

Island main-line system, and are largely responsible for the failure of the system to pay the policy rate of interest on capital.

Branch.	Net Revenue.	Loss on Working.	Loss, including Interest.	Branch.	Net Revenue.	Loss on Working.	Loss, including Interest.
	£	£	£		£	£	£
Waiuku	36	..	7,151	Ngapara .. ..	..	2,395	8,648
Waitara .. ..	..	2,184	3,120	Waihemo .. ..	..	816	2,064
Toko .. ..	..	2,098	28,748	Otago Central ..	12,028	..	41,779
Greytown .. ..	..	2,064	2,441	Lawrence .. ..	..	2,241	13,655
Eskdale .. ..	..	1,029	5,358	Tapanui .. ..	..	4,690	9,344
Cheviot .. ..	..	1,366	14,502	Waikaka .. ..	..	761	3,322
Oxford-Eyretton ..	..	2,901	8,582	Switzers .. ..	..	2,056	4,058
Little River .. ..	..	16,801	20,896	Glenham .. ..	..	4,053	7,134
White Cliffs .. ..	..	1,561	2,497	Seaward Bush ..	3,343	..	3,599
Mount Somers .. ..	..	11,336	13,650	Forest Hill .. ..	..	1,383	2,254
Fairlie	4,988	..	381	Mararoa .. ..	..	701	1,728
Waimate .. ..	..	3,190	5,088				
Kurow .. ..	..	5,062	10,119	Totals	20,395	68,688	220,118

Another factor that contributed very materially to the difference in the returns obtained in the South Island and North Island respectively was competition by road. The South Island, by reason of its superior roads and topographical features, lends itself more readily to road transport than the North Island.

The problem of dealing with the traffic on these branch lines with a view to securing a more remunerative return has for some time been engaging the attention of the Department, and it is hoped that the experiments which it is proposed to undertake in connection with rail-motor transport may provide at least a partial solution to the problem.

I have, &c.,
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General Manager.

The Hon. the Minister of Railways.