

TRANSPORT.

Another field that presents great scope for national economy is transport. **Transport.** References have been made in previous Budgets to the huge economic waste that arises from the lack of any form of co-ordination between rail and road transport, and a Transport Law Amendment Bill, designed to cope to some extent with the problem, was introduced in 1929. This Bill was not proceeded with, but a short measure was passed constituting a Ministry of Transport and a Department. The economic position of the country is now such, however, that the Dominion can no longer afford the economic waste involved, and it is essential in the public welfare that action should be taken without further delay to cope with the whole problem.

As honourable members are aware, steps have already been taken to place the railways under the control of a non-political Board with a view to reducing the burden on taxation as much as possible. This step was taken on the recommendation of the Royal Commission which investigated the position of the railways. This Commission also pointed out that unrestricted motor transport along routes adequately served by railway increased the total cost of transport, particularly of primary products, and recommended that consideration be given to the question of making legislative provision for the license, control, and regulation of motor transport throughout the Dominion. **Railways control.** The essence of the problem is to determine the proper economic spheres of the railways and motor transport respectively, and to provide adequate machinery for regulating the traffic accordingly. **Transport co-ordination.**

In most other countries it has been found necessary to take steps in this direction. Information in regard to the action taken in other countries has been collected by the Transport Department, which has made a careful investigation of conditions in New Zealand. A report on these investigations was published last year in parliamentary paper H.—40. The legislation which has already been submitted to honourable members is based on these investigations and the experience of other countries. The principal effect of this legislation will be the elimination, in the course of time, of unnecessary and wasteful competition between motor transport and the railways. The benefits will be a decrease in railway losses, improved conditions within the motor transport industry, and some relief to county rates consequent upon the reduction of traffic to a minimum consistent with the requirements of each area.

REDUCTION IN INTEREST-RATES.

Another matter in which the Government has endeavoured to assist primary producers, and indeed the whole Dominion, is in connection with a reduction in interest-rates. **Reduction in interest-rates.** It is realized that interest charges form a considerable proportion of the overhead expenses in connection with most business activities, and with this in mind, and as part of the policy of encouraging a reduction in internal costs generally, the Government has for some time past been negotiating with various financial authorities throughout the Dominion, and as a result a voluntary arrangement has been agreed upon which will have the effect of cheapening the price of money by at least $\frac{1}{2}$ per cent.

The Government rate of $5\frac{1}{2}$ per cent. for overcounter sales of inscribed stock or debentures maturing 1st September, 1937, will be reduced to 5 per cent. **Government rates.** The present issue of Rural Advances bonds will be closed and replaced by a new issue of 5-per-cent. bonds at par, to mature on 15th September, 1947. In regard to the investment certificates on sale at the post-offices, it has been decided to reduce the return on two-year currency certificates to $4\frac{3}{4}$ per cent., and on five-year certificates to 5 per cent. No further issues will be made of one-year certificates after the 31st July.

The Public Trustee will reduce by $\frac{3}{4}$ per cent. the rate to be paid for new deposits by way of investment agencies in the Common Fund for a fixed term of years, and in addition will pass on to his clients the benefits accruing from such new deposits.

Unexercised loan authorities held by local bodies will also be reduced by $\frac{1}{2}$ per cent. **Local authorities' rates.** The maximum rate on such loans in future will be 5 per cent., but authority is contained in the Local Bodies' Loans Act, 1926, to increase this rate if necessary. Negotiations in respect of loans at present under action will, of course, be safeguarded.