agreements. We have Land Transfer leases registered under the Land Transfer Act.

JAMES ROBERT RAW sworn and examined. (No. 7.)

1. *The Chairman.*] What is your profession?—Storekeeper.

2. You understand that the petition as originally presented to the House has been materially amplified?—Yes, I do understand that. The Committee will admit that it is practically impossible for the Rotorua Chamber of Commerce, which I represent, to reply to different phases of the question which continue to rise from day to day containing modifications of the proposals. We have gone into the matter with a view to obtaining approximately a unanimous opinion, and, so far as my address is concerned, I can only reply from the point of view of the Chamber of Commerce, and with the information they had at hand to the matters contained in the original petition. But I am quite ready, if I have the right then, to answer any questions or give such