

It will be seen from these figures that the percentage of New Zealand coal used by the railways rose from 23 in 1924-25 to 65½ during the last year.

At the present time the Department is buying all the bituminous (hard) coal it can procure from the New Zealand mines, in addition to the maximum quantity of native brown (soft) coal that it can burn. Waikato coals are being used to the limit of practicable consumption.

Regarding the scientific treatment of coal and lignite by distillation, it has been stated that New Zealand brown coal so treated would produce a smokeless fuel of high calorific value. The possibilities presented by the carbonization of our native brown coal, thereby producing a satisfactory fuel for use in locomotives, have not been overlooked by the Government. The Railway Department, in conjunction with the Mines Department and the Department of Scientific and Industrial Research, has, after obtaining the most up-to-date information and special reports from the leading authorities in England, fully investigated this matter, and the mining interests in the Waikato are fully acquainted with the results.

As an indication of the practical encouragement given by the Government to the establishment of a carbonizing plant, we have made an offer to let a contract for the supply of all railway coal requirements in the middle North Island district should the industry be established.

RAILWAY LAND.

At the inception of the railway system the Minister was given power to lease sites on railway land for storing goods, and this provision was taken advantage of in the South Island, and particularly in Canterbury, where stores were erected by settlers and merchants for the storage of grain and other produce. This was not only a great convenience to the lessees, but also of considerable advantage to the Department.

In the course of time, as settlement advanced, there was a demand for business sites on railway land near railway-stations, and the Minister's powers of leasing were gradually extended until now leases can be granted for a term of twenty-one years with a right of renewal for a similar term.

Valuable business sites on railway land at Petone and Newmarket will be available for leasing when the new railway workshops are opened, and the time has arrived when in order to obtain the best financial results more attractive leases must be offered to the public. It is proposed, therefore, to introduce this session legislation whereby the powers of the Minister may be extended so as to enable the Department to grant such conditions of tenure as will enable the best rent to be obtained.

CONCLUSION.

It is proposed to continue the policy that has been pursued during recent years of running the Department in accordance with sound commercial principles, with an eye ever upon the development of the country.

I recognize that the Department must give a service that will enable the transport needs of the community to be adequately met, while at the same time extravagance and undue costliness in the matter of railway services is to be strictly avoided.

During the past year the railway staff have given valuable service in the practical development of this policy, and I desire, in conclusion, to pay my tribute to their work in this connection and to say that I look forward with the greatest confidence to a continuance of their efforts to maintain the railways in the highest possible state of efficiency.
