

tap some of your traffic, and we do not see why you should raise any objection to our coming in here—we want to come in.” The suggestion has been made by counsel for the tramway that it is nothing but a terminal connection with the Government railway system, that they merely want to deal with the local needs of the district, and that the business will end there. But it will not end there, and it is not intended that it should.

37. Does it remain a mere tramway from the moment it connects with the railway at that end, as well as at Himatangi?—Certainly not: it then becomes a loop line.

38. Connecting this tramway with the railway-line would make the tramway a loop line?—Yes.

39. That is, a loop line to the State railway?—Yes.

40. Do you desire to add to what you have said as to the effect of that?—The effect of making it a loop line alters its character from our point of view entirely. A tramway such as it is now has distinct limitations, whereas if it is a loop line, junctioning with us at either end, it immediately becomes a competitive railway for that particular area, and it has all the possibilities of becoming, by public pressure, a through line, which we naturally wish to avoid.

41. Which you think, from the figures, is not justified?—Certainly not justified. It has been contended that this line would be a desirable addition to our present service; but when you consider that it is going to cost something like £500,000, and that the Government have already got a programme of more urgent improvements which total up to £3,500,000—and that does not include Rimutaka deviation, which is certainly going to cost £500,000—it is clearly undesirable at the present moment to spend £500,000 on a railway which opens up no new territory whatever.

42. I take it, then, that you assume that if you had to take over this tramway you would have to reconstruct as a standard railway?—Certainly, if it is to be of any use at all. Its only use to the Department would be as a shorter portion of the main line, and that would mean that its main use would be for running express trains over.

43. You say, immediately the extension is allowed the tramway becomes a loop, and becomes a competitor with the State railways: what do you mean by that—compared with any existing phase or a new phase?—“Competition” is rather a complimentary term—it practically means piracy.

44. Because it would mean that it would interfere with your own business?—It has no business of its own. It comes into the market we have already created, and will not make any more business, because it does not tap any more sources of income. Therefore it follows that it may take, and will inevitably take, some of our existing business without bringing in anything in the shape of additional revenue. That is hardly fair competition. I should like to call attention to this: since the tramway has nothing to lose and everything to gain by taking our business, they have every inducement to reduce the rates and fares. It is a danger to us, because it reduces our present income; and if they carried our traffic—whatever traffic they can get—at quarter or half rates, so much the better for them.

45. *The Chairman.*] But they would not get the interest on their money?—They do not seem to worry about that.

46. You say they have the local body to fall back on?—Yes.

47. I should think the local body would soon be sick of paying rates without getting any profits?—We hope they will in time. When they do, our contention will be found to be correct—the Government would be forced to take the line over, because the public will say, “Here is a useful line that is lying idle.” We would have to take it over and work it at a loss.

48. *Mr. Myers.*] You are apparently looking ahead as much as to the immediate present?—Yes, and not very far ahead. If this line is introduced into the neighbourhood of Marton as a terminus or as a connecting line, I do not think we would have to look many weeks ahead before an agitation would start for it to be extended to Levin.

49. When you speak of a terminus—we have had a great many terms used—I conclude you are referring to what has been spoken of as a dead-end or siding?—Yes, without exchange of trucks.

50. Do you think that a mere dead-end or terminal siding to this tramway at Marton or Greatford would be satisfactory either to the State railway or to the owners of the tramway?—No; and it would not be to the public either. I do not think that even the promoters seriously suggest that such an arrangement would be able to last very long.

51. But while it lasted would it be satisfactory or convenient?—No; it would be most inconvenient, and that is why it would not last long.

52. Or be payable?—It would certainly not be payable. You practically create two additional terminals, with terminal expenses. The more handling involved the more breakage you get, whilst any transhipping in wet weather is liable to seriously damage the goods. There is all the difference between a wagon going right through from the point of loading to destination and transhipment in transit.

53. You are speaking now from the point of view of general merchandise?—Yes.

54. But would it be payable if there were extra charges in respect of such goods as timber, coal, firewood, and sheep?—Of course, it could not be payable: there is no question of that. If the tramway cannot pay now, how can they hope, with the extra mileage and extra charges, to make it pay as a dead-end tramway?

55. You said something about the difficulty incurred in regard to exchange of trucks in the event of the tramway having a junction or siding, not being a dead-end with the main line?—Yes.

56. Would that really be a serious difficulty?—Yes, a very real difficulty. It stands to reason that if they are going to supply their own trucks and pass them on to us at Marton for conveyance to any distant point, even if it is a truck built according to our own standard, it will cause us the extra expense and embarrassment of bringing that truck back empty from perhaps Auckland to Marton.