

Let me emphasize, in conclusion, that we aim at not only a passive acquiescence on the part of the public in our doings, but their active co-operation and assistance to make our services better and better, and I am satisfied that it is only by taking our customers fully into our confidence and placing all the cards face up on the table that we can hope to arouse the fullest measure of active co-operation in them. In that way will we secure the public good-will, and only along that way lies the path of progress.

An excellent example of the practical application of the principle underlying this proposal is to be found in the policy which was adopted last year of referring the Department's proposals in regard to the new tariff to the various interests affected before the tariff was finally adopted. These proposals were fully and frankly discussed with all those who desired to make representations concerning them, and in the light of the fuller knowledge thus gained various modifications were found desirable, and were incorporated in the tariff. The result was that when the tariff was brought into operation it was accepted practically without question.

ROAD COMPETITION.

A problem which has engaged my attention during the year and which is, of course, likely to be the prime problem of our railway system for some years to come is that of road competition with the railways. The efforts of the Commercial Branch have undoubtedly tended to keep this competition within limits, but we still find that at various points road carriers are maintaining their business. The whole question, of course, resolves itself into one of economics, and if transport can be carried on more economically by road, then undoubtedly the business will go by road; but it is necessary in considering this matter from the point of view of a Government policy affecting the railways to regard it, not as the road carriers and their customers almost invariably do—namely, from the point of view of individual interest—but rather from the point of view of what is best for the community as a whole. The difference between these two points of view is very material in deciding the policy, because the community owns the railways, and regard must therefore be had by the community to the capital that has been sunk in the railways. It must not be forgotten that, generally speaking, the railway rolling-stock is available to do the work that is being performed by road and is lying idle when that work is diverted to road transport. A community must, therefore, make due allowance for this capital and for the plant that has been provided in making comparisons of relative costs as between road and railway transport. But if, after making these allowances, it is still found that transport by road is the more economical, then there can be no justification for doing other than utilizing the road transport for such traffic. In other words, even if the traffic is available for the Railway Department, it seems to me that if it can be dealt with more cheaply by road transport the proper course is to deal with it by that method. The question then arises as to whether the Railway Department should hand over the traffic to a competitor by road or should itself undertake the transport of the goods by means of road-vehicles. Cases have already come under my notice, and particularly in connection with the casual traffic between the peak loads in the morning and evening on short runs, when undoubtedly the work now being performed by the Railway Department could be more cheaply performed by road-vehicles, and I therefore desire to state as a declaration of my personal policy that whenever this can be done I propose that the Railway Department shall undertake the work, either itself or by arrangement with private enterprise. In doing so I recognize that it may be said that the Railway Department is trenching on the field of private enterprise, but a careful analysis of the situation seems to me to show clearly the fallacy of this argument. The traffic, in the first place, was railway traffic, and in keeping the traffic to itself the Railway Department is but holding what has always been its own and is not taking the traffic that originally belonged to private carriers. The advantages of large-scale work have up to the present lain with the railways because of the extent of their field of operation, and I think the same considerations, though possibly in a less degree, might be held to justify the Railway Department in endeavouring to undertake at least such road transport work as will enable it to reduce its working-costs.