In assuming that £290,000 worth of the stock in hand, in the shape of permanent-way and rolling-stock, could fairly be allocated to the railways which are provided for in the proposed loan, I am keeping well within the requirements of these railways, as the value of the permanent-way and rolling-stock which will be required to complete the lengths provided for in the Loan Schedule will be about £447,000. This is shown in detail in table marked A, which will be attached to this Statement, from which it will be seen, that of the total amount so required, £77,000 is for the North Island Trunk Railway, and the balance, £370,000, for the railways in the proposed Loan Schedule.

Assuming that the loan of £1,500,000 will be authorized for new railways, the total funds which we will have available for voting during next two years will therefore be as follows:—

1. For the railways included in proposed Loan Schedule, after deducting, say, £213,000, to be recouped to the General Loan Fund for materials in hand, we will have available for construction works and further permanent-way and rolling-stock (including the expenses of floating the loan) the sum of £1,287,000.

2. For the North Island Trunk Railway, after deducting similarly the sum of £77,000 for materials (which are in hand), and £60,780 for expenditure already incurred, to be recouped to the General Loan Fund, we will have available for construction works and land purchase, out of an allocation of £500,000 for two years, the sum of £362,220.

3. For general purposes (including railways other than the North Island Trunk and Loan Schedule Railways), we will have £1,119,560. This is exclusive of permanent-way, in hand, for the railways included in this item, to the value of £10,241.

The total amount which will thus be available for voting, during the next two years, out of the three funds in question, would be £2,768,780, and the result arrived at in this way of course agrees with the gross total of the funds themselves; namely, new loan £1,500,000, plus North Island Trunk Railway (allocation for two years) £500,000, plus balance of General Fund £768,780.

As against these funds we propose to take votes for expenditure, including existing liabilities, during the present year to the extent of £1,538,700; but we will not expend quite so much as this, and the actual expenditure will not probably exceed, say, £1,400,000. The amounts proposed to be voted for expenditure this year on account of the several funds which I have described are as follows, the cost of general departmental supervision, amounting in all to £28,000, being allocated to the different items on a proportional basis:—

(*a*.) For railways included in proposed Loan Schedule, £604,000. This includes expenses of raising loan £30,000, and supervision £11,000.

(*b*.) For North Island Trunk Railway, £213,000. This includes land purchases £80,000, and supervision £3,000.

(*c*.) For general purposes, £721,700. This includes £16,400 for railways other than the North Island Trunk and Loan Schedule Railways, and £14,000 for supervision.

Assuming that we will spend in all during this year £1,400,000, and that our assets are, as before stated, £2,768,780, we will thus have available for expenditure next year on all accounts the sum of £1,368,780; and bearing in mind that our expenditure will never practically reach up to the amount of our votes on all the items, we will thus be in a position to bring down estimates for expenditure next year to about same amount as this year, namely, to extent of, say, £1,400,000.

Our ways and means for the next year's votes will therefore be ample—in fact, for railways and land purchases along the North Island Trunk line, they will be more than ample; and, as regards undertakings other than railways and land purchases along the North Island Trunk Railway, it will be seen that the amount proposed to be voted for expenditure this year is £721,700 out of available funds amounting to £1,119,560, so that we will have £397,860 for expenditure on this class of items during next financial year. In considering whether or not this will be sufficient for the purpose, it has to be borne in mind that many of the votes appearing in the Estimates this year will, we hope, either disappear