

RAILWAYS.

During the last four years the construction of new railway-lines has been at a standstill, and works actually in hand, some of which were rapidly approaching completion, were abandoned. The existing economic position at that time no doubt led the Railways Board to believe that the various lines under construction were not justified from a commercial point of view, and that the anticipated traffic would not pay the cost of operation let alone any return on the capital cost of construction.

I am of the opinion that from the broad national point of view this attitude was a mistake.

In spite of the large mileage of highly improved main highways and the efficiency of modern motor transport, the railway still remains the predominant factor in the country's transportation system, and the completion of the present isolated systems and the linking-up of the various districts by rail is, in my opinion, the proper and reasonable course to adopt.

When this Government took office it was found impossible to proceed with the abandoned works without obtaining legislative authority enabling it to resume control of this important Department of State, the Railways Department. Legislation to overcome this difficulty was, therefore, given urgency, the Railways Board was abolished, and a new construction policy adopted.

Careful investigations were made concerning the merits of the various lines, and it was decided to proceed with certain of them as a first instalment of the Government's policy.

The completion of the Napier-Gisborne line was considered to be of the first importance, and my Department was authorized to make an immediate start with this work. It was found, however, that a great portion of the construction plant and material had been disposed of, the staff had been reduced, and the organization generally sadly depleted, permanent way and rolling-stock had deteriorated, slips and subsidences had taken place throughout the completed formation, and no attempt had been made to reconstruct the portions of the line damaged during the Napier earthquake, the net result being that a very considerable sum has had to be added to the original cost of construction in order to provide for the general cleaning-up of the sections and the replacement of plant and material. This work is now being vigorously prosecuted, and the number of men employed on the work is rapidly increasing.

The completion of the South Island Main Trunk and the Westport-Inangahua Railway were authorized later, and similar difficulties in regard to the replacement of plant and material and the deterioration of permanent way and formation were experienced.

A start has been made with both these lines, but at the closing of the period covered by this statement there had been time only to make preliminary arrangements.

In carrying out these works it is my policy to utilize as far as possible the latest and most up-to-date labour-saving machinery, and, with this end in view, orders have already been placed for a number of Diesel-engined shovels and drag-lines, air-compressors, lorries, concrete-mixers, service rails, and other construction material.

IRRIGATION.

Although the appropriation for irrigation works for some years past has, compared with appropriations from the Public Works Fund for certain other purposes, been a relatively small one, it has to be pointed out that irrigation works have this important feature, that they create an asset on the land and build up the prosperity of the country both directly and indirectly. Certain large areas with deficient rainfall have productive capacity far below normal without irrigation,