

224. Even with all that competition they do not seem to have made very much in the way of profit or interest on capital?—As a matter of fact, if you take into consideration the interest on capital they have made a loss. Deducting from the receipts as furnished by Mr. Drew the expenditure incurred in connection with relaying and some improvements which are included in the expenditure given by him, they have a net revenue of £2,800 for the nine years. Out of that they have to pay interest on capital cost, which I understand is £25,000. The fact remains, then, that they have not made 1 per cent. on the capital cost of the line. If that is the position with a private siding at one end from which we were not going to have any competition as far as we understood, what must be the effect of giving them a connection at the other end and making out of a private siding, which is now a dead-end, a loopline that is to form the shorter route to the port? It is going to draw our traffic from the Main Trunk line to that port, thereby decreasing the earnings of the State railways for the benefit of a competing line using our rolling-stock, but it is doubtful whether their net earnings will increase.

225. I want you now to bear this in mind: this County Council talks of extending this tramway at a cost, so far as junctioning with Marton is concerned, of £20,000. In addition to that Mr. Maclean has told us that the cost of the junctioning would be anything up to £1,500 or £2,000. As a railway man I suppose you will say that the extension of the line means a corresponding increase in working-expenses?—Undoubtedly it means an increase in expenses: they will have an increase in their working-expenses and interest on capital, but shorter haulage on a considerable portion of the traffic will decrease their earnings.

226. Are you able to see, having regard to their returns of traffic for the past years, how they can possibly make up that interest on capital and increased working-expenses except by competing with you at lower rates?—No, I cannot. I cannot see any possible chance of their bettering their financial position. In the net result of operating I do not see that there can be any improvement.

227. Do you bear in mind the fact that their present income from their present traffic would be reduced in consequence of their carrying a certain quantity of their goods down from Marton perhaps to Sanson instead of round through Himatangi, so that they would be carrying the same goods a shorter distance?—If what I was told in the district is correct, and if what I have understood as to the destination of the main portion of their business is correct, then they must suffer considerable loss through carrying the shorter distances. The traffic for Bull's, for instance, which is considerable, would not go as far as Sanson.

228. So that they would have to make up that loss in addition to making up interest on the increased capital expenditure and increased working-expenses?—That is so.

229. You have told us how it would affect the Government railways at the Himatangi end. Will you tell the Commission how in your opinion it would affect the traffic at the Marton end, as regards the Main Trunk traffic, the Palmerston-Martons traffic, and the Wanganui-Martons traffic?—Well, in the first place, looking at the Sanson Tramway as a tramway, I hold as a matter of principle that a line of that kind should not be allowed to junction with a Government main line.

230. *The Chairman.*] You had better make it clear what you mean when you use the word "junction." We have had three kinds of junction mentioned—first, what is called a siding; second, an actual junction so that the vehicles from one line can run on the other; and, third, what are called running-rights?—I am talking of an actual physical connection.

231. *Mr. Myers.*] When you speak of "physical connection," do you mean any kind of actual physical connection, whether you call it a "junction" or a "siding"?—I mean a connection with a siding.

232. *The Chairman.*] So that trucks can run from the one railway system to the other?—Yes. If you allowed a siding into our yard and allowed the tramway to join up—to make a physical junction at that siding—and run into and interchange the traffic, we would have to provide for the signalling, shunting, marshalling, receiving, and delivery of every item of traffic that finally goes on to their line, because we would not, at an important junction like Marton, allow the county men to turn a set of points in the yard. The safety not only of the county trains, but of every one of our own trains would depend on our having efficient men in charge of the operations.

233. You think that this tramway would then be equivalent to a small railway, and there would therefore be danger?—It would at once become a loopline giving connection between two sections of the Government railways. Such a line should be in the possession of the State.

234. *Mr. Myers.*] But is the line such a line as could be taken over by the State?—I mean the loopline. I am not speaking of the Sanson Tramway. So far as the present tram-line itself is concerned, it is totally unfit to form part of a railway. Supposing we permitted that connection, the first thing that would happen would be an agitation for the State to take it over and completely rebuild it to the standard of the Government trunk lines.

235. When you say that, have you in mind a portion of their statement or memorandum put in by Mr. Kensington [see page 94] on behalf of the Marton County Council—paragraph 16, where it states, "Particular emphasis is laid upon the fact that no local body is asking for the construction at present of the Main Trunk national deviation, but they are urgently pressing the acquisition by the Government of the proposed through line, feeling certain that in a very few years the public will demand that the new line be made"?—I have that in mind, as well as other similar statements made by persons interested in this tramway in the correspondence that has taken place with the Department. This proposed connection is not a new matter; the agitation has been going on for years.

236. But you started off by saying that you objected on principle to a loop line of this kind being owned by any one except the State and connecting with the State lines?—Yes. We have in the history of New Zealand railways one or two instances where district railways have been constructed—for instance, there is the Waimea Plains Railway. When that line was constructed it was managed