

1922.
NEW ZEALAND.

ROTORUA-TAUPO RAILWAY

(REPORT OF ROYAL COMMISSION UPON A REQUEST FOR CONSTRUCTION AND WORKING OF).

Presented to both Houses of the General Assembly by Command of His Excellency.

COMMISSION.

CONSTRUCTION OF A RAILWAY BETWEEN ROTORUA AND TAUPO.

JELlicoe, Governor-General.

To all to whom these presents shall come, and to HERBERT BUXTON, Esquire, of Wellington; GEORGE THOMAS MURRAY, Esquire, of Wellington; LEON MACINTOSH ELLIS, Esquire, of Wellington; JOHN DOUGLAS RITCHIE, Esquire, of Wellington; and to HUGH MUNRO, Esquire, of Auckland: Greeting.

WHEREAS request has been made to the Government that a Government railway should be constructed and worked between Rotorua and Taupo (or the vicinity thereof) connecting with the present Government railway at Rotorua: And whereas the Government is desirous of obtaining the fullest available information on the matters hereinafter mentioned, the better to enable it to consider and decide regarding such request:

Now, therefore, I, John Rushworth, Viscount Jellicoe, Governor-General of the Dominion of New Zealand, in exercise of the powers conferred on me by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, and acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby constitute and appoint you, the said

HERBERT BUXTON,
GEORGE THOMAS MURRAY,
LEON MACINTOSH ELLIS,
JOHN DOUGLAS RITCHIE, and
HUGH MUNRO,

to be a Commission to inquire into and report upon the following matters:—

- (1.) The extent of the traffic which may reasonably be expected to be conveyed over a railway between Rotorua and Taupo or the vicinity thereof (connecting with the present Government railway at Rotorua) if such first-mentioned railway be constructed.
- (2.) The probability of such railway (if constructed) returning sufficient revenue from the working thereof to meet the expenditure incurred in and by such working, together with interest on the cost of the construction of such railway, assuming such interest to be charged on such cost at the rate of four per centum per annum.
- (3.) The extent of the country which would be served by such a railway (if constructed), and the suitability of such country for purposes of settlement.
- (4.) The route (generally) which should be adopted for the construction of such a railway (if such construction should be decided upon).
- (5.) Generally upon such matters as are in your opinion relevant to the question as to whether it is desirable and warranted in and by the public interest that a railway should be constructed between Rotorua and Taupo as aforesaid.

And, with the like advice and consent, I do further appoint you, the said

HERBERT BUXTON,

to be the Chairman of the said Commission.

And, for the purpose of better enabling you, the said Commission, to carry these presents into effect, you are hereby authorized and empowered to make and conduct any inquiry under these presents, at such times and places in the said Dominion as you deem expedient, with power to adjourn from time to time and place to place as you think fit, and to call before you and examine, on oath or otherwise as may be allowed by law, such person or persons as you think capable of affording you information in the premises. And you are also hereby empowered to call for and examine such books, papers, plans, writings, documents, or records as you deem likely to afford you the fullest information on the subject-matter of the inquiry hereby directed to be made, and to inquire of and concerning the premises by all lawful means whatsoever.

And, using all diligence, you are required to report to me under your hands and seals not later than the thirty-first day of July, one thousand nine hundred and twenty-two, your opinion as to the aforesaid matters.

And you are hereby strictly charged and directed that you shall not at any time publish or otherwise disclose, save to me, in pursuance of these presents or by my direction, the contents or purport of any report so made or to be made by you.

And it is hereby declared that these presents shall continue in full force and virtue although the inquiry is not regularly continued from time to time or from place to place by adjournment.

And, lastly, it is hereby further declared that these presents are issued under and subject to the provisions of the Commissions of Inquiry Act, 1908.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand; and issued under the Seal of that Dominion, at the Government House at Wellington, this sixteenth day of May, one thousand nine hundred and twenty-two.

D. H. GUTHRIE,
Acting Minister of Railways.

Approved in Council.
F. D. THOMSON,
Clerk of the Executive Council.

EXTENSION OF COMMISSION REGARDING THE CONSTRUCTION OF A RAILWAY
BETWEEN ROTORUA AND TAUPO.

JELlicoe, Governor-General.

To all to whom these presents shall come, and to HERBERT BUXTON, Esquire, of Wellington; GEORGE THOMAS MURRAY, Esquire, of Wellington; LEON MACINTOSH ELLIS, Esquire, of Wellington; JOHN DOUGLAS RITCHIE, Esquire, of Wellington; and to HUGH MUNRO, Esquire, of Auckland: Greeting.

WHEREAS by a Warrant dated the sixteenth day of May, one thousand nine hundred and twenty-two, and issued under my hand and the Public Seal of the Dominion, you were appointed a Commission to inquire into and report regarding the desirability of constructing a Government railway between Rotorua and Taupo; and, using all diligence, you were required to report to me, under your hands and seals, not later than the thirty-first day of July, one thousand nine hundred and twenty-two, your opinion as to the aforesaid matter:

And whereas it is expedient to extend the time within which you were required to report as aforesaid in manner hereinafter appearing:

Now, therefore, I, John Rushworth, Viscount Jellicoe, Governor-General of the Dominion of New Zealand, in exercise of the powers conferred by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, and acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby extend the time within which you are required to report to me under your hands and seals your opinion on the matter specified in the said Warrant dated the sixteenth day of May, one thousand nine hundred and twenty-two, to the thirty-first day of August, one thousand nine hundred and twenty-two.

And, with the like advice and consent, and in further pursuance of the said power and authority, I do hereby confirm the said Commission as further extended by these presents.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand; and issued under the Seal of that Dominion, at the Government House at Wellington, this thirty-first day of July, one thousand nine hundred and twenty-two.

D. H. GUTHRIE,
Minister of Railways.

Approved in Council.
F. D. THOMSON,
Clerk of the Executive Council.

REPORT.

To His Excellency Viscount Jellicoe, Governor-General of the Dominion of New Zealand.

MAY IT PLEASE YOUR EXCELLENCY,—

We, the Commissioners appointed by Your Excellency on the 16th May, 1922, to inquire and report upon a request for the construction and working of a railway between Rotorua and Taupo and connecting with the present Government railway at Rotorua, have now the honour to report as follows:—

A preliminary meeting of the Commission was held at Wellington on the 30th May, 1922, at which an itinerary and other details were arranged, and at later dates public sittings were held at Auckland, Rotorua, Reparoa, Taupo, and Wellington. In the course of our journeys we traversed the country lying between Rotorua and Taupo, of the nature of which country your Commissioners had some previous knowledge.

The Commission held nine public sittings and examined thirty-six witnesses. At the public sittings Mr. E. E. Vaile attended to represent the Rotorua-Taupo Railway League and the Waiotapu Settlers' Association. Mr. G. O. Bayley watched the interests of the Taupo Totara Timber Company (Limited) at the sittings at Auckland and in the Rotorua and Taupo districts. Sir John Findlay, K.C., represented the Taupo Totara Timber Company at Wellington, and subsequently addressed the Commission. Mr. Vaile also addressed the Commission.

A transcript of the evidence and addresses is attached hereto, together with the various appendices. The maps to which reference is made are also forwarded herewith.

Evidence was tendered that a railway from Rotorua to Taupo would serve a very large area of land, variously estimated at from 1,250,000 to 2,000,000 acres, lying adjacent to the route of the desired railway, round Lake Taupo, and to the south-eastward of the lake. This area includes a large acreage of Crown and Native lands at present unoccupied and unproductive, as well as occupied country the productivity of which is greatly restricted by the absence of suitable means of transport. The evidence indicates that for the development to a state of productivity of this great area of land it is essential that artificial manures and other requisites be delivered on the farms, and the produce of the farms be taken to the markets, at a much more moderate cost than is possible with the present means of transit.

It is also stated that the thermal activities of the Taupo district, if made more cheaply and easily accessible, would attract increasingly large numbers of visitors, and that the climatic conditions there are of the best in the North Island and specially suitable for invalids.

There are some 17,000 acres of indigenous forests, the timber from which can be taken out by a railway from Taupo to Rotorua, and there are also along the route 27,568 acres of Government forest plantations, which will be extended to 35,000 acres within the next four years. The pumice country has been proved to be specially suited for the growth of timber-trees.

With regard to the indigenous forests which lie to the westward of the railway route, it must be pointed out that the Taupo Totara Timber Company is conducting sawmilling operations in the locality, and is taking out the timber by its line of tramway from its mill at Mokai to Putaruru, a station on the Government railway. This company has extended a logging tramway from Mokai to its bush in the vicinity of Oruanui Village, and had in contemplation the establishment of a mill in the latter locality. It was represented on behalf of the company that these western forests were equally accessible from its tramway, that the company was negotiating with the Government regarding some arrangement for taking out the timber from these forests by way of the tramway, and that it was not in the public interest that another line should be constructed to deal with this timber when suitable means of transit already existed.

The company has authority under its Order in Council to charge 4s. 8d. per 100 ft. for a distance of 54 miles, and carriage by tramway involves transshipment at Putaruru of timber for other stations on the Government lines, whereas the present classified rate on the Government railways is only 4s. 3d. (subject to a surcharge of one-seventh) for 225 miles, the estimated distance from Taupo to Auckland.

Subject to the result of the negotiations mentioned, we have assumed that the indigenous forests in question, other than those owned by the Taupo Totara Timber Company (Limited), may be considered as sources of traffic for a railway between Rotorua and Taupo if such railway be constructed within the next ten years.

Reference was made in the course of the proceedings to an offer which has been made by the settlers whose lands would be served by a railway from Rotorua to Taupo to have their lands rated to the extent of an average of 1s. per acre as a contribution to the cost of constructing the railway. We find that this offer is embodied in a petition which, we were informed in evidence, has been presented to Parliament on three occasions, the last occasion being in September, 1920. The paragraph in the petition dealing with the matter reads as follows:—

That while firmly believing that a railway from Rotorua to Taupo would from the tourist traffic alone pay at least the average rate of interest, we recognize that under existing financial circumstances it is the duty of landowners who would be benefited by public improvements to contribute to the cost of these improvements. We therefore offer to have our lands rated to the extent of an average of 1s. per acre, as a contribution to the cost of the proposed railway, and to have our lands declared a rating-area for that purpose—Crown, Native, and European lands all to be placed on the same footing. Roughly, we consider that lands within twenty miles of the railway—or, say, 2,000,000 acres—would be benefited; but the natural features of the country should be taken into account. We are therefore willing that the boundaries of the suggested rating-area should be settled by Government officers and the contribution of each owner by Government valuers, the basis to be the amount of benefit to be received by such owner. An Assessment Court to be subsequently set up to hear objections, if any, to the inclusion of any particular lands in the area, or to the amount of any contributions levied. The rate to be payable only if the said railway is open for traffic on or before 1st January, 1926, and shall be payable in one sum on 1st January, 1927.

As it is a condition of the offer that the railway from Rotorua to Taupo should be open for traffic on or before the 1st January, 1926, and there is no probability of this condition being fulfilled, we have not taken this offer into consideration.

ORDER OF REFERENCE NO. 1.—PROBABLE TRAFFIC.

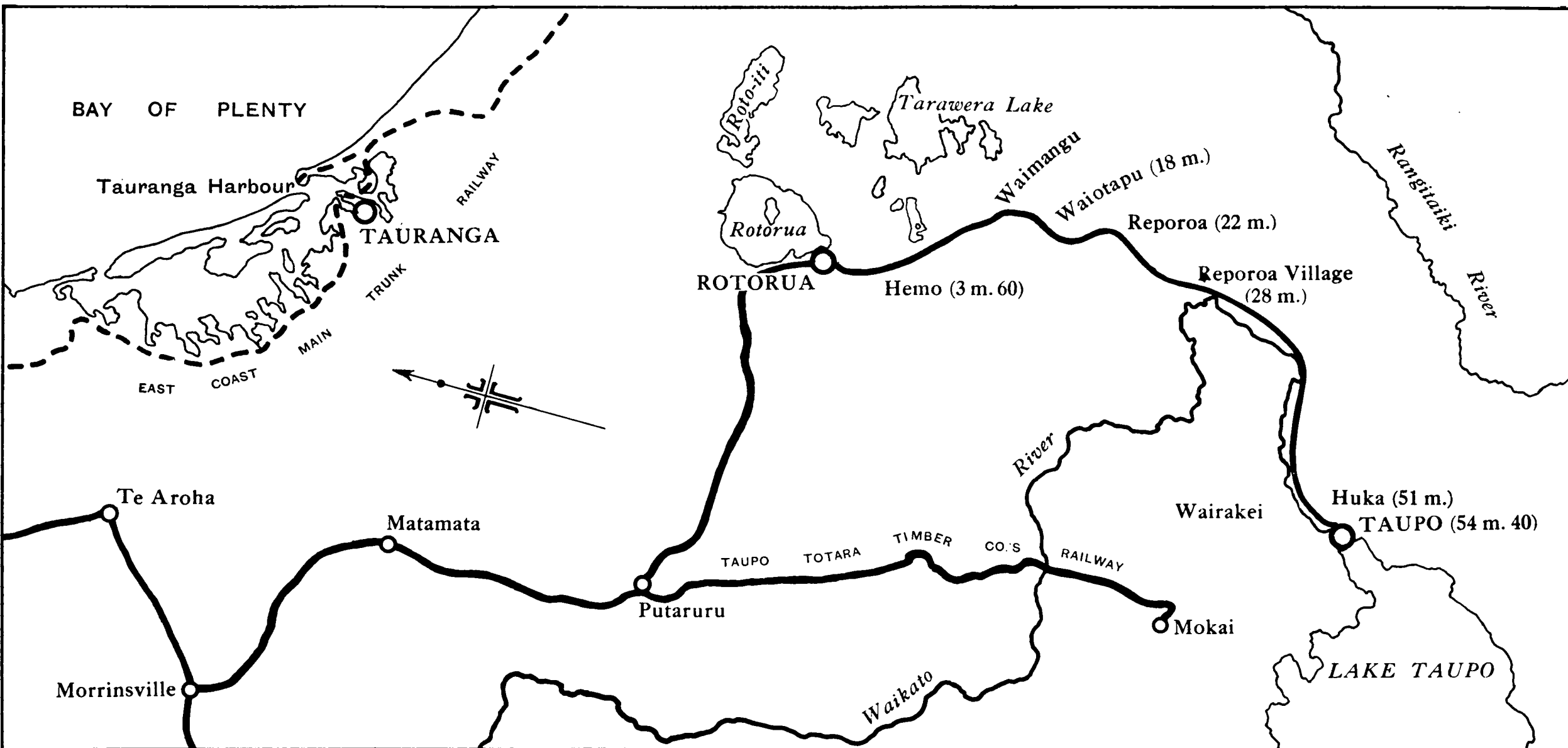
In estimating the extent of the traffic which may reasonably be expected to be conveyed over a railway between Rotorua and Taupo, or the vicinity thereof (connecting with the present Government railway at Rotorua), if such first-mentioned railway be constructed, the Commission has considered traffic at present in sight and available for a railway completed in the immediate future—say, within the next ten years. If sufficient funds be available the railway could be completed and equipped in seven years from the date of undertaking.

The passenger traffic is estimated to average 66 passengers per day each way, which, at an average single fare of 7s. 6d., will produce £47 6s. per day. To this is added £2 14s. for parcels, luggage, &c., making a total of £50 per day, or £15,650 per annum.

It is estimated a traffic of 30,000,000 superficial feet of timber per annum will be obtained from the indigenous forests, and 7,500,000 ft. of timber and 2,614 trucks of posts, mining timber, and firewood from the Government plantations. The timber is expected to produce earnings for the new line of £39,892 per annum.

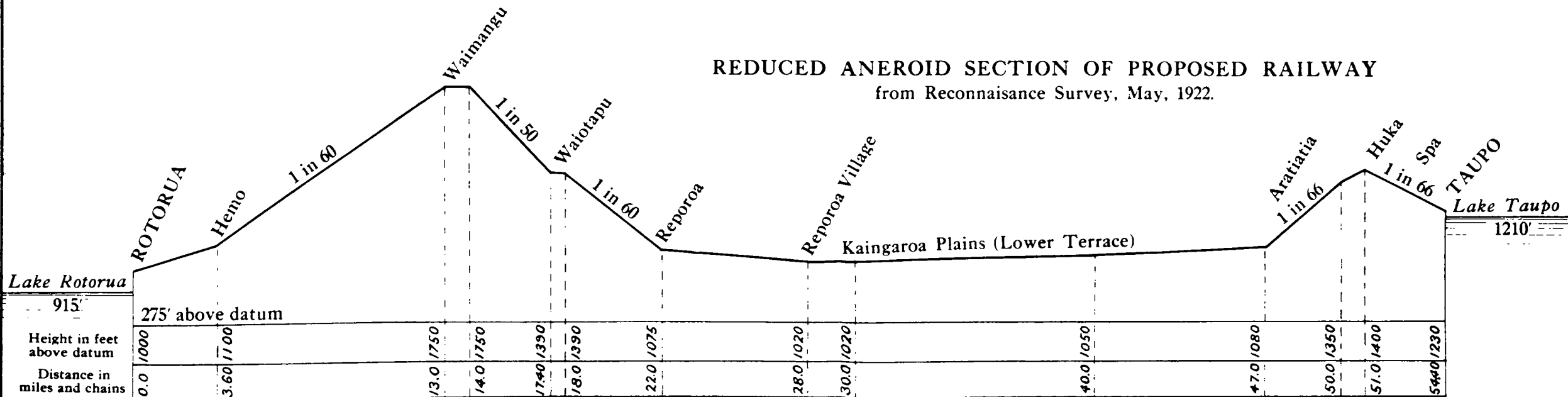
MAP SHOWING (IN RED) PROPOSED ROTORUA-TAUPU RAILWAY.

Scale: 8 miles to an inch.



REDUCED ANEROID SECTION OF PROPOSED RAILWAY

from Reconnaissance Survey, May, 1922.



Horizontal scale: 5 miles to an inch.

Vertical scale: 500 feet to an inch.



With regard to the produce from farming operations, the Commission considers that progress during the next ten years will be extremely slow. It has been variously estimated that from 30 to 60 per cent. of the country to be served by the railway is fit for farming. The Commission estimates the farming-area at 40 per cent. There is sufficient land suitable for dairying which, in the next ten years, can be developed to carry approximately eight thousand cows, and there are further areas which are capable by cultivation of being made into fair grazing-country; but the prospects, even assuming the construction of a railway, are not, in the opinion of the Commission, sufficiently attractive to induce rapid settlement. Comparisons with Matamata were made by witnesses, but those members of the Commission who are entitled to speak from expert knowledge consider that the Taupo country, outside the very limited dairying-area, is not comparable with the greater portion of the Matamata land. The traffic from farm-produce is estimated at £1,380 per annum.

The inwards traffic in merchandise, manures, and minerals will add £4,570.

Summarized, the revenue estimated to be earned on the new line is—

	£
Passengers, parcels, &c.	15,650
Products of forests	39,892
Products of farms	1,380
Inward traffic	4,570
	<hr/>
Total	<u>£61,492</u>

It must be mentioned that on an extension of the existing line the rates charged are not the local rates for the new mileage, but a proportion of the through rate for the total distance the traffic is hauled. As the goods rates per mile decrease as the distance increases, the average rate per mile on a long haul will be less than the rate per mile for the distance of the extension. The earnings of the extension are therefore a mileage proportion of the through rate. To the earnings thus ascertained is added the net revenue accruing from any new traffic brought to the existing line. In estimating the revenue it has been assumed that any timber purchased by the Railway Department in this area and carried over the Taupo-Rotorua Railway, if constructed, will be charged the tariff rates.

With regard to the revenue derived from the carriage of timber from the indigenous forests, it is recognized that this is a terminating traffic. The Taupo Totara Timber Company very kindly placed at our disposal the estimates of quantities made on their behalf. These estimates are very much less than those given in evidence by a witness who had also examined the forests. It was suggested that a further examination be made with a view to testing the accuracy of the estimates. Such an examination, to be of value, would occupy a very long time, and was therefore not undertaken.

The value of timber has greatly increased since the estimates for the company were made, and is likely to further increase as present available supplies are exhausted. The proportion of saleable timber will consequently be greater.

We are satisfied there is sufficient timber in the indigenous forests to furnish traffic for fifteen years at the rate of cutting estimated. When that timber is exhausted the output from the Government forest plantations will have largely increased, and this additional traffic, together with the increased passenger traffic, the carriage of farm-products, and the merchandise requirements of an increased population, should make good the loss.

ORDER OF REFERENCE NO. 2.—PROBABILITY OF EARNING WORKING-EXPENSES AND INTEREST.

The cost of construction of a railway on the route described in the reply to order of reference No. 4 is estimated at £700,000, and the necessary additional rolling-stock at £50,000. Interest on this at 4 per centum per annum is £30,000.

To provide for the estimated traffic it will be necessary to run each way one passenger and two mixed or goods trains daily—say, 330 train-miles per day, or 103,290 per annum. Taking the working-expenses at 10s. 2d. per train-mile (the average of the last six years) it will cost £52,547 to earn the estimated revenue.

It is not, therefore, probable that the railway (if constructed) will earn sufficient revenue to pay interest and working-expenses.

We are aware that in 1912 the late Engineer-in-Chief of the Public Works Department (Mr. R. W. Holmes) estimated the cost of construction of a railway from Rotorua to Taupo on approximately the same route as we now propose at £7,000 per mile; but since 1912 the cost of such works has greatly increased. The estimate of £700,000 is, we are satisfied, a reasonable one under existing conditions.

ORDER OF REFERENCE NO. 3.—EXTENT OF COUNTRY WHICH WOULD BE SERVED.

We have estimated that the extent of the country which would be served by such a railway, if constructed, is approximately one and a quarter million (1,250,000) acres. This includes the land lying within ten miles round the shores of Lake Taupo, and the land served by the Napier-Taupo Road as far as the upper Rangitaiki country, but not the area in the watershed of the Rangitaiki River in the Galatea district, which area will find an outlet towards the East Coast Railway, although the distance from Galatea to Waiotapu, where a railway to Rotorua would be reached, is less than from Galatea to Awakori on the East Coast Railway. We think that when the road now under construction and nearing completion connects Galatea with the ports of Whakatane and Tauranga the exportable produce from that district will be dealt with at those ports instead of being sent by railway to Auckland.

With regard to the suitability of such country for settlement, there is no doubt that some pumice land, when cultivated and treated with suitable manures, will produce splendid crops of turnips and clovers, and is capable of development into pasture. There are, however, various grades of pumice land. Evidence was given that it takes seven or eight years to bring the pumice country between Rotorua and Taupo into full productive condition, though some return can be obtained from it during the process. The cost of this development is about £7 per acre, so that a settler requires considerable capital to establish himself. Although the land is easily worked and the working is not affected by weather conditions, the area which can be cultivated is limited by the amount the settler can afford to spend each year for labour and manure. With cheaper means of communication the rate of development could be increased, but with the present-day information it is doubtful whether any but the better-grade land would provide a sufficient return for the outlay. Isolated settlers deprived of the advantages of participation, in common with others, in services for supplies and marketing would not be successful.

All the country will grow trees, but the return from plantations is too remote to induce settlers to do more than plant what is required for shelter for stock. The Forest Service has on the Kaingaroa Plains a sufficient area for its operations for some years to come.

In our opinion further experiment is necessary on the lower-grade pumice land to determine its capability for production. We suggest that an experimental station be established on the main Rotorua-Taupo Road, on an area typical of the surrounding pumice country, where the operations can be readily inspected by possible settlers.

There is lying between the Rangitaiki and Waikato Rivers the plateau of the Kaingaroa Plains, in area from 200,000 to 300,000 acres, on which there is little or no visible water-supply for settlement purposes. There are springs issuing at various places at the base of the plateau. We beg to suggest the advisability of undertaking boring operations to determine whether a sufficient supply of water can be obtained on the plateau to make settlement in small areas possible.

ORDER OF REFERENCE NO. 4.—THE ROUTE (GENERALLY) WHICH SHOULD BE ADOPTED.

The route which, in the opinion of the Commission, should be adopted for the construction of the railway (if such construction be decided upon) is from Rotorua by way of Hemo Gorge and Waiotapu, thence keeping to the right bank of the Waikato River to the Township of Taupo. The line has not been surveyed in detail, but from reconnaissance it is considered that a line with ruling grades of 1 in 60 can be constructed for £700,000, the distance being approximately 54½ miles. This amount includes the cost of stations, but does not include the cost of rolling-stock, which is estimated at £50,000.

ORDER OF REFERENCE NO. 5.—MATTERS RELEVANT TO THE QUESTION AS TO WHETHER IT IS DESIRABLE AND WARRANTED IN AND BY THE PUBLIC INTEREST THAT A RAILWAY SHOULD BE CONSTRUCTED BETWEEN ROTORUA AND TAUPO AS AFORESAID.

(a.) Reference has been made in another part of our report to the representations made on behalf of the Taupo Totara Timber Company that it was not in the public interest to build another line which, by competing with the company's tramway for the carriage of timber from the indigenous forests lying to the west of the Waikato River, may lessen the ability of the company to cater for the needs of the present and prospective settlers on the lands adjoining the tramway-line.

As negotiations regarding this matter are in progress between the company and the Government, those representations will doubtless receive due consideration. We need not deal with them here further than to submit that the carriage of timber from the indigenous forests, though an important factor in providing revenue during the period of development of a permanent traffic, may not be the only, nor the principal, reason for considering the construction of a railway from Rotorua to Taupo. The opening-up of the country and the development of tourist traffic are permanent advantages which will continue after the removal of the indigenous timber. The tramway is not suitable for the carriage of passengers, and it does not serve the Government forest plantations.

(b.) It is anticipated that the exportable produce of the Taupo district will ultimately find an outlet by way of the ports in the Bay of Plenty. The distance from Rotorua to Tauranga is approximately forty-five miles. If Rotorua be connected by rail with the East Coast Railway the line from Rotorua to Taupo would complete the outlet from the Taupo district to deep water in the Bay of Plenty.

(c.) Should it be decided to assist settlement in the district under the provisions of section 11 of the Land Laws Amendment Act, 1919, a railway would be necessary.

(d.) On the Kaingaroa Plains, in the vicinity of Waiotapu, there is an area of approximately 22,000 acres of State-forest plantations, and this area is being increased by from 2,000 acres to 3,000 acres annually. There has been already incurred on these plantations an expenditure of £320,000. The available output from these and the Whakarewarewa plantations near Rotorua will in a few years reach 30,000,000 superficial feet of timber per annum, which will have a royalty value up to 6s. per 100 ft.

In the report dated 15th December, 1920, of the Taupo Tramway Lands and Timber Commission (parliamentary paper C.-13, 1921) reference is made to these forest plantations, and a report by Mr. R. W. Holmes, late Engineer-in-Chief and Under-Secretary for Public Works, is quoted as follows:—

There is another point that must not be lost sight of in considering this question, and that is that the Forestry Department has very large plantations in the vicinity of Waiotapu, which is about eighteen miles along the route Rotorua to Taupo. Irrespective of what is done in the way of giving Taupo railway connection, it will be absolutely necessary that a railway be constructed before many years elapse to Waiotapu to deal with the output from the State forests. The State forest will, when sufficiently developed, provide constant traffic for a railway over this distance. The land is cheap here, trees seem to do well, and it is only a matter of increasing the plantations until there will be as much timber coming out as the railway can comfortably handle, and this will continue in perpetuity.

Commenting upon this, the Commissioners added:—

It would seem, therefore, that there is urgent necessity, in order to avoid great national waste, for an extension of the Rotorua Government railway to Waiotapu with as little delay as possible; and bearing this in mind, and having in view the probability that the Government will give effect sooner or later to the strong recommendations of the late Engineer-in-Chief and the Director of Forests, your Commissioners venture to express the opinion that the line to connect Taupo with a Government railway system should be an extension of the existing Government railway to Rotorua.

We respectfully beg to endorse the opinion that in order to realize the value, both present and prospective, of these plantations means of transit by railway must be provided, and we may add that a railway from Rotorua terminating at a suitable point in the vicinity of the Waiotapu plantations would reasonably serve the present settlement in the Waiotapu Valley and would open up a further large area of land for development. There is also a possibility that the indigenous forests to the west of the Waikato River can be tapped by such a line.

SUMMARY OF FINDINGS.

Summarized, we respectfully beg to return the following answers to the questions addressed to us in Your Excellency's Commission:—

1. The extent of the traffic which may reasonably be expected to be conveyed over a railway between Rotorua and Taupo, or the vicinity thereof (connecting with the present Government railway at Rotorua) if such mentioned railway be constructed, we estimate as sufficient to produce a revenue of £61,492 per annum provided the railway is completed and opened for traffic within the next ten years. If not then completed the available traffic would require to be again reviewed.

2. We consider that there is under present or probable conditions no likelihood of such railway (if constructed) returning sufficient revenue from the working thereof to meet the expenditure incurred in and by such working, together with interest on the cost of construction of such railway, assuming such interest to be charged on such cost at the rate of 4 per centum per annum.

3. The extent of country which would be served by such a railway (if constructed) we estimate from the information obtainable at approximately 1,250,000 acres. Of this area the quantity proved to be suitable for settlement is very limited. In our opinion further investigation is necessary to determine the suitability for purposes of settlement of the great bulk of this country.

4. The route (generally) which should be adopted for the construction of such a railway (if such construction should be decided upon) is from Rotorua by way of Hemo Gorge to Waiotapu, and thence keeping to the right bank of the Waikato River to Taupo Township generally, as shown on a plan forwarded herewith. (The route has not been surveyed in detail).

5. The various matters which we considered relevant to the question as to whether it is desirable and warranted in and by the public interest that a railway should be constructed between Rotorua and Taupo as aforesaid have been set forth in a foregoing portion of our report, and it is not necessary to recapitulate them here.

CONCLUSION.

In conclusion, the Commission desires to express its thanks to those gentlemen who appeared as witnesses for the valuable assistance given, and also to Sir John Findlay, K.C., and Mr. E. E. Vaile for their able and instructive addresses.

Your Excellency's Commission is returned herewith.

We have the honour to be,

Your Excellency's humble and obedient servants,

H. BUXTON.

G. T. MURRAY.

L. MACINTOSH ELLIS.

JOHN D. RITCHIE.

H. MUNRO.

Wellington, New Zealand,
24th August, 1922.

ROTORUA-TAUPO RAILWAY COMMISSION.

Auckland, 29th August, 1922.

THE Commission's report reached me yesterday under cover of your memorandum of the 26th instant.

Referring to order of reference No. 1, "Probable Traffic": As stated in my memorandum to you of the 27th instant, and again during my conversation by telephone to-day, I disagree with the statement contained in the last sentence of the reply to this question. I am still of opinion that the main purpose of an extension of the railway from Waiotapu to Taupo would be to serve the indigenous forests, which would provide traffic for a period of fifteen to twenty years, after which this section of line would either have to be abandoned or operated at a heavy loss. I am convinced that the increase of traffic during the fifteen to twenty years which would be required to cut out the indigenous forests would not be anything like sufficient to make good the loss of traffic which would result from exhaustion of such forests. I am signing the report subject to my signature being accepted with the above reservations, and conditional on a copy of this memorandum either being attached to the report or otherwise forwarded to the Hon. Minister with the report.

H. MUNRO.

H. Buxton, Esq.,
Chairman, Rotorua-Taupo Railway Commission.

Approximate Cost of Paper.—Preparation, not given; printing (475 copies), including plan, £15.

By Authority: W. A. G. SKINNER, Government Printer, Wellington.—1922.

Price 9d.]