

6th October, 1930, the line Eskdale-Putorino, 26 miles 74 chains, was added. This line was badly damaged by the earthquake, in some parts being completely obliterated so that it will have to be practically re-located and reconstructed.

As the section between Napier and Putorino is open line it does not call for further comment in this report, except to state that last year the line showed an operating loss of £4,646 and a total loss including interest of £26,981.

(2) *Putorino-Wairoa.* (Under construction. 33 miles 32 chains.)

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Estimated capital cost	1,432,158
Expenditure to 31st March, 1931	1,173,845
Estimated expenditure to complete ..	£258,313

Expenditure since 1st April, 1931, has been at the rate of about £20,000 per month.

Work is proceeding and is well advanced on this section, rails having been laid for 4 miles northward of Putorino, and for 18 miles southward of Wairoa. The principal works to be finished on this length are about 7 chains of the Kotemaori Tunnel (41 chains); the Mohaka Viaduct, a steel bridge over 300 ft. high, which is estimated to cost £120,000; and the Mangaturanga Viaduct, which is now nearing completion, and is estimated to cost £80,000. The foundations of the Mohaka Bridge have been constructed, and the steel for the towers and the superstructure is now in the Public Works shops at Tauranga for fabrication.

At the present rate of progress this line would be completed in about twelve months' time. It was represented to the Board that its completion would be of great benefit to Wairoa and the surrounding district, which includes some of the best land between Napier and Gisborne. Careful attention has been given to the potentialities of traffic from the country between Napier and Wairoa, which, however, are not good. The land traversed by the line carries a small population and is mainly sheep-country.

Ratepayers within this area are subject to harbour rates and will naturally seek to divert their business to the steamers in order to minimize their burden of rates. Keen competition is to be anticipated also from road services. The Department has already experienced this in the district in connection with a through-booking arrangement which it instituted for goods by rail to Putorino and thence by lorry to various points as far as Gisborne. Rates were reduced to meet competition, but it was found that opposition road services were able to concentrate on the better-paying classes of traffic, leaving the less remunerative classes to the Railway Department and its road contractor.

The frozen-meat and by-products from Wairoa are all shipped through Waikokopu. There will be constant and keen competition for the wool traffic between boat, motor-vehicle, and rail, and experience has shown that the boat and the motor-vehicle operators will generally underbid the railway for the higher classes of traffic.

After careful investigation of the possibilities of the goods traffic, the Board is of opinion that it could not be relied upon to furnish any substantial revenue to the railway.

As regards passenger traffic, the settlement on the route of the railway is very sparse; the Town of Wairoa is the only centre of population of any magnitude. Road services are already well established in this district, and competition will, in the opinion of the Board, continue to be keen. The Board is of opinion that the possibilities of passenger traffic are limited.

The total capital cost of the whole section between Napier and Wairoa would be approximately £2,516,158. The Board is of opinion that the line, if completed, would not earn sufficient revenue to pay operating-expenses, much less return any contribution towards interest on this large sum.