

The position as regards goods traffic is much the same. The natural products of the district are mainly timber and kauri-gum, both of which are rapidly diminishing sources of traffic. The Board was impressed with the development that is taking place in farming, with a consequent increase of traffic in dairy-produce and live-stock. In the representations made to the Board strong emphasis was laid on the prospects of much further development in this respect, and the Board has taken this into account in considering the prospective earning-capacity of the proposed line. The inwards goods traffic of the district consists of coal, cement, fertilizers, and various lines of general merchandise. In the carriage of both the outwards and the inwards goods traffic full advantage is being taken of the inducements offered by cheap water transport. A comparison of freight-rates for general merchandise between Auckland and Dargaville by the through-railway route and by the combined sea and rail route via Helensville shows charges ranging from 44s. 3d. per ton for Class D goods to 83s. 5d. per ton for Class A goods by the former service and 39s. to 46s. 6d. per ton by the latter service. At present the bulk of the dairy-produce from Dargaville to Auckland is conveyed by the sea and rail route despite a substantial reduction offered in the rail route via Waiotira.

The Board's examination of the whole position shows that the volume of goods traffic that would be secured by the railway would be limited, and, as in the case of passenger traffic, would not be commensurate with the high cost of constructing the line and operating it. The Board is faced with the fact that if the Tangowahine-Dargaville line were completed the Railways Department would incur interest charges on £494,439. These charges would amount to £26,000 per annum. The total capital cost of the line from Waiotira to Dargaville would be no less than £1,553,789, on which the annual interest charges would be £71,000, or £2,254 per mile of line. This annual charge would rank amongst the highest of any of the lines throughout the Dominion, and would obviously call for a very substantial surplus on operating results if the line is to make any reasonable contribution towards this high interest charge.

Having due regard to all relevant factors, both present and prospective, the Board is convinced that there would be no such surplus from the operation of the line, but, on the contrary, the result would be an annual operating loss.

The following are the actual operating results on the section of line already open between Waiotira and Kirikopuni and on the Kaihu Valley Section :—

Waiotira-Kirikopuni.

				Year ended 31st March,	
				1930.	1931.
				£	£
Working-expenses per mile of line	..	..	..	565	614
Less revenue per mile of line	..	..	..	193	195
Operating loss per mile of line	..	..	..	372	419
Less credit allowed for feeder value per mile of line	..			170	118
				202	301
Add interest charges per mile of line	..	..	..	3,230	3,231
Total loss, including interest, per mile of line	..			£3,432	£3,532

Kaihu Valley (Dargaville-Donnelly's Crossing).

				Year ended 31st March,	
				1930.	1931.
				£	£
Working-expenses per mile or line	..	..	..	400	372
Less revenue per mile of line	..	..	..	271	238
Operating loss per mile of line	..	..	..	129	134
Add interest charges per mile of line	..	..	..	340	342
Total loss per mile of line, including interest	..			£469	£476

The significance of these figures lies in the fact that, although there is a great difference between the two sections as regards the interest charge per mile of line, both sections show an actual loss on operation and neither contributes anything towards the annual interest charge. It has been submitted to the Board that the adverse experience in operating these two sections is largely attributable to the lack of through communication by rail, and that this establishes a good argument