

for the completion of the Tangowahine–Dargaville Section. The Board appreciates this aspect of the case, but must point out that the contention is sound only if the completion of the line and the consequent operation of the through line would transform the present operating losses into operating profits. The Board's examination of the position leaves it with the conviction that completion of construction to Dargaville would not materially improve the results, and a heavy annual deficiency would still be shown.

The traffic possibilities of the district from a railway standpoint, even allowing for future development, cannot be considered as comparing at all favourably with the main North Island lines. Nevertheless, the Board finds that even if it is assumed that the Waiotira–Dargaville and the Dargaville–Donnelly's Crossing lines were capable of earning the same revenue as the main North Island lines, excluding non-paying branches, the net result would make a totally inadequate contribution towards the high interest charges with which the Department would be faced. This arises from the fact that the high cost of construction of the line is out of all proportion to the traffic possibilities of the district.

The conclusion of the Board is that the completion of the Waiotira–Dargaville line is not justified.

PART VI.—OKAIHAU – RANGIAHUA.

The open railway-lines north of Whangarei extend to Opua on the Bay of Islands. From Otiria a branch line runs northwards for 25 miles to Okaihau. An extension of the line has been under construction from Okaihau for a distance of 14 miles to Rangiahua, on the headwaters of the Hokianga Harbour. The construction of this extension has been stopped. The following are the figures relating to the construction costs of the proposed line from Okaihau to Rangiahua :—

				£
Amount already expended ..	..	..	..	655,392
Estimated cost of completion ..	..	..	..	60,000
Total estimated cost of line ..	..	..	..	715,392
Cost per mile of line ..	..	..	..	£51,099

The country from Okaihau to Rangiahua is unstable and the cost of construction is accordingly high.

A highway runs practically up the centre of the valley from Okaihau to Rangiahua, and the sum of £20,000 has been expended on this road in connection with the construction of the railway. It is estimated that a further £5,000 will be required for the completion of the work on the road. The total expenditure of £25,000 on this road will be charged to the Railway Construction Account. The road is more advantageously situated than the railway in catering for goods and passenger traffic offering between Okaihau and Rangiahua. The distance by road is 10 miles, as against 14 miles by the railway; and whereas the road taps the floor of the valley, the railway is well above the floor of the valley at Okaihau and for a considerable part of the distance to Rangiahua.

The Board visited Rangiahua on the evening of the 24th July, and had an opportunity of hearing the views of residents of the district. The Chairman of the County Council, the County Manager, and others placed before the Board full information regarding the local situation. The Board was accompanied by officers of the Railways, Lands, and Public Works Departments, from whom also valuable information was obtained.

The proposed line will establish rail connection with Hokianga Harbour, as the railway would actually meet tidal water at Rangiahua. The geographical position is therefore very similar to that already referred to in Part V of this report dealing with the Waiotira–Dargaville line.

Accordingly the Board, in considering the question of whether the Okaihau–Rangiahua line should be completed, has, as in the case of the Waiotira–Dargaville line, examined the position from the point of view of the transport requirements of the district, the present and potential possibilities of traffic, and the financial results that would follow from the completion of the line. With regard to the