

It will be observed that nearly half the expenditure was incurred on account of railways. On railway-construction, including a proportion of the overhead costs of the Public Works Department, the expenditure was £1,066,454. The policy of the Government in regard to railway-construction, in accordance with the mandate received from the people at the election, is to accelerate the construction work and complete the trunk lines as quickly as possible. This is desirable from all points of view. In the first place, some £4,440,000 has already been sunk in unopened lines, and it is only good business to get lines completed and earning revenue. In the meantime the capital sunk is a dead asset. Then, an acceleration of the construction work means additional employment, and that is very necessary at present. Thirdly, the completion of the lines is going to assist materially in increasing the production and trade of the country, and generally in promoting the prosperity of the Dominion.

**Railway-
construction.**

Of the lines in question, starting from the north, there is the completion of Okaihau-Rangiahua Section, which is an extension of the North Auckland Trunk line to the Hokianga River. Over £420,000 has already been sunk in this section, and the estimated cost of completing it is about £200,000. In the same district there is also the linking-up of the Dargaville isolated section. Considerable work has already been done on this connecting-link, but it will cost some £265,000 to complete it.

**North Auckland
Trunk line.**

Next there is the completion of the gaps in the line from Napier to Gisborne. Over £2,000,000 is already invested in the unopened sections of this line, and it is accordingly very desirable that the construction work should be pushed on as fast as possible. There was considerable diversity of opinion as to the location of the line from Wairoa to Gisborne, and after fully investigating the position the Government decided upon the coastal route, and the matter is now definitely settled. To complete the line from Napier to Gisborne will, it is estimated, cost about £1,800,000.

**Napier to Gisborne
line.**

A large part of the line to link up Taranaki with the Main Trunk has already been constructed, work having been carried on from both ends. The intervening gap lies through some difficult country, but the whole line should be finished in three or four years. The estimated cost to complete the work is £700,000.

**Taranaki Main
Trunk line.**

Coming now to the South Island, there is the completion of the South Island Main Trunk line by bridging the gap between Wharanui and Parnassus. The Government is satisfied that the construction of this piece of line, estimated to cost about £2,350,000, is necessary to complete the South Island system. About £43,000 has already been expended on preliminary work, and as soon as the surveys now being made can be completed the construction work will be pushed on vigorously. There has been much discussion as to whether this section of line will pay, but the discussion has all been on the basis of treating the new piece of line as an isolated section, instead of a necessary part of the trunk railway system. One could doubtless find many sections of the existing main lines which, considered as isolated sections, could be shown to be hopeless propositions as revenue-producers; yet no one would suggest that they should not have been built. From the paying-point of view the trunk lines must be regarded as a complete system, and not a series of independent units. I propose later in this Statement to place before honourable members the whole financial position of the railways, and the Government's policy in regard thereto.

**South Island Main
Trunk line.**

Returning in the meantime to railway-construction, the remaining sections in the programme are those necessary to complete the lines from Nelson to Inangahua and Westport to Inangahua. Approximately £350,000 has been spent on the uncompleted sections to the end of the last financial year, and the estimated cost of completing them is about £2,170,000. This estimate has probably been upset by the recent earthquake, the full effects of which are not yet known, and the proposed route of these lines will have to be re-examined by the Engineers.

**Nelson to Inangahua
and Westport to
Inangahua.**

With a view to speeding up the construction work all round, the vote for railways-construction for this year will show an increase of more than 60 per cent. over the amount spent last year.