

Palmerston North Deviation, as to which, however correct the decision might have been at the time when it was decided to undertake the work, there is not the slightest doubt that the conditions as they exist to-day called for a review of the situation, and justified the Government in its decision to stop the work.

For those reasons I do not think that any other course of action can be fittingly adopted under present circumstances than to do as I have already indicated—namely, carry to completion the large works now in hand, and as financial possibilities and other circumstances permit review all other propositions for railway-improvement.

One of the aspects of new works required to be undertaken that I think is important is that of the means of communication. From my own experience in moving about, and from consideration of the great changes that have taken place in the machinery of communication during recent years, I gathered the decided impression that the Department was working at great disadvantage so far as these facilities are concerned. The matter has been specially investigated, and the report shows that it is very necessary for efficiency and will certainly make for material economy if improvements are made in the Department's communication facilities.

On the economy side special significance attaches to the system of train-control; a system by which movements of trains on the various sections are controlled from a central office by means of a special telephone system. Train-control is already in operation on certain parts of the railways, and experience has shown that very considerable economy has resulted and much more satisfactory service has been made possible from the point of view of the more expeditious working of the trains.

The system of train-control has a special value in New Zealand with our high proportion of single-line working, which calls for a higher standard of organization to reduce delays to trains resulting from initial delay of any particular train. In the allocation of available finance in future I propose to pay special attention to the requirements of the Department's means of communication. For the year now current the sum of £51,000 has been allocated under this heading.

TRAIN SERVICES.

I have commenced an investigation into the train services with a view to seeing whether improvements might not be possible to ensure better running or improved services. Some adjustments have already been made in the schedules affecting passenger trains in the South Island and on the Rotorua and East Coast Main Trunk lines.

The running of the night trains in the South Island has been continued, and has given a large measure of satisfaction, especially to the business community. It will be my policy to develop night-passenger services as far as possible, as I am convinced that this is a field in which the railways should have considerable scope for the development of a traffic that should become both profitable to the Department and increasingly appreciated by the community.

ROAD-MOTOR SERVICES.

Another matter of growing importance, and one which will come more frequently up for decision in connection with the Department's operations in the future, is that of the working of traffic by the Department through the medium of road vehicles.

My own view is that such operations should be decided upon with very great caution. We are by no means in a position to say that the road-motor operations that are now being carried on in the community are on a sound basis, and I feel that any action on the part of the Department in the direction of embarking on road-motor operations to any great extent requires careful examination as it might have serious results on the Department's financial position.

I can quite realize, however, that there may well be cases where the Department could, with advantage to itself and for better service to the community, undertake road-motor work; and when a case is clearly established for sound working on these lines then I think there is no good reason why the Department should not undertake the work.