

transport requirements of the district, the Board finds these are substantially supplied by the natural facilities for sea-borne traffic provided by the extensive waterways of Hokianga Harbour on the west coast and by the ports of the east coast, supplemented by road transport from the various seaports to points inland.

A comparison of freight rates by sea for general merchandise shows that such goods can be landed from Onehunga at Horeke, on Hokianga Harbour, at charges ranging from 15s. to £1 per ton. Such goods are charged by weight or measurement, as is the custom with sea-borne traffic; and even if it be assumed that the effect of this practice may be to make the charges on a dead-weight basis as much as twice the charges specified above, it will be seen that the maximum range on the freight rates would be £2 per ton dead-weight. The railway rates for general merchandise from Auckland to Rangiahua would range from £2 12s. 3d. for class "D" goods to £4 19s. 5d. for class "A" goods per ton dead-weight. The traffic to Rangiahua itself would be decidedly limited, and that place, as terminus of the railway, would have to be considered more from the point of view of a distributing centre. From this point of view the distance of 6 miles between Horeke and Rangiahua does not materially affect the question of the comparison of rates. It is to be noted also that for traffic northward from Hokianga Harbour there are other ports as conveniently situated from the point of view of road access as Rangiahua, and to which the shipping rates from Onehunga would not materially differ from those quoted above for Horeke. The margin of difference between the railway rates and the shipping rates is so striking as to render the conclusion inevitable that the proportion of general-merchandise traffic that would be secured to the railway would be negligible, and would probably be limited to goods where there would be special circumstances, such as urgency.

Even as to fertilizers the railway would have no advantage in cost over the sea route. The railway rates from Westfield to Rangiahua would be as follow: 12s. 4d. per ton for lots of not less than 6 tons; 15s. 5d. for lots of not less than 1 ton. Having regard to the rates charged by the ships for general merchandise, it is clear that the shipping interests would find it quite possible to carry fertilizer at a rate that would be competitive with the railways.

The district is well provided also with passenger service cars. The road routes are more direct than the proposed railway route, and the Board sees no prospect of any substantial volume of passenger traffic being diverted to the railway north of Otiria even if the extension to Rangiahua is completed.

Examination of the goods-traffic possibilities of the district shows that the volume of business that would be available for the railways is limited. The Board is impressed with the amount of development that has taken place in these North Auckland districts in recent years, and with the possibilities for future development. It does not follow, however, that this development would be proportionately reflected in the railway revenue. The output of the dairy factories in the district is at present being transported by sea, and it does not appear that the extension of the line to Rangiahua would be likely to divert this business to rail. Indeed, practically the only traffic that might be assured to the rail would be live-stock. Such traffic, however, is seasonal, and a one-way traffic, and accordingly has a limited value as regards railway net revenue. Even a substantial live-stock traffic would fall far short of providing an adequate return on the high capital cost of the proposed line.

The best guide to the financial possibilities of this line is to be found in the results that have been obtained from the working of the branch line between Otiria and Okaihau, of which the section to Rangiahua is an extension. The financial results of the working of this line for the last two years were as follow:—

		1930.	1931.
		£	£
Working expenses	14,875	14,583
Less revenue	7,750	6,906
Operating loss	7,125	7,677
Less credit allowed for feeder value	4,542	3,231
		2,583	4,446
Add interest charges	15,363	15,354
Total loss, including interest	£17,946	£19,800