The heavy works undertaken by the Westport Colliery Company for developing the rich coal-field of the Mount Rochfort district are making rapid progress, and in a few months it is expected that the market will receive supplies from this source.

The further development of the principal coal mines of the colony by increasing the facilities for shipment, deserves most careful consideration, as a means of fostering an industry that will profitably employ at home the large sum of money which is at the present time sent out of the colony for the purchase of foreign coal.

WORKING RAILWAYS.

During the first few days of July heavy floods occurred in Canterbury and Otago, doing serious damage to the lines, partially suspending traffic, and causing a heavy outlay in repairs and renewals.

The permanent way is reported to be in good working order, except on some of the branch lines, which, owing to the lightness of the rails and sleepers used in their construction, are becoming seriously impaired.

A very large number of sleepers have required removal during the last four months, and it is worthy of note that they were chiefly American timber. These sleepers were only imported as an experiment, and at a time when the pressure was great and the local supply wholly inadequate.

The traffic returns for July, August, and September show a considerable falling-off compared with the corresponding period of last year. No doubt this is owing to the financial depression; but much may be expected from the grain traffic of the approaching season, which bids fair to be a prosperous one. A good harvest and the revival of trade—symptoms of which are apparent—would speedily produce happier results.

I am glad to say that we are extending the use of New Zealand coal on our railways, and after the expiry of existing contracts for the supply of Australian coal, our arrangements will enable us to dispense to a large extent, if not altogether, with imported fuel, and save several thousand pounds a year.

In the Public Works Statement which was lately made by my predecessor full particulars were given of the length of the railways open for traffic, the cost of their construction, the gross receipts, the working expenses, and the cost of maintenance.

Considering the headlong and rapid rate at which our railways have been constructed, the uncultivated lands through which large portions of nearly all of them pass, and the smallness of our population, it is no doubt a matter for congratulation that the contribution towards interest on the cost of construction is so large.

It may, however, be as well to ascertain how the account really stands. I find that the cost of railways open for traffic at the end of the last financial year is £8,690,417 0s. 4d., including £633,229 0s. 4d. for interest to date of opening; the gross traffic returns amount to £1,729,955 3s. 7d., from which must be deducted £1,250,897 5s. 7d. for working expenses and maintenance, leaving £479,057 18s. for payment of interest on the loans out of which these railways were made. Table No. 11 which will be appended to this Statement, when printed, shows that for the past year the receipts have been £758,096 8s. 2d.; and the working expenses, £545,478 15s., leaving a surplus of £212,617 13s. 2d. This amount represents 2·54 per cent. on the average cost of construction, leaving 2·46 per cent. to be supplied from other sources.

Sir, we all believe that New Zealand is a country of such great resources that, in the course of years, even those railways which are now the farthest from paying will become remunerative; in the meantime, however, the inhabitants of districts which have no railways are taxed to pay for them, as well as those who inhabit more favoured places.

How burdensome this charge has become was lately shown by my honorable colleague the Colonial Treasurer; and the duty is placed on us of considering how to make our railways pay a larger contribution towards their cost, by skilful and economical management, and of submitting all future proposals for new railways to the same rigid scrutiny as private investors would make, and