

to early returns, there will be, during the next two or three years, an average increase in railway revenue of at least £25,000 per annum.

We have then a net natural increase of revenue of £50,000, an addition each year to the savings on account of conversion of £20,000, and £25,000 increase on account of new works—in all £95,000.

The Government considers that this justifies our borrowing a million and a half during next year, and that the probabilities are that in future years the increases of revenue will justify at least additions of from one to one and a half millions a year. The additional burden of this million and a half will amount at present rates to £60,000; but probably in a year or two the money may be borrowed at $3\frac{1}{2}$ instead of 4 per cent. But it will be said I have forgotten the additional charge of the third million to be negotiated next year. The third million, however, has not been forgotten; but, in considering the difference between this year and next, it has to be remembered that the interest on money obtained by temporary expedients and in anticipation of the loan will cover the amount of interest on the third million.

It is a million and a half that, as has already been stated, we propose to take authority to borrow; and I may say we also propose that it should cover expenditure up to the end of March, 1886. I have not taken into account the annual charge of the North Island Trunk Line One-Million Loan, because, up to the extent of £100,000, I think we can provide for that line out of the million and a half; and the Government wish to defer negotiating that loan until the expenditure on the line is very heavy. At first, with all eagerness to push it on, it will be impossible to spend much money on it, whilst if the whole sum is brought into the Treasury there will be the old danger of its being spent for something else.

In the manner of stating the votes proposed to be taken for railway works this session two changes have been made, which it is believed will be very beneficial, not alone in facilitating the work of the department, and enabling the Minister to realize the state of affairs, but also in letting honourable members see the amount of money which is proposed to be spent during the year in the actual construction of railway works in their several districts.

The changes which I allude to are as follow:—

1. The taking of separate appropriations for additional works required on opened railways, as distinct from new works for extension of railways; and

2. The taking of separate appropriations for the permanent-way and rolling-stock required for all railways, including additions to opened lines, instead of, as hitherto, including the permanent-way and rolling-stock in the votes for construction works.

As regards the first of these proposals—namely, the taking of separate appropriations for additional works required on the opened railways—I think honourable members will bear me out in the assertion that it was very difficult in the past to realize, from the amount of the vote taken, how much new railway works might be reasonably anticipated, as a very large proportion of the sums which have been voted for each railway from year to year has been expended on additions and improvements to the portion of railway previously opened.

By taking the votes entirely separately, as is now proposed, honourable members will be enabled to see, not only how much money is proposed to be devoted to each new extension of the railway system, and to additions to each opened railway, but will also be enabled to realize the total sum required from year to year for additions to the opened lines as a whole, including additional rolling-stock.

As regards the second proposal which I have alluded to—namely, the taking of separate appropriations for permanent-way and rolling-stock, as distinct from the appropriations for construction works—it is believed that this also will be a great help to honourable members in enabling them to realize the extent of construction works which will actually be done in the various localities, besides having the additional advantage of enabling the departmental accounts to be kept in a manner which will be more easily understood than by the method now in vogue.