

Utilizing these figures, and assuming for the moment that the Napier-Gisborne Railway could produce a result equal to that produced by the main North Island lines as above described, the following statement shows what the position would be :—

					£
Revenue—133 miles at £3,533	..	..	..	..	469,889
Expenditure—133 miles at £2,961	..	..	..	..	393,813
Net revenue	..	..	..	..	76,076
Interest charges—					
5 per cent. on £4,927,505	..	..	..	..	246,375
Rolling-stock, at £186 per mile	..	..	..	..	24,738
Estimated annual loss if the proposed line is completed	..	..	..	..	£195,037

In view of the fact that the construction of this line has been spread over a considerable number of years, the interest charges have been averaged at 5 per cent.

The Board is convinced that the average results of the North Island lines (excluding the non-paying branches) are not possible of even approximate attainment by the Napier-Gisborne line. The statement serves, however, to bring out clearly that even if that result could be achieved the line would be unprofitable. As bearing on the result that might be achieved by the line, the following facts are relevant :—

It is claimed that the railway would secure the bulk of the passenger traffic passing between Gisborne and the south, and which is at present being catered for by service cars. This claim is based mainly on the hilly and tortuous nature of the road. On this ground also it was strongly represented to the Board that private-car owners would prefer to patronize the railway. In the light of general experience the Board considers that this claim is highly speculative, and concludes that the passenger traffic could not be relied upon to afford any very substantial return on the money that would be required to construct the line.

Goods traffic may be considered under two headings—namely, the produce of the district outwards, and the requirements of the district inwards. The first heading would embrace principally wool, maize, frozen meat, live-stock, and a limited quantity of dairy-produce. Inwards, the principal commodities would be general merchandise, coal, petrol, and fertilizers. Wool is at present to a large extent shipped through the ports that serve the district, and it is not likely that the provision of a railway would secure the total transport of this product. After a careful analysis of the possibilities of goods traffic, both outwards and inwards, the Board is of opinion that there is no prospect of obtaining a revenue sufficient to show a reasonable financial return on the cost of the line.

The shipping facilities which exist at Wairoa, Waikokopu, Gisborne, Tolaga Bay, and Tokomaru Bay have an important bearing on the question of constructing this railway. The following figures, taken from the "Local Authorities Handbook," showing the amounts collected by way of harbour rates, are relevant in this connection :—

	1925.	1926.	1927.	1928.	1929.
	£	£	£	£	£
Tolaga Bay .. ..	816	2,842	4,691	3,694	4,794
Gisborne .. ..	..	16,797	23,670	35,628	36,176
Wairoa .. ..	8,647	6,483	7,483	5,605	7,587
Napier .. ..	13,919	10,113	14,103	14,128	376

A natural desire to minimize this liability to rating must always predispose ratepayers and residents in these districts towards the sea route, and they could hardly be expected to patronize the railway with any traffic that could be shipped by sea.

After carefully reviewing all the circumstances, the Board is of opinion that a fair indication of the financial prospects of the line may be obtained by reference to the results of the working of the Taneatua line. The Board is aware that it