

It is the aim of the present administration to adopt every possible means of reducing working-costs and to so improve the services as to enable these lines to hold their own with other forms of transport. It is not anticipated that the revenue will be greatly increased, but that a much-improved service will be provided without additional cost.

I am convinced that better services should be provided on such lines; that working-costs should be reduced as far as practicable by the utilization of self-propelled units and by other means; and that legislation should be enacted providing that the railways be reimbursed for the annual losses incurred, as is done in the State of Victoria, after making adequate provision for the profits made by main lines⁷ as the result of traffic from the branches.

Unless the State is prepared to subsidize reasonable services on these branch lines it will be impossible to avoid annual deficits without a general increase in rates, which would be manifestly unfair to railway-users as a whole. Deficits have to be met out of the Consolidated Fund in any case, but the method suggested is more satisfactory from every point of view, and will enable the Department to give an efficient service in keeping with modern ideas.

MOTOR TRAINS.

Since my last Statement valuable information has been obtained regarding different types of self-propelled rail-vehicles. Although practical operating experience has been obtained in the use of only two types—steam and an improvised car driven by an internal-combustion petrol-engine—it is obvious that much economy can be effected and more frequent service provided on many sections when a thoroughly reliable unit can be secured. The “Sentinel” steam-car has been in service for some months between Melling and Wellington, and the working-costs, suitability, &c., are being very closely watched so that results may be accurately gauged before such cars are placed on the sections for which they may be found satisfactory.

The other car referred to was fitted with an ordinary six-cylinder motor-car engine by a Christchurch motor engineer. Trial runs have been made, and it is anticipated that this vehicle will be ready for practical work in the near future.

In addition, a Clayton steam-car has just arrived from England, and is being placed in service.

An “Edison” electric storage-battery car has been ordered, and should arrive in the Dominion about the beginning of October.

The departmental officers in New Zealand and those at present abroad are obtaining the latest information about these vehicles, as it is believed that working-expenses on many of our sections, and especially non-paying sections, can be considerably reduced by the utilization of reliable self-contained units.

MECHANICAL DEPARTMENT.—WORKSHOPS REORGANIZATION.

As was pointed out in the special report on improvements and new works placed before Parliament last year, the Railway workshops machinery and general equipment was inadequate to economically and efficiently cope with requirements.

The Department secured the services of Mr. E. T. Spidy, a Production Engineer who has had very wide experience in workshop production work in England, and more lately with the Canadian Pacific Railway. The Acting Chief Mechanical Engineer at that time (Mr. Sims) and the Production Engineer, after a thorough investigation, made a report providing for the complete reorganization of the workshops. This was submitted to Sir Vincent Raven, a Mechanical Engineer of well-known standing, who confirmed the views expressed and the conclusions arrived at.

The full proposals were subsequently placed before Mr. Lynde, the recently appointed Chief Mechanical Engineer, and the Railway Board, who, after the closest possible examination, fully concurred. The scheme was thereupon submitted to me with the Board's recommendation, and was approved by Cabinet after consultation with the Hon. the Minister of Finance and Treasury officers in regard to the financial