

by the competition of other means of transport. Reference has been made in more than one place in this report to the adverse effect on the railway business, present and prospective, of competition by sea through harbours, the charges of which are partly met by local taxation. So also in the case of competition by road, the advantage afforded the road-vehicle by the provision of a way over which to operate, while the railways have to provide their own way and are debited with the full cost thereof, entirely obscures the economic position of the present railway system. The principal significance, however, in relation to the question of further railway-construction, of the development of other forms of transport than railways is that such development has made the construction of further railways less necessary for the purpose of meeting the transport needs of the various districts affected than was the case before such development took place. This fact, operating in conjunction with high construction-costs for railways, the narrowing of the margin of potential development, and the increasing pressure of competition has led the Board to the conclusions set out herein.

The construction of most of the railways that have been considered by the Board would, no doubt, result in some advantage to local interests. This, of course, will have its inevitable influence in moulding local opinion; but, inasmuch as the financial burden falls upon the Dominion as a whole, unless a sufficient proportion of the benefit accruing from the provision of the railways can be secured for the State, then the construction of the railways will simply be for the advantage of the relatively few at the expense of the many. Consideration of this aspect of the problem prompts the Board to refer to the question as to whether something might not, or should not, be done to secure to the State a due share of the financial benefit which would come to individual interests through railway-construction. In the course of its investigations the Board repeatedly raised the question with persons who came before it in advocacy of the construction of the particular line for the time being under review as to whether the owners of the land would submit to a rate to cover any financial deficiency that might result from the construction and operation of the line. The answer in practically every case was such as to lead the Board to the conclusion that such a proposal would not be favourably received by the landowners affected. The argument generally advanced was that unprofitable railways had been constructed in other parts of the Dominion, and that it was not just to ask the landowners of the particular district to make up a deficiency on the proposed railway when others whose land had been benefited by a railway had not been placed in that position. This places the burden of any unprofitable line that may be constructed on the taxpayer, and the Board certainly does not think that the taxpayer should have his burden of taxation further increased simply because of the policy of the past. It could scarcely be denied that the position of New Zealand in regard to its railway finance is a serious one. How, then, could an increase in the burden be justified? That burden is now making itself palpably felt, and the Board feels strongly that it would not be justified in making any recommendation that would still further increase it. The magnitude of the issue involved in this consideration will be realized from the following tabulation of the cost of completing the lines dealt with in this report:—

	£
Wharanui-Parnassus	2,242,261
Napier-Gisborne	1,526,663
Kawatiri-Inangahua	1,597,000
Westport-Inangahua	450,000
Waiotira-Dargaville	46,000
Okaihau-Rangiahua	60,000
Total.. .. .	<u>£5,921,924</u>

The foregoing figures do not include provision for rolling-stock, signalling-appliances, or telegraph and telephone facilities, the cost of which would bring the total amount to substantially more than £6,000,000.