

The area still available for disposal is 213 acres, acquired at a cost of £50,000. Little difficulty will be experienced in disposing of this property.

Less than two years ago a comprehensive housing scheme was launched in the Hutt Valley adjacent to the new railway. Land (comprising what are known as Mandel's and Eglinton Blocks) purchased as part of the general scheme was placed in the hands of an honorary committee to establish a thoroughly up-to-date workers' settlement. This committee has rendered invaluable service to the Government, and, in conjunction with the assistance rendered by the Departments concerned, excellent progress has been made. Government originally decided to finance the construction of 150 houses, but the applications were so numerous that authority was given for a further 100, making 250 in all. The committee still continued to receive large numbers of applications, and, as many urgent cases were continuing to come under notice, Cabinet decided to increase the total to 300 houses to complete the Hutt Valley Settlement scheme. On the 30th June last 143 houses had been completed, 133 of which were occupied, while 54 were under construction. Of the 133 families settled, 461 children totally dependent on their parents are now comfortably housed. When the scheme is completed it is estimated that the settlement will possess a population of at least 1,800. This should materially assist in relieving the congestion in certain parts of the city and suburbs.

It is, therefore, almost firmly established at this stage that the original aim of the scheme has been accomplished, quite apart from the value of such a modern residential settlement for the City of Wellington. The betterment on the purchase price of the land will be sufficient to pay the cost of constructing the single line of railway from the main line to Waterloo Road.

Another important feature in the construction of this line is the total abolition of level crossings, brought about by the construction of substantial overbridges.

TARIFF MATTERS.

The present railway tariff has been in force since the 30th August, 1925. It is now under review, and in pursuance of the policy to keep the tariff up to date it will be replaced by a new issue towards the end of the current year.

With a view to further assisting in the development of the agricultural and pastoral industry, a substantial reduction was made during the past year in the rates for artificial manure. That this concession, which dated from the 31st August, 1926, has brought about considerable increase in the quantity of artificial manures conveyed by rail is indicated by the fact that for the seven months ended the 31st March, 1927, 261,400 tons of this commodity were conveyed—an increase of 73,620 tons over the corresponding months in 1926. It is pleasing to note from the foregoing how fully the farmers of the Dominion have appreciated the reduced rate, and I anticipate that the resulting increased production will to some extent compensate the Railway Department for the concession made.

The tonnage rates charged for goods conveyed by rail are based on a classification which, although varying considerably in detail, enables a general distinction to be made between what may be termed "low-grade" and "high-grade" traffic. The low-grade commodities—artificial manures, agricultural products, coal, firewood, gravel, metal, and suchlike goods—comprise a considerable proportion of the total tonnage, and upon these freights are charged which (having been determined almost wholly with a view to encouraging settlement and development) are in themselves barely sufficient to cover the cost of transport. The road-motor carrier does not compete for this traffic, but directs his attention to the more valuable commodities and more highly rated freight—that traffic, in fact, upon which the railways have depended to balance the loss made in carrying low-grade freight. It is reasonably contended that the low rates could be expected to remain only so long as the Railway Department was able to secure its usual profit from the higher-rated traffic. Now, however, the road vehicle has in many instances been successful in securing the latter. The Railway problems arising out of these changed conditions cannot lightly be passed over, and it is doubtful whether those who patronize road services, which are in many instances parallel with the railway