

Between these two points on the north and south ends respectively there is a gap of 30 miles, on which no work other than survey has been carried out.

The estimated cost of completing the construction work, platelaying, &c., at the time of closing down was £2,166,087. To this must be added the sum necessary to replace the rails, sleepers, plant, machinery, and workers' accommodation which has been transferred or sold since the works closed down, as well as the cost of reconditioning and clearing up the formation previously completed. An approximate estimate of this work amounts to £100,000.

Another factor which requires to be taken into consideration is the training of the personnel which is going to undertake construction. When this work was closed down, and when public works were so drastically reduced during the depression, the great majority of our experienced workmen, overseers, and a great deal of the staff were scattered to the four winds. A great many found other occupations, and no doubt many will return to the Department, possibly to a certain extent demoralized by the trials that they have undergone during that period. It will take some little time to build up the morale, and there will be a certain amount of trouble and difficulty experienced in getting back to our old standard of effort. This will undoubtedly add to the cost of construction, but to what extent it is very difficult to say, and it cannot at the present time be computed in figures.

It must also be remembered that the estimated cost of construction is now dependent on the wages and conditions as laid down in the new workers' agreement. This will increase the cost over and above the estimate of £2,166,087 given above by approximately 5 per cent., making the estimate now £2,300,000.

The existing Christchurch-Parnassus and Picton-Wharanui Sections are, in their present condition, not generally suitable for main-line express traffic, and in June, 1931, the Railways Department prepared an estimate for track-relaying, bridge-strengthening, provision of signalling facilities and terminal facilities at Picton. The estimate for a complete job to a first-class standard was £590,000, but alternatives costing a lesser sum were provided for. As considerable alterations have taken place in railway traffic conditions since that date, the Minister of Railways has been asked to obtain a further report on the basis of present-day conditions.

In considering if this line of railway should be prosecuted, it is necessary to decide whether the objective is simply to complete the gap and link up the present isolated sections at the north end with the main systems or whether, on the other hand, an endeavour should be made to compete with the existing ferry service and goods transport between Lyttelton and Wellington by means of a rail-ferry between the terminal ports of Picton and Wellington. In considering this latter aspect, the question arises as to whether such rail-ferry should run from Picton or whether a harbour should be constructed at Clifford Bay, which would, of course, considerably shorten the distance between Christchurch and Wellington as compared with the Christchurch-Picton-Wellington route.

A considerable amount of information has been collected and surveys carried out in connection with the establishment of a completely new harbour at Clifford Bay, and, although there is not sufficient information to enable a definite estimate to be prepared, there is no doubt that the cost would be at least a £1,000,000. The proposition would involve the construction of a modern breakwater port, with all the necessary wharves, stores, loading facilities, &c., and, in addition, it would be necessary to practically create a new town to house and cater for the workmen, tradesmen, &c., who would be employed there and on the various other activities which are always a part of every community.

I am of the opinion, however, that there is a very considerable doubt as to whether the railway will be able to secure sufficient of the inter-Island passenger traffic to warrant the construction of a new harbour such as this, and I think that the proper course if the construction of the railway is decided on would be to first of all complete the gap, and then, if the position warranted it, institute rail-ferries for goods and passengers between Picton and Wellington. If the prospects of traffic then justified it there would be ample time to consider the establishment of a port at Clifford Bay. To rush into the construction of a port such as this at the present time, when we are passing through such changing phases in regard to transport, does not appear to me to be justified.

It would seem, therefore, that the primary objects to be achieved in closing the gap are—

- (1) To link up two isolated railway systems with the prospect later on of connecting the North and South Island systems by train-ferry if justified :
- (2) To bring the very fertile Province of Marlborough in closer touch with the markets for its primary produce :
- (3) To provide an alternative route between South Island stations and Wellington for those who are averse to the longer sea journey via Lyttelton.

The Marlborough and Canterbury Progress Leagues have produced a very impressive array of figures to prove that the line could be constructed as a commercial proposition, and they are undoubtedly to be commended for the very thorough way in which they have prepared these figures. On the other hand, I think that their anticipations in regard to the passenger traffic are optimistic, and I doubt very much whether even 50 per cent. of the passengers at present travelling by the ferry would abandon that method in favour of the combined rail and sea service, while the increasing popularity of air transport will no doubt considerably affect the passenger services.

In regard to the Progress League's figures relating to stock and farm-produce, together with the estimated yearly betterment, I have asked the Department of Agriculture to let me have their comments, and I attach a copy of these. You will see that they strongly support the Progress League's contentions regarding stock traffic, increase in production, and the undoubted advantages to be derived by the primary producers of Marlborough.