

transport provided by the cars is, in the opinion of the Board, quite adequate to the needs of the district, and from the point of view of the requirements of this branch of the business there is no justification for the construction of the line. The Board considers that the service cars would continue to run on this route even if the railway were constructed, and that the cars would continue to secure a proportion of the traffic. The passenger traffic is not extensive, and would not be sufficient to warrant the provision of passenger services by rail sufficiently attractive to divert the business from the service cars.

With regard to goods traffic, it has been suggested that the line would provide an outlet from the Nelson District for fruit and stock to the South Island markets. Fruit from Nelson would come into competition with other sources of supply of fruit in the South Island. It would require to be transported long distances to reach the markets that would be served by the rail connection. Live-stock traffic from Nelson District to the South Island markets would not show any appreciable return on the expenditure that would be involved in providing the connection. In this case, again, the distances would be long and the traffic relatively expensive to work by reason of its being a one-way business.

As regards traffic towards Nelson, it has been claimed that a business in the transport of coal would develop. The coal traffic for Nelson City itself does not call for the construction of the railway. The likelihood of such deposits as may exist along the route of the railway being developed in competition with coal deposits already opened up in the Westport and Greymouth Districts and served by adequate means of transport is, in the opinion of the Board, extremely remote. The principal distributing centre from which Nelson draws its general merchandise is Wellington. The alternative centre that would be provided by connection of the Nelson Section with the South Island main section of railway would be Christchurch, and land transport via the railway route from Christchurch could not compete successfully with sea transport from Wellington.

With regard to the possibilities of the line as a factor in the development of the district, the Board's conclusion is that the scope in this direction is limited, and that those portions which do offer any reasonable possibility of development can be served by road transport. It may be mentioned in connection with this line that in January, 1928, a scheme was inaugurated between Glenhope and Murchison whereby goods and live-stock were conveyed by lorry at railway rates, so that the settlers were, from the point of view of their transport costs, placed in practically the same position as if the railway had been constructed. The business that has been done by this service may therefore be taken as some indication as to what the railway, if constructed, would return. On examining the matter from this point of view it is found that the revenue derived from this service was only £62 per mile per annum. This is, of course, a very low figure, and quite insufficient to justify the provision of a railway.

The position in the case of this railway, as with others dealt with in this report, is complicated by the fact that transport by sea, which would largely affect the railway from a competitive point of view, is subsidized by harbour rating. The Nelson Harbour Board has collected the following amounts in rates for the respective years shown hereunder :—

£			£		
1925	..	..	3,179	1928	.. .. 2,337
1926	..	..	2,601	1929	.. .. 2,475
1927	..	..	2,077	1930	.. .. 3,696

This rating provides an incentive to the use of the port when it affords means of transport alternative to the railway, and this factor must be taken into account as an influence limiting the financial return that would be obtained from the proposed line.

After reviewing the costs of construction and operation and the prospective revenue, the Board is of opinion that the construction of the Kawatiri-Inangahua line is not justified.