

My figures for passenger traffic are not altered, as I had already assumed a much greater population than that given by the deputation—namely, 317 settlers, instead of 137 given by them.

The total revenue, on the deputation figures, on basis of area of land opened up, should be—

|   |    |    |    |    |    |    |    |    |               |
|---|----|----|----|----|----|----|----|----|---------------|
|   |    |    |    |    |    |    |    |    | £             |
| Outward—sheep and wool                        | .. | .. | .. | .. | .. | .. | .. | .. | 5,540         |
| Inward—coal, manures, and general merchandise | .. | .. | .. | .. | .. | .. | .. | .. | 4,940         |
| Passengers                                    | .. | .. | .. | .. | .. | .. | .. | .. | 1,660         |
|   |    |    |    |    |    |    |    |    | <u>12,140</u> |
| Cost of running traffic                       | .. | .. | .. | .. | .. | .. | .. | .. | 5,300         |
| Net revenue                                   | .. | .. | .. | .. | .. | .. | .. | .. | <u>£6,840</u> |

This will earn interest on a capital expenditure of £136,800.

On the same basis, if we take the deputation figures for Wharerata route—which however, are as much too small, as their Ngatapa figures are too large—the net revenue would be from this route £800, which would pay interest on £16,000.

This means we have enough revenue to justify us in spending about £120,000 more on the Ngatapa than on the Wharerata, whereas it will really cost anything from £600,000 to £995,000 more.

With regard to a route via Waikohu, this will make the distance about 88 miles between Gisborne and Wairoa as far as can be ascertained from the map of the district, and will mean at least 65 miles of new line to construct. I should think it would cost £100,000 more than the Ngatapa route, estimating on a distance basis, and would be 16 miles longer between Gisborne and Wairoa. I do not think this route is worth further consideration. The country it would open up would be very little more than the Ngatapa route, and I doubt if the extra country would pay interest on the additional cost. The distance between Waikohu and Ngatapa is only about 12 miles, so that it is apparent that traffic between these points is easily handled by good roads.

Taking the points put forward in favour of inland or Ngatapa route by the deputation notes, I have to remark as follows on such of them as necessitate an answer. There are a great many repetitions in the notes, so I have not answered them seriatim.

(1.) That the present Gisborne—Motu Railway is one of the few lines in New Zealand that pays even moderate interest. This is an argument in favour of constructing a railway between Wairoa and Gisborne, but not for the construction of the most expensive route if it cannot pay interest on its extra cost. As a matter of fact, the Gisborne—Motu line only earned 0·6 per cent. last year.

(2.) The main advantages quoted—i.e., serving greatest number of people and greatest area of land and opening up new areas—are all taken into consideration in my statement that the route cannot pay interest on one-fifth of its additional cost. The country cannot afford to expend money on a railway that will only return  $\frac{1}{2}$  per cent. to 1 per cent. on capital outlay, even if it does open up a little more land. Good roads are the only reasonable solution for such problems, and many of our present railways are evidence of this.

(1.) The statement that the Wharerata route passes through land incapable of further settlement is not correct. The land on this route is just as good as that on the Ngatapa route.

(2.) Cost of Ngatapa route already done will be £280,000, not £350,000 as stated by deputation, and £210,000 of this will be available as an operating railway within a month.

(3.) Cost of Waikokopu Branch will be about £500,000 when completed—double that given by deputation. Neither of these lines need be scrapped as suggested by the deputation. It is intended to open and work both of them—in fact, they are now being worked.

(4.) Waipaoa freezing-works will be about 6 miles nearer to Hangaroa Valley by Waikohu than by Ngatapa and Makaraka, but Gisborne will be 16 miles farther away. It is not likely that Waipaoa works will receive all the fat-stock trade.

(5.) The Wharerata route does not mean a saving of only £150,000: it is £600,000 or more. The revenues and interest charges on both routes have already been fully discussed.

The total cost of each line from Wairoa to Gisborne will be approximately—

|                      | Ngatapa Route.    | Wharerata Route.  |
|----------------------|-------------------|-------------------|
| Already expended     | £ 275,000         | £ 443,000         |
| Estimate to complete | 1,805,000         | 1,267,000         |
|                      | <u>£2,080,000</u> | <u>£1,710,000</u> |

Answers to questions that deputation asked Minister :—

(1.) The Ngatapa route was not condemned because it was impossible to construct it, but it certainly can be condemned as economically impossible because it cannot pay interest on its additional cost over and above a shorter and more easily maintained route.

(2.) Yes, an alternative route to avoid the Ngatapa slip has been made, but the country in the locality offers no better location for the avoidance of slips.

(3.) The Waikohu route has been considered, but it is too long and too costly to warrant its further consideration; no survey is necessary to satisfy the Department on this question.

All things considered, I see no reason to depart from my previous recommendation to adopt the Wharerata route, and the detail surveys should be vigorously undertaken.

17th September, 1924.

J. Wood, Inspecting Engineer.

#### *Gisborne—Napier Railway.*

Hon. Minister of Public Works.

With reference to the above, and in reply to the arguments in favour of the Hangaroa route as brought forward by the deputation which waited on you on the 11th instant, Mr. Wood has gone very carefully into the matter, and, although we are of the opinion that the deputation's figures err on the optimistic side, nevertheless if they are accepted as correct in every particular the result still is that there is a difference of something like £600,000 by which the inland route is too expensive to justify construction. In other words, if all the advantages claimed are admitted to the inland route and their capitalized value subtracted from its cost, and if all the money spent beyond Ngatapa be added to the cost of the Wharerata line, there will still be something like £600,000 in favour of the latter. With regard to the three questions which the deputation put to you, the answer to the first one is that the Government Engineers have never condemned the Ngatapa line as impossible, but they have condemned it as an economic impossibility: in other words, its cost would be so great as to rule it out in an argument.

Secondly, Engineers have surveyed alternative routes to avoid the Ngatapa slip—or, rather, the slippery hillside in the vicinity of Ngatapa (it is not a matter of one slip)—but none of the alternatives in that locality appear to offer any adequate advantage, hence the decision to try in an entirely different part of the country.

Thirdly, the Waikohu line, as it is called, has not been surveyed in detail, although it has been considered; but it is so long and costly as to indicate quite clearly that no further survey is necessary to rule it out also. It would involve 65 miles of new construction, and would increase the distance between Gisborne and Wairoa by at least 16 miles.

F. W. FURKERT.

19th September, 1924.