

shops. It is not correct to assume that the centralization of the heavy repair work will involve the dead haulage of the rolling-stock that will be dealt with at those points. Except in the case of disablement, the rolling-stock will be "worked" to the centralized points. Engines, for example, as and when they come due for overhaul, will have their runs so arranged that they will do work on their way to the shops. The cases of total disablement are a comparative small proportion of the heavy repairs that are carried out, and the amount of dead haulage should not be a very serious matter. It may be added that under any arrangement a certain amount of dead haulage is unavoidable.

NEW WORKS.

I have paid much attention to the matter of new works which the Department have in hand and which are in contemplation as disclosed by the programmes that have been formulated. All those in hand will, with the exception of the Palmerston North Deviation, be carried to completion. These works are of considerable magnitude, and the sums required to enable them to be carried on have, as far as the present year is concerned, absorbed all the money that could be made available to the Railway Department for the purpose of new works of this character, and this position is likely to continue for at least the next year or two.

As far as Palmerston North Deviation is concerned, an announcement has already been made regarding that work, and I think this may be a convenient place to put on official record the reasons which led to that decision.

The broad basis of the decision to undertake the work of the deviation at Palmerston North was the fact that the increase in traffic at and passing through that station had up to the time when the decision was made been such as to indicate that if the increase were maintained the traffic would within a few years outgrow the facilities. Subsequent traffic developments have shown that the increase has not been maintained. This obviously called for a review of the situation, and on going into the whole matter it was found that, due partly to the failure of the traffic to develop as was expected and partly to the recasting of the traffic arrangements, the pressure at Palmerston North had been much relieved, and it was possible to evolve a scheme of improvements on the present site that would enable the work to be carried on there with a reasonable measure of convenience.

The cost of these improvements is estimated to be in the vicinity of £33,000; against this we have an estimated cost to complete the deviation and facilities in connection therewith of approximately £725,000. On the basis of cost, therefore, it was quite clear that the completion of the deviation would not be justified unless some other very substantial advantages were definitely in view.

Further examination showed that no such advantages could be perceived. On the contrary, there were further material disadvantages associated with the removal of the station from its present to the proposed site. On the new site the station would be removed a considerable distance farther from the business centre of the town, and, having particular regard to the keen competition from road carriers with which the railways are now faced, such a circumstance could not do other than operate to the disadvantage of the railways. Furthermore, there was no economy in working to be obtained by the change; on the contrary, it is estimated that the new station and yards as designed would involve an increase in the operating expenditure of some 50 per cent.

All these facts made an incontestable case in favour of the stoppage of the work and amply justified the Government's decision not to carry on the work in connection with the deviation and to provide the improved facilities on the present site.

As regards other works in the programme which have not yet been completed, I desire to say that I propose to review these progressively as time for their commencement approaches. I do not think it wise at the present time to make any final decision as to what might be done some years ahead, principally for the reason that the railway position is in such a state of flux as may make a decision to-day more or less valueless in a few years. The correctness of this position has, I think, been already amply demonstrated. An outstanding example is the case of the