

As regards the passenger business, the three following factors are material in a comparison of the route by rail and sea via Picton with the route by sea via Lyttelton—namely, (a) comfort ; (b) speed ; (c) cost.

Under the first two of these headings—namely, comfort and speed—it does not appear to the Board that there would be any substantial balance of advantage in favour of the route via the proposed railway ; while as to the third—namely, cost—the advantage would certainly lie with the present sea route.

The Board therefore is of opinion that the proposed new route via Picton would not supersede the present Wellington-Lyttelton route.

With regard to (2)—namely as to whether competition in the area to be served by the railway will be any greater than the average competition experienced over the remainder of the South Island main lines—the Railway Department's experience up to the present has been that keen competition must be expected in the area through which the line would pass. Competitive services are already well established in the district. The community of interest governing the local traffic in the Marlborough district is principally with Wellington, particularly in goods traffic. As regards local passenger traffic, there is a certain amount between Christchurch and Marlborough, but this is already highly competitive. The Railway Department has, by arrangement with a motor-service proprietor, a through-booking system in operation by rail and motor between Christchurch and Blenheim. In addition to this service, there are four other services running direct between Christchurch and Blenheim in competition with one another and with the combined rail and motor service. There is no reason to anticipate that the position of these services will be any different from the position of similar services in other parts of the country where the distances are similar, such as between Wellington and Napier, Wellington and New Plymouth, Christchurch and Dunedin, Auckland and Thames, and Auckland and Rotorua. In all these cases the motors are running in competition with the Railway Department's express services, and it is reasonable to anticipate that the same conditions would arise in connection with the traffic between Christchurch and Blenheim.

So far as Blenheim is concerned, construction of the new line is not likely to have any material influence on the routing of the goods traffic. The railways already have to contend with very serious competition from the boats that ply between Wellington and Blenheim direct. There are already road services for goods established to serve the district, and the Board is convinced that the competition for goods traffic would continue.

With regard to (3)—namely the stage of development of the country that would be served by the new line—this development is not at present up to the average stage of development of the country that is served by the present main lines in the South Island. Indeed, it is the factor of possible development that has generally been advanced as one of the arguments in favour of the construction of the line. It seems to the Board, however, that the possibilities in this connection are relatively limited.

The country along the route of the new line is, except for one or two comparatively small areas, unsuitable for very close settlement, being almost wholly pastoral land, so that the increased production that would come from that area would not be great. This area is not at all well roaded and before any substantial development can take place, even if the railway were constructed, heavy expenditure would be needed for roading. The facts before the Board indicate that the quality of much of the land would not justify the roading costs, much less the cost of a railway in addition.

The position may now be summarized thus : On the most optimistic view possible, as a main trunk line, the net result would be an increase of £99,753 per annum in the annual loss on the railways. (See statement at page 4.) The facts indicate, however, that even this position—unsatisfactory in itself—does not represent the full loss likely to be experienced.

The question of the financial return from the line may be viewed from another standpoint. To secure an average revenue per mile equal to the average for the South Island main lines requires a revenue from the line between Christchurch