

£6,000 to the railway. Under ordinary circumstances the profits on this sum would be £1,500, but subject to the extra cost of haulage on the steep gradients it will barely pay itself. We thus see that the two main sources of revenue on the West Coast railway are insufficient to give any return on the outlay.

The estimate of traffic in coal and timber above given is the maximum that may be expected for many years to come, and it will be several years before the maximum is reached. I have also assumed the charges at the ordinary rates, whereas the maintenance must necessarily be above the average. Indeed, I feel confident that the working expenses will absorb the revenues from all sources for some years to come, and that the lines will be worked at a loss for a few years at the beginning.

In sanctioning railways hitherto the Legislature of New Zealand seems to have been satisfied with an assurance that the returns would cover the working expenses, the collateral advantages being considered equivalent to the loss of interest. Tested on the basis of merely paying working expenses, the West Coast railway is entitled to favourable consideration, for I have no doubt it will ultimately fulfil this condition. It would also save the £7,000 or £8,000 annually spent in maintaining the Christchurch and Hokitika Road. But the other collateral advantages are of little value; no good land is opened up for settlement, and the extent to which the general coal and timber industries of the colony are assisted is comparatively limited. At the very utmost the railway could only save one-third of the imports in those articles. It is questionable whether this would pay from any point of view, and it should be borne in mind that, unless a direct return is got from the railway, the country is actually giving a bonus of £1 per ton on all coal sent from the West Coast to Canterbury.

Another question in connection herewith is the construction of the harbour works at Greymouth. As already stated, they will cost about £600,000 when complete. I submit that the time has arrived for the Government to consider whether the railway or harbour is required; also whether both are required, and, if not, which of the two have the preference.

I have already shown that the market for coal commanded by the railway is very limited; and, furthermore, it cannot possibly be extended. If compared solely on this basis the harbour is infinitely the best. All the markets of the colony would be open for the coal if a good harbour were provided. The harbour will also cost much less than the railway. On the other hand, the railway develops the timber trade better than the harbour, and it forms a more complete connection between the two sides of the Island. Again, it is questionable if the railway would save the making of the harbour, but there is a reasonable hope that the harbour would save the railway. Altogether there is little to choose between the two schemes, but I think the balance of advantages, small though it be, is in favour of the harbour.

With reference to the question of making both the railway and the harbour I am clearly of opinion that the two are not required. The cost will be something like one and three-quarter millions, the interest on which comes to about 10s. per ton on all the coal imported into the colony. From any standpoint whatever I can see nothing to warrant such an expenditure for many years to come.

Main Trunk Line.—There is no means of making a trustworthy estimate of the traffic on the Main Trunk railway. For many years it must necessarily be very small, but I have no doubt it will ultimately grow into a considerable traffic. Eighty miles out of the 150 miles between Amberley and Blenheim pass through good agricultural country, capable of supporting a large population. Unfortunately, however, it is all in the hands of private individuals, so the construction of the railway and the settlement of the country cannot be made to assist each other. Beyond increasing the facility for intercommunication the collateral advantages to the colony from this railway would be comparatively unimportant. In addition to the local traffic from the agricultural settlements a railway from Christchurch to Picton would ultimately command a large share of the through-passenger traffic between the two Islands. There would also be a considerable traffic with Kaikoura, which will in all probability become one of the most popular watering-places in New Zealand.

So far as ordinary goods traffic is concerned the railway can never compete with the steamers between Lyttelton and Wellington; but I think it will eventually command the greater portion of the passenger traffic. The saving in time would scarcely do this, but the saving of thirteen hours of rough-water passage is quite sufficient to turn the scale in favour of the railway. When the line is made right through to Picton the mails can be taken from Wellington to the Bluff in thirty-three hours.

RECOMMENDATIONS.

Under the preceding head I have shown—1. That there is little prospect of a direct return from a railway between the East and West Coasts, and that the collateral advantages are not commensurate with the enormous expenditure required. 2. That the extension of the Main Trunk line to Picton may ultimately pay, but the collateral advantages in the immediate future are not commensurate with the outlay. In arriving at these conclusions I have viewed the subject entirely from a professional and commercial point of view. It has still to be considered on the basis of one of the propositions set down at the outset—viz., “That the West Coast, as an integral part of the colony, be connected with Cook Strait and the East Coast.” It is scarcely my province to enter minutely into the consideration of every phase of this question, but it is my duty to show the expenditure involved, and give my opinion for what it is worth. I have already described the railway system I consider best adapted for the northern districts of the Middle Island when railways are required; but I cannot say that I think any of them will be required for many years to come. It would undoubtedly be a great advantage to have railway communication completed between the East and West Coasts, and also from end to end of the Island; but, in view of the large expenditure involved, the uncertainty of a return for the capital invested, and the few collateral advantages, I think the whole scheme might be postponed for the present. If the good lands on the main trunk line were still in the hands of the Crown I would have recommended that the line be gone on with gradually from both ends, as it would thus pay its way; but under present circumstances it may well stand over for some years.