

tractor, coming, as he frequently does, from another provincial district, brings his own men with him. The work, therefore, instead of providing labour for those resident in the district, has the reverse effect, as men who go there expecting to obtain employment do not receive it, owing to the contractor having brought his men with him, and hence the labour-market in the district, instead of being relieved, is congested more than it was before. Not only so, but, as our experience has recently demonstrated, we have had the labour-market glutted in one part of the colony whilst in other parts labouring-men were not obtainable. I attribute this inequality, to a large extent, to the system that has obtained in the construction of our public works. There is, doubtless, a certain class of public works, where technical skill is required—such as large bridges and so forth—in which the old system of doing the work by public tender, and having a middleman in the shape of a contractor, will, for a time at least, be necessary; but, in the course of time, even this, as working-men gain more experience, and the absurdity of the middleman being kept to make a profit from both the Government and the workmen is more clearly recognised, will be seen to be entirely unnecessary.

There will also sometimes be a difficulty in carrying out what I have suggested as regards settlement of lands, owing to the lands in some parts of the colony being held by the Natives or by private owners. As a case in point, take the construction of the North Island Main Trunk Railway. If we proceed with the construction of that line to any material extent, it will happen that the further we progress through or approach towards Native lands the more difficult it will become for the Government to deal with the Natives, and the higher the price we shall have to pay. The same also applies as regards private lands. Take, for instance, the Blenheim-Awatere Railway. The completion of that work means that every pound which the Government spends upon the railway will give an increased value of twice that amount to the lands through which the railway runs, and which is held by a very few individuals. The Government considers, therefore, that it would be folly, under these circumstances, to construct these railways much further until arrangements have been made with the Natives for the purchase of their lands, and with the owners of private lands that they will lease or dispose of the lands to be benefited, on terms to be agreed upon between the Government and the owners of such lands.

I will now refer to the several railway-works in course of construction, dealing first with those in the North Island.

KAMO-KAWAKAWA.

I regret to say that the prospects so far as the Kawakawa Railway is concerned are somewhat disheartening. The line has cost in construction something like £90,000, and the coalfield, for the opening-up of which it was constructed, will in about six months be worked out. Prospecting for further coal has been carried on, but so far without any good results.

In reference to the construction of the line from Kamo to Kawakawa, the Government thinks that the time has come to take action in the matter. We therefore propose to provide this year for the extension of the line from Kamo to Hikurangi, and to devote to this purpose the money at present allocated to the doubling of the Auckland-Penrose line. We do not, however, propose to extend the line from Whangarei to Grahamstown. Any further extension of the railway that may be decided upon in the future should be in the direction of Kawakawa, with the view of connecting the Kamo and Kawakawa Railways, and so communicating with deep water at Opua.

From inquiries made I am fully satisfied that the coal-deposits at Hikurangi are of an extensive character, also that the expense of getting the coal will be small, so that when completed the returns from this line will probably be equal to those of the Brunner-Greymouth Railway.

Another very strong ground for the construction of this extension is the fact that it brings the railway to within a few miles of the Puhipuhi Forest, where now stands at the risk of fire something like 130,000,000ft. of available timber, valued at between £30,000 and £35,000. To see a valuable asset like