

pany and the other with the Leyland Company. Both cars should arrive in the Dominion at an early date.

Road motor-cars have been placed on the run between Culverden and Hanmer Springs to provide for the tourist and other traffic. Altogether five cars are employed in this service, which has been satisfactory.

Lake Wakatipu Service.

The Lake Wakatipu steamer service was purchased by the Government in 1902, since which date it has been controlled by and worked in conjunction with the New Zealand Government Railways Department. With a view to popularizing the Wakatipu trip a contract was let to Messrs. McGregor and Co., of Dunedin, for the building of a new twin-screw steamer to run between Kingston and the head of the lake in conjunction with the "Mountaineer." The new vessel, "Earnslaw," has a speed of 15 knots an hour and a capacity of 1,000 passengers. It was launched and placed in commission in October, 1912. The increased speed of the new steamer and the improved passenger accommodation provided thereon have already been much appreciated, and the vessel should be capable of meeting the demands of traffic on the lake for many years to come.

General.

The linking-up of the Wairarapa line with the Napier-Taranaki line at Woodville in December, 1897; the acquisition of the Midland Railway-line (82 miles 68 chains) in July, 1900; the driving of the last spike in the Main Trunk Railway at Manganui-o-te-ao on the 6th November, 1908, thereby connecting Wellington with Auckland; and the taking-over of the Wellington-Manawatu Railway Company's line (83 miles 67 chains), connecting Wellington with Longburn, on the 7th December, 1908, marked important epochs in the history of the New Zealand railways, and had considerable influence in the settlement and development of the country. Immediately the Midland and Manawatu Railway Companies' lines were incorporated with the Government railways steps were taken to bring them up to a standard as nearly as possible approximating to that of other portions of the main lines, and in the case of the Manawatu Railway increased accommodation and up-to-date signalling, interlocking, and other equipment had to be provided to meet the requirements of the additional through traffic resulting from the diversion of business from the Wairarapa to the Longburn route.

During practically the whole period from 1895 up to date the railway-lines have been going through a transition stage. As originally constructed they were only capable of dealing with a small volume of traffic, and the light form of construction restricted the weight of vehicle that could be run. With the rapid and continual expansion of traffic following closely on the policy adopted of utilizing the lines for the purpose of developing settlement, and regarding the earning of a large amount of revenue as a secondary consideration when compared with the national benefits that would accrue from settling people on the land, it became essential to bring the lines up to a standard that would enable them to deal satisfactorily with the traffic offering. This necessitated the carrying-out of a comprehensive scheme of betterment, practically involving during the period the relaying of the main lines twice and branch lines once; at the same time the everyday requirements of the commerce of the country had to be fully provided for and met.

The capabilities of the Department to satisfactorily meet emergencies were fully demonstrated on several unique occasions—namely, the departure of the ten New Zealand Contingents for South Africa in 1899 and 1900; the visits of the Imperial troops in February, 1901, and of Their Majesties the King and Queen (then the Duke and Duchess of York) in June, 1901; the visit of the American Fleet in 1908; and lastly the arrival of the battleship H.M.S. "New Zealand" during the present year. The manner in which the requirements of these memorable occasions were met was clearly stated at the time and is now a matter of history.

During my regime the railway policy was changed three times. Under the original policy laid down in 1897 the railways were required to return 3 per cent. on the capital cost of construction, and after this had been achieved to grant to the public concessions in fares, rates, and improved train facilities, and to improve the conditions of the staff. In 1909 the railways were required to give a return of 3½ per cent. In 1910, 4 per cent. was required. On the basis of the existing traffic the reductions that have been made in the rates represent a concession of £350,000 per annum as compared with the rates that were ruling in 1895. During the whole of my regime the operations have been conducted strictly in conformity with the policy laid down for my guidance, and, notwithstanding the additions to train mileage in the shape of experimental and often unprofitable train services, the opening of short sections of new lines, the many reductions made from time to time in fares and freights, the advances in pay and reduction in hours of duty of railway employees, and the many difficulties inseparable from operating a system divided into several disjointed sections, the railways have never failed to yield a net return that exceeded the stipulated requirements of the Government policy.

I have on more than one occasion urged that steps should be taken to provide funds to meet the expenditure that will be involved in carrying out projected deviations and grade improvements that have been outlined in reports already made, and other large works such as new stations and yards at Auckland and Wellington, and alterations at Lyttelton, Christchurch, Timaru, and Invercargill. Up to the present time, however, the exigencies of finance have militated against my recommendations being carried into full effect. There is no doubt, however, that with the continuous and rapid development that is taking place in the country the demands made on the railways for transport facilities are fast assuming proportions that render the provision of the necessary funds a matter of urgency and imperative necessity.