

In dealing with the proposals I have had to give due consideration not only to the desirability of the various works from the point of view of the Department of Railways, but also to their relative importance as compared with the many other works that are pressing on the financial resources of the country.

The works proposed in the schedule will cost approximately £8,000,000, and the programme has been laid out so as to apportion the expenditure as far as possible evenly over a period of eight years. This is in addition to the expenditure for rolling-stock, new equipment, housing, and minor improvements covered by the annual appropriations for additions to open lines.

Considerations of finance alone quite preclude all the proposed works being undertaken or even sanctioned immediately, and in dealing with the commitments embodied in the present programme the procedure has necessarily been one of selection based on the principle of utilizing the funds that the Minister of Finance has available for these and other works, to the very best advantage not only of the Railway Department alone, but in the interests of the Dominion as a whole.

I have therefore endeavoured to survey the country's whole developmental programme as affecting not only the Working Railways, but also railway-construction, hydro-electricity, telephone, telegraph, and wireless extension, irrigation, roads, public buildings, &c., and have suggested in some cases small curtailments in connection with these latter activities. For instance, railway-construction, I believe, should be reduced from an approximate annual expenditure of £1,400,000—at which it has stood for the past four years—to £1,200,000, and not exceed that sum for the next seven or eight years. This sum will be sufficient to carry on at a reasonable rate of progress. The £200,000 thus made available is to be devoted to railway-improvement. Similar action has been taken in connection with the other heads of Government expenditure, and I estimate that by reducing slightly the amounts usually spent on other development-works the total borrowing in any one year will not greatly exceed—if, indeed, it will exceed—the present rate of borrowing.

Such a course of action will also have the advantage of making available for the railway-works a portion of the labour now engaged on other works, and will have the effect of avoiding any serious disturbance of the flow of labour in the Dominion.

Commenting on the proposals generally, I desire to say that even during the comparatively short period that I have had control of the Railway Department I have myself observed sufficient to enable me to fully appreciate the difficulties under which the work of the Department has been carried on owing to the inadequacy of the facilities. The management and the staff have been carrying on for some years under circumstances of great difficulty, and I am satisfied that they have done the best that was possible to give the fullest measure of satisfaction to the public. I feel bound to conclude that, apart from other considerations affecting the proposed works, it would be unreasonable to expect the General Manager and his staff to continue to operate the railways under present conditions without a reasonable hope of obtaining the facilities which will enable them to give a full measure of satisfaction. Unsatisfactory working-facilities make for discontent among the staff, and the desirability of ensuring contentment among the staff and a feeling of pride in their concern is an important factor that I have had continually in mind in dealing with the proposals.

I doubt if the public adequately appreciates the significance of the fact that the Department is endeavouring, with facilities little improved over those existing in 1914, to handle a traffic substantially greater than in the year mentioned.

When the 1914 programme of works was formulated, the facilities existing were considered to be totally inadequate, and the difficulties being experienced at the present time may be gauged by the fact that since the 1914 report, 201 $\frac{3}{4}$ additional miles have been opened for traffic.

In addition to this, traffic is being carried on 149 $\frac{3}{4}$ miles at present under the jurisdiction of the Public Works Department, which will throw an increased burden on the terminal and sub-terminal facilities, and renders increased accommodation still more necessary. Within the period of eight years over which my present proposals are spread, a further 427 miles of line will in all probability be completed and taken over by the Working Railways Department.