

firmly rejecting them unless a strong probability can be shown that they will prove remunerative.

It must not, however, be forgotten that the demands of the public have forced on the Government the adoption of a more expensive mode of constructing railways, and greater speed in transit, than was at first intended, thus necessarily interfering with the paying character of these undertakings.

No doubt great collateral advantages are gained by the construction of railways, but after all, the practical test of usefulness really is their being or not being used. If, therefore, it is found that on any railway the traffic is so small that a great loss results from its working, it may, I think, be assumed that either it is badly managed, or that, being useful only to a few, it ought not to have been constructed.

To quote from the Statement made by my predecessor in 1878: "The difficulty commenced from the moment when the Legislature repealed that cardinal condition of the Public Works policy, that, in the event of the proceeds of any railway failing to meet interest and sinking fund on the cost of its construction, property in the district should be rated to make up its deficiency."

The proposal of the Government is, as honorable members know, to devote the proceeds of sales of land to local and colonial Public Works; but if this fund is to be supplemented to any great extent by additional borrowing, to complete the general scheme of railways, there is no doubt in my mind that either those already constructed must be made to approach more nearly to a paying condition, or else a system of rating the districts beneficially affected must eventually be resorted to.

Sir, we do not think that the proposals for the various lines of railway which are now in course of construction have been subjected, before their adoption, to so close a scrutiny as their importance demanded. It has, moreover, become apparent that the funds which will be at our disposal for the prosecution of these works will prove inadequate to complete them. We think that the time has come when our whole future policy with regard to Public Works must be reconsidered, and it is therefore our intention to ask Parliament for authority to appoint a Royal Commission, to make a more full and complete investigation into the cost and economical value of the several works commenced and proposed than it would be possible for the Government, unaided, to complete before the next session of Parliament. The Government hope, by means of the report of these Commissioners, to be placed in a position to make proposals to Parliament for the prosecution of Public Works upon a plan carefully adapted to the circumstances of the colony.

Our efforts must now, therefore, be earnestly directed to the economical management of our railways, and, amongst other means, I think the keeping the accounts of the various sections separate and distinct, so that it may be seen what each is earning and spending, will have the good effect of arousing emulation among the officers, as well as of showing on which of the lines a different system of working should be adopted.

#### PROPOSALS FOR THE FUTURE.

Sir, my predecessor has had the gratification of proposing and initiating many new works of great magnitude. To me has fallen the unwelcome task of showing that our resources are inadequate to bear the continued strain of so rapidly constructing these expensive works.

Believing that to be the case, we do not intend to ask for authority to begin many new works. The funds at our disposal for the next few years will be only sufficient to meet the necessary requirements for miscellaneous public works, and for carrying on the works already authorized at a rate proportioned to our resources, and to the point at which they will be of real use to the community.

Our position is briefly this in respect of the £5,000,000 loan, and the balance of £517,120, including credits, with which we began the year. The positive engagements on contracts entered into, and liabilities which must be met, together with the expenditure already made during the current year, will absorb £3,799,865,