

the large area of Native land along and adjacent to its route, the company sought authority to purchase 200,000 acres of Native land at its then value, and to dispose of it after the tramway was completed at its enhanced value, but on such terms and conditions as the Government might prescribe.

The Parliamentary Committee which dealt with the petition recommended that the consideration of the matter be held over till the following session, but that in the meantime full inquiry should be made as to the best means of connecting Lake Taupo by rail with the existing railway system, so as to facilitate the early settlement of the large areas of Crown and Native lands in the Taupo district.

In pursuance of that recommendation Mr. R. W. Holmes, the then Engineer-in-Chief of the Public Works Department, was directed to visit the district and to go carefully into the matter, and on the 4th May, 1912, he presented his report on the subject, which is set out at length on pages 81 to 83 of Parliamentary Paper I.—10 of Session II of 1912. In that report Mr. Holmes described four different or divergent routes for the railway, as under : (1.) Putaruru to Taupo via Oruanui; (2) Putaruru to Taupo via Atiamuri; (3) Rotorua to Taupo via Orakeikorako; (4) Rotorua to Taupo via Waiotapu. Nos. 1 and 2 are alternative routes for an extension of the company's tramway, while Nos. 3 and 4 are alternative routes for an extension of the Government railway from Rotorua.

After carefully weighing and discussing the merits and demerits of the different lines, including their respective lengths and estimated cost of construction, Mr. Holmes summed the matter up thus : " From the above remarks it would appear that whether the question be viewed from the standpoint of cheapness of construction, suitability of the line when constructed, future working-expenses, probable traffic (and therefore revenue), or from the point of view of satisfaction to the travelling public and the greatest good for the greatest number, the route from Rotorua via Waiotapu is unquestionably the one to be adopted."

In 1912 the company again petitioned Parliament and again asked for the issue of an Order in Council empowering them to extend their tramway to Taupo, but as a means of providing the funds necessary for the purpose they asked that provision be made whereby all the Crown and Native lands along the route of or adjacent to the line of the proposed extension should bear a fair proportion of the cost of its construction and of the running-expenses of the line when completed, or, in the alternative, that the company be empowered (as in the 1911 petition) to purchase 200,000 acres of Native land at its then value, with a view to selling it again at its enhanced value when the extension of the tramway to Taupo was completed.

These proposals seem to have developed somewhat while under consideration by the Parliamentary Committee, as on page 102 of the report (see I.—10 of Session II, 1912) certain " amended proposals " appear, which embrace a suggestion that the whole tramway might be purchased by the Crown. The new proposal was : " To purchase the said tramway after it has been completed and extended to Taupo, on a valuation without goodwill, and in no case to exceed the actual cost of construction, or in the alternative the sum of £180,000." The purchase-money was to be paid out of the proceeds of the sale of Crown lands served by the tramway, and the Native lands served by the tramway and acquired by the Crown from the Native owners.

The Parliamentary Committee reported that they did not recommend the purchase of the tramway in the manner and on the terms suggested by the company, nor did they recommend that the company be allowed to purchase 200,000 acres of Native land; but they thought it was desirable that inducements be offered to settlers to occupy land in the vicinity of the tramway and of Lake Taupo, and finally the Committee recommended that the company be authorized to extend its line to Taupo, and that the Government guarantee the cost of such extension up to £50,000.