

position calculated to reduce the estimated shortage for the year by £450,000. In addition, as previously announced, the Government has set up a Royal Commission, which is now engaged in reviewing all the activities of the Department in order that they may advise the Government where further economies can be effected. The order of reference, which is a wide one, includes the question of obsolescence of branch lines, and also the possibility of improving the position through co-ordination of rail and road traffic.

TRANSPORT.

The heavy loss on the Railways which has now to be met is only part of the loss being incurred through the wasteful duplication of transport services and the general lack of co-ordination in this important economic field. Under modern conditions transport is one of the most important factors in the economic welfare of the community, and the wasteful duplication of harbours, railways, and roads, with the relative duplication of services, can only mean that through higher rates and taxes, and increased prices for commodities and fares, working-costs of the farmers, the manufacturers, and the distributors, and generally the price of goods and the cost of travelling to all sections of the community, are much greater than they need be. Transport.

As was pointed out in the last Budget, the basic cause of the serious financial position of the Railways is undoubtedly motor competition, and the irony of the situation is that this undermining of the earning-power of the public railways has been facilitated by the expenditure of large amounts of public money in building good motor-roads alongside the railways. Motor competition with Railways.

Transport matters have now reached such a position that, in the interests of the whole community, it is essential that far-reaching measures be adopted to bring about some measure of co-ordination in transport. The matter cannot be left to be settled by competition—firstly, because of the huge waste involved, which the Dominion cannot afford, and, secondly, because the competition is not on an equitable basis, in that, while the Railways are expected to pay all costs, the road services are being indirectly heavily subsidized by the ratepayers and the taxpayers. In fact, the whole matter is of such importance that it is imperative to our national prosperity that the means shall be found of rationalizing transport.

The Transport Department set up last year has been collecting and collating all the information and data available, both in this country and abroad. The conclusions emerging from these investigations will be submitted to honourable members in the form of legislation during this session. Transport Department.

As already stated, the Royal Commission which has been set up to go into the question of effecting economies in the Railways will consider the problem of co-ordinating road and rail services. It must be admitted that this problem has a very definite bearing on the Railway question.

HIGHWAYS.

There is no doubt that the wasteful duplication of transport services has been facilitated by the fact that the roading system has in the past been dealt with as a matter quite apart from Railways. The fact that the highways system has been planned and good motor-roads built with public money, regardless of the effect on the Railways, has undoubtedly been a considerable factor in bringing about the serious financial position of the Railways that has now to be faced. Highways.

Although rapid progress has been made in road transport in recent years, it will, I think, be generally recognized that the Railways must remain as the backbone of the transport system. This being so, road transport, apart from back-country, suburban, and short-distance traffic, should be complementary to rail transport, if the Dominion is to avoid heavy losses and derive the maximum of benefit from both forms of transport. It logically follows that the highways system should as far as practicable be designed to facilitate such co-ordination, especially when both rail and road construction are being carried out with public money, and most of it