

In view of the conditions induced by the European war, in which the Empire has been actively engaged for several months, it was deemed imprudent to commit the Dominion to any large expenditure in connection with the prosecution of the important scheme of works outlined in last year's Statement. Operations were, therefore, confined to portions of the general scheme that were in hand before the crisis occurred, the restricted expenditure being tentatively provided for out of the ordinary funds voted for the Department.

The fact that a record in railway traffic was created during a year when the adverse conditions alluded to prevailed for two-thirds of the period can only be regarded as a strong indication of the imperative necessity for going ahead with the proposed scheme of works immediately the financial stringency is removed.

I find that during the past ten years the train-mileage has increased by 54 per cent.; the passenger traffic by 59 per cent.; goods traffic by 51 per cent.; and, notwithstanding the increase in the tractive power of the locomotives and the greater capacity of the lines resulting from improvements such as grade-easements, deviations, and like works, congestion of traffic is still severely felt in the busy areas and depots.

I am confident that on the conclusion of the war a great impetus will be given to the various industries of the Dominion, and considerable development of its vast natural resources must take place.

At the ordinary rate of expansion the traffic would exceed the capacity of the busier portions of the existing lines within the next five years. If, therefore, the railway system is to be placed in a position to deal effectively with the traffic that will undoubtedly require to be handled in the near future, arrangements must be made, as soon as funds are available, to push on the works with rapidity and complete them at the earliest moment.

I estimate that the revenue for the year ending the 31st March, 1916, will be £4,000,000, and the expenditure £2,920,000. I am not including in this estimate the extra percentages levied by *Gazette* notices of the 16th September, 1915, for war purposes.

The railway men have come forward in considerable numbers to serve the Empire in the war, and in many other practical ways have shown their sympathies for those whose lot necessitates the establishment of relief funds for alleviation of distress. I desire to place on record my appreciation of their loyal and valuable services.