

warning-devices. Apart from these, negotiations have taken place with the local bodies concerned with regard to converting level crossings by means of subways and overbridges, but satisfactory results are often rendered difficult by the unwillingness on the part of local bodies to assist in any way to defray the cost, expecting the Department to carry the work out entirely at its own cost.

#### RAILWAY-IMPROVEMENT.

As I have already indicated, matters under this heading are dealt with in a separate statement.

A considerable increase in siding facilities at various stations has been effected, the principal works being Whangarei, which are being completely enlarged and rearranged in anticipation of the opening of through communication with Auckland.

A subterminal station is in course of construction at Maungaturoto. At Rolleston and Arthur's Pass complete rearrangements have been made to provide for the through West Coast traffic. At Hokitika and Otira Stations rearrangements have also been completed.

In Wellington a commencement has been made with the sea-wall to retain filling for the new station-yard.

#### HOUSING.

The housing-factory commenced operations in July, 1923. The number of five-roomed cottages cut to date is 255; number completed and in occupation, 61; number in course of erection, 192. Cutting-capacity of factory approximately 400 houses per annum.

The housing programme contemplates the provision of three hundred houses per annum, and the total number of houses dealt with by the Architectural Branch is 438.

In addition to housing, the branch erected the refreshment and dining rooms, girls' hostel, men's quarters, and store-room at Otira, and the erection of the refreshment and dining rooms, storeroom, hostel, and men's quarters at Maungaturoto is in hand.

Other matters which have engaged my attention during the year are as follows:—

#### FINANCE.

With reference to my remarks earlier in this Statement, I am definitely of the opinion that the Railway finance and accounts should be on an entirely different footing, and brought into line with commercial practice as far as may be possible.

The first and most important step in this direction is the establishment of a separate Railway Account, into which all earnings will be paid, and out of which all working-expenses met, as well as superannuation subsidies, actual interest on fixed and floating capital, and renewals and replacements.

On the other hand, the Railway Account will be credited with all services rendered by it, including the loss on operation of unpayable lines.

It is now generally recognized that the compiling and publishing of facts and figures relating to financial results in proper form will dispel ignorance and inspire confidence in the administration.

In the past the New Zealand Railway Department's accounts have been prepared essentially on a *cash* basis. All revenue earned is paid into the Consolidated Fund, and all expenditure is provided annually by Parliament.

It might be contended that the proposals outlined will weaken parliamentary control, but that is not so. In South Africa, for instance, the State Railways are run as a separate account. Interest on the loan-moneys provided by the Treasury and invested in the undertaking is a charge against the earnings of the undertaking. Parliamentary control is not diminished, as (a) all accounts are subject to parliamentary appropriation each year, and (b) all investments of reserves, &c., are under the control of the Public Debt Commissioners.