

extent and in a much more efficient way than has ever previously been feasible ; and I look for a very marked increase in our passenger traffic as a result of these changes, which should be well under way before the next Annual Statement is presented.

TRANSPORT CO-ORDINATION.

In the southern portion of the South Island, as well as in certain other areas, I have been able to bring about a comprehensive co-ordination of road and rail and lake services under single ownership through the Government's decision to purchase the services and licenses of a number of passenger-carrying road operators in that area. This has given the Railways Department complete control of all passenger business along principal routes south of Timaru, and also between Christchurch and Akaroa ; the co-ordination, through eliminating some expensive duplication of services, is enabling considerable saving to be made in costs, while at the same time maintaining the quality of service rendered. Indeed, it has been possible to improve considerably upon the service previously given, as a better class of vehicle has been introduced to replace some of the more obsolete types in use. At the same time, maintenance costs have been reduced through the use of the Department's efficient road-vehicle repair depot at Dunedin for all major maintenance and repair work, while the train services have also been arranged on a co-ordinated instead of a competitive basis, so that the most suitable means of conveyance is provided in each case to meet the particular requirements of the localities served.

The public have been satisfied with the results of these efforts in co-ordination. A pleasing feature of the negotiations has been the absence of any friction, and the General Manager and his officers deserve the highest commendation for the efficient and mutually satisfactory manner in which all matters in connection with the purchase of the services referred to have been carried out.

The same applies to the Wellington suburban road services between Wellington—Ngaio—Khandallah—Johnsonville, which have also been acquired by the Department to complete its co-ordination under single ownership of all suburban transport along railway routes in the Wellington suburban area.

MAJOR WORKS.

Many works of major importance are now under way. The Wellington new station is the centre of principal activity, with its related yard reorganization, office centralization, electrification of the Johnsonville and Paekakariki lines, and its new power-unit housing facilities. When completed next year these new works will give to the capital city a comprehensive range of terminal facilities of exceptional convenience which, on account of their central position and ease of access to port and city, will do much to improve the transport not only of the people of the Wellington District but also visitors from other parts of the Dominion.

FINANCE.

Railway capital costs and charges in a comparatively new country cannot be correctly assessed on normal accountancy procedure, and a prominent citizen, discussing transport with me a short time ago, said :—

“ No undertaking that has operated or is operating in the Dominion has rendered a greater contribution to the development of New Zealand than its railways, and the capital cost can only be correctly compared with interest charges and net return when the invisible and non-calculable benefits are as far as possible taken into account.”

With an invested capital of £54,253,059 normal interest charges have an appreciable effect on the net return, but it should be affirmed that the payment of £1,051,477 to the Consolidated Fund is a substantial contribution to the country's finances. It is very desirable to remove the impression that the railways are a financial burden on the community. They are, in fact, one of the country's principal assets ; they perform, at low cost to the users, a most important part of the transport work of the Dominion ; they pay for all the services required in the