

LEGISLATIVE COUNCIL. Monday, 26th October, 1901. First Readings-Railway Dining-cars-Land-tax and Income - tax Bill - Industrial Conciliation and Arbitration Bill. The Hon. the SPEAKER took the chair at half-past two o'clock. PRAYERS. FIRST READINGS. Local Bodies' Loans Bill, Public - school Teachers' Salaries Bill, Maori Councils Act Amendment Bill. RAILWAY DINING-CARS. The Hon. Mr. T. KELLY asked the Minister of Education, Whether the Government will take into consideration the desirability of the Railway Department trying the experiment of conducting by its own officers the supplying of food to passengers in the new dining-car from Palmerston North to New Plymouth before submitting the catering to public tender ? A great many complaints had been made from time to time as to the catering for passengers on the Government railways, not only in the North Island, but also in the South. The system upon which this catering was done-by public tender-was not calculated to provide the passengers with good food or with well- cooked food. The highest tender was, as a rule, accepted, and the consequence was the caterer was almost compelled, in order to make a profit, to provide very indifferent and badly cooked food. He thought the Railway De- partment should take the matter into its own hands, not as a matter of revenue-though, of course, some revenue could be made out of it -but the main idea should be to take care that the public were supplied with good food at a reasonable rate on the railways. Now, that a new dining-car was being put on the line between Palmerston North and New Plymouth, he thought this opportunity ought to be taken by the department to try the experiment of supplying food to passengers through its own officers, as he felt certain the result would justify the experiment. The Hon. Mr. W. C. WALKER said there . was room for much difference of opinion on this matter. It was a very important matter, be- cause the comfort of railway travelling on long distances largely hung upon a proper commissariat. He believed the department had called for tenders for catering on the new cars. But he thought the mistake-if he might use the word -in the past had been that the department had not made up its mind to wholly adopt one system or the other. In the South there were two cars, and there were two

refreshment-rooms, with all the disagreeableness of a long stop at certain stations, instead of a good meal with proper accommodation on the train. These scattered anomalies ought not to exist. Then, if we were not going to see that our cars were the real backbone of our catering, we ought to see that the refreshment - rooms were properly supplied and equipped. In Australia he was struck with the manner in which the catering was conducted, and the moderate charges that were made. There they were exceedingly good, and much better than what we had here. We had made a mistake in endeavouring to have the two systems, and in trying to combine the cars and refreshment- rooms. They should have either one or the other. Then the question arose as to whether the matter could be better carried out by contractors or by Government servants. That was a moot point. In the present instance tenders had been called for, and he ventured to agree with the honourable gentleman that the service should not be granted to a man simply because he paid the most for it. It should go to the most competent.

LAND-TAX AND INCOME-TAX BILL. This Bill was read the first time. On the motion, That the Bill be read the second time, The Hon. Mr. McLEAN said, I do not rise to oppose the Bill, because it is a very necessary one, but I just rise for the purpose of pointing out the extraordinary difference that this Bill shows on a man lending money on mortgage and a man paying on any other security. On £100 invested at 5 per cent. on Government debentures or any other form of Government security he would pay 2s. 6d. ; whereas by having it invested on mortgage he has to pay 8s. 4d. It is simply ridiculous. It was not so marked when money was at a high rate, but now it has come to a point that it is simply ridiculous. It was pointed out by the Colonial Treasurer that it would be reduced this year, but he had seen fit to break away from that promise and postpone the time for the reduction. A large number of poor people were interested in this, as they lend their money in the hope of making a little addition to their income. That class of people are getting poorer and poorer, while other people are getting better and better off. I think it is a pity that this Bill should go through without some notice being taken of this, and I recommend it to the earnest

consideration of the Treasurer when he makes up his Financial Statement. The Hon. Mr. TWOMEY .-

There is a little to be added to what the honourable gentleman has said, and that little is that the landowners get £500 exemption, while those who lend money on

<page:822>

treated properly. I have never been very sympathetic with money-lenders, but I think they ought to be treated and taxed exactly like other people-no more, no less. They are, I think, unfairly treated under the present system of taxation. Bill read the second and the third time. # INDUSTRIAL CONCILIATION AND ARBITRATION BILL. IN COMMITTEE. Clause 6 .- " Section fifty of the principal Act is hereby amended by striking out all the words after the word ' Conciliators,' in the fourth line, and substituting the words ' shall, on the application of either party to the dispute, and in the prescribed manner, be constituted from time to time to meet any case of industrial dispute.' " The Hon. Mr. W. C. WALKER moved, That the words "either party " be struck out, with the view of inserting " all parties." The Committee divided on the question, "That the words stand part of the clause." AYES, 24. Kelly, W. Barnicoat Reeves Bonar Scotland Kenny Feldwick Shrimski Louisson Gourley McLean Taiaroa Harris Ormond Tomoana Jennings Peacock Twomey Pinkerton Johnston Walker, L. Pitt Kelly, T. Williams. NOES, 8. Arkwright Jones Swanson Walker, W. C. Bolt Rigg Jenkinson Smith, A. L. Majority for, 16. Words retained. The Committee divided on the question, " That the clause stand part of the Bill." AYES, 24. Kelly, W. Barnicoat Reeves Bonar Scotland Kenny Feldwick Louisson Shrimski McLean Gourley Smith, W. C. Harris Ormond Taiaroa Jennings Peacock Twomey Johnston Pinkerton Walker, L. Kelly, T. Pitt Williams. NOES, 8. Arkwright Jones Tomoana Bolt Rigg Walker, W. C. Jenkinson Swanson PAIR. For. Against. Bowen. Smith, A. L. Majority for, 16. Clause agreed to. Clause 13 .- " Section eighty-six of the principal Act is hereby amended by the insertion of the following additional paragraphs :- " (4.) The Court may, in any award made by it, limit the operation of such award to any city, town, or district being Hon. Mr. Twomey trict. " (5.) The Court shall in such case have power, on the application of any employer, industrial union, or industrial association, in any industrial district within which the award shall have effect, to extend the provisions of such award (if such award shall have been limited in its operation as aforesaid) to any person, employer, industrial union, or industrial association within such industrial district. " (6.) The Court may, if it thinks fit, limit the operation of any award heretofore made under the principal Act to any particular town, city, or locality in any industrial district in which such award now has effect. " (7.) The limitation or extension referred to in the preceding paragraphs five and six shall be made upon such notice to and application of such parties as the Court may in its discretion direct." The Hon. Mr. RIGG moved to strike out " person," in subsection (5). The Committee divided on the question, "That the word be retained." AYES, 23. Bonar Kelly, W. Reeves Feldwick Shrimski Kenny Gourley Louisson Swanson Harris McLean Taiaroa Jennings Ormond Twomey Johnston Peacock Walker, L. Jones Williams. Pinkerton Kelly, T. Pitt NOES, 7. Arkwright Jenkinson Tomoana Barnicoat Walker, W. C. Rigg Bolt PAIR. For. Against. Smith, A. L. Bowen. Majority for, 16. Amendment negatived. The Committee divided on the question, "That clause 13 be a clause of the Bill." AYES, 26. Barnicoat Shrimski Kelly, W. Bonar Kenny Swanson Feldwick Louisson Taiaroa Gourley Mc Lean Tomoana Harris Ormond Twomey Jenkinson Peacock Walker, L. Jennings Pinkerton Walker, W. C. Johnston Pitt Williams. Kelly, T. Reeves NOES, 4. Arkwright Jones Bolt Rigg. PAIR. For. Against. Bowen. Smith, A. L. Majority for, 22.

<page:823>

Clause 21 .- "Either party to an industrial dispute which has been referred to a Board of Conciliation may file with the Clerk an application in writing requiring the dispute to be referred to the Court of

Arbitration, and that Court shall have jurisdiction to settle and determine such dispute in the same manner as if such dispute had been referred to the Court under the provisions of section fifty-eight of the principal Act." The Hon. Mr. JENKINSON moved to strike out "either," with the view of inserting "both." The Committee divided on the question, "That the word proposed to be struck out be retained." AYES, 22. Barnicoat Reeves Kenny Scotland Louisson Bonar Feldwick Shrimski McLean Gourley Ormond Swanson Harris Twomey Peacock Jennings Pinkerton Walker, L. Kelly, T. Pitt Williams. Kelly, W. NOES, 6. Tomoana Bolt Jones Walker, W. C. Jenkinson Rigg PAIR. For. Against Bowen. Smith, A. L. Majority for, 16. Amendment negatived. The Hon. Mr. BOLT moved to strike out the word "party," with the view of inserting " of the two parties " in lieu thereof. The Committee divided on the question "That the word be retained." AYES, 22. Barnicoat Kenny Reeves Louisson Scotland Bonar Feldwick McLean Shrimski Ormond Gourley Swanson Peacock Harris Twomey Jennings Pinkerton Walker, L. Pitt Kelly, T. Williams Kelly, W. NOES, 5. Bolt Walker, W. C. Jones Jenkinson Rigg PAIR. For. Against. Bowen. Smith, A. L. Majority for, 17. Amendment negatived. The Hon. Mr. JENKINSON moved to in- sert, after " may," the words " if requested so to do by a majority of the parties thereto." The Committee divided on the question, " That the words be inserted." AYES, 8. Jennings Barnicoat Rigg Walker, W. C. Bolt Jones Jenkinson Reeves Pitt Bonar Kenny Shrimski Feldwick Louisson Gourley McLean Swanson Ormond Harris Twomey Walker, L. Kelly, T. Peacock Kelly, W. Pinkerton Williams. PAIR. Against. For. Smith, A. L. Bowen. Majority against, 10. Amendment negatived. The Hon. Mr. RIGG moved, That progress be reported. Some time subsequently, The Hon. Mr. FELDWICK moved, That this Committee do at once divide on the question in debate. Upon this question, the Committee divided. AYES, 21. Pitt Barnicoat Kelly, W. Shrimski Bonar Kenny Feldwick Louisson Swanson Gourley McLean Twomey Harris Ormond Walker, L. Walker, W. C. Jennings Peacock Kelly, T. Pinkerton Williams. NOES, 5. Bolt Jones Rigg. Jenkinson Reeves PAIR. For. Against. Bowen. Smith, A. L. Majority for, 16. Motion agreed to. The Committee accordingly at once divided on the question to report progress. AYES, 7. Barnicoat Jones Swanson Bolt Rigg Walker, L. Jenkinson NOES, 20. Bonar Kenny Reeves Feldwick Louisson Shrimski Gourley McLean Smith, W. C. Harris Ormond Twomey Jennings Peacock Walker, W. C. Kelly, T. Pinkerton Williams. Kelly, W. Pitt PAIR. For. Against. Smith, A. L. Bowen. Majority against, 13. Motion negatived. The Committee divided on the question, "That the clause as amended be a clause of the Bill." AYES, 19. Barnicoat Harris Kenny Bonar Jennings Louisson Feldwick Kelly, T. McLean Ormond Gourley Kelly, W.

<page:824>

Williams. Swanson Pinkerton Pitt NOES, 6. Bolt Rigg Jones Walker, W. C. Jenkinson Reeves PAIR. For. Against. Smith, A. L. Bowen. Majority for, 13. Clause agreed to. Clause 24 .- "Where workmen engaged upon different trades are employed in any one business of any particular employer, the Court may make one award applicable to such business, and embracing, as the Court may think fit, the whole or part of the various branches consti- tuting the business of such employer. Before the Court shall exercise such power, notice shall be given to the respective industrial unions of workers engaged in any branch of such business." The Committee divided on the question, "That this clause be a clause of the Bill." AYES, 21. Pinkerton Kelly, T. Barnicoat Kelly, W. Bolt Pitt Bonar Shrimski Kenny Feldwick Louisson Swanson McLean Twomey Gourley Walker, W. C. Ormond Harris Jennings Peacock Williams NOES, 3. Jenkinson Rigg. Jones PAIR. For. Against. Bowen. Smith, A. L. Majority for, 18. Clause agreed to The Hon. Mr. RIGG moved, That the follow- ing new clause be added to the Bill :- "The definition of ' Industrial dispute' in the principal Act is hereby amended by the insertion of the words ' trade-unions ' after the words ' industrial unions,' wherever they occur in the definition." The Committee divided. AYES, 4. Jennings Bolt Jenkinson Rigg. NOES, 19. Bonar Kenny Pitt Feldwick Louisson Shrimski Gourley McLean Swanson Ormond Harris Twomey Walker, W. C. Peacock Jones Kelly, T. Pinkerton Williams. Kelly, W. PAIR. For. Against. Bowen. Smith, A. L. Majority against, 15. New clause negatived. Bill reported. The Council

adjourned at twenty-five minutes past twelve o'clock a.m. Monday, 28th October, 1901. First Reading-Vaile Stage Railway System-Trustee Bill-Aid to Public Works and Land Settlement Bill. Mr. DEPUTY-SPEAKER took the chair at half- past seven o'clock. PRAYERS. FIRST READING. Victoria College Site Bill. VAILE STAGE RAILWAY SYSTEM. Sir J. G. WARD (Minister for Railways) brought up copies of correspondence with re- ference to the Vaile stage railway system, and moved, That they do lie on the table, and be printed. Mr. PIRANI (Palmerston) asked if there was any possibility of a trial of the system being made on some portion of the New Zealand railways? There was no need to go into the whole matter fully, as the Minister himself was at one time a supporter of the Vaile stage system. It seemed to him (Mr. Pirani) there was a large number of members in the House who desired to see some trial of the system made in the coming year. Sir J. G. WARD (Minister for Railways) said the correspondence he had brought up showed the Government was prepared to have a trial of the system on the Auckland Section of rail- ways under a guarantee. The matter had since been referred to the Railways Committee, and Mr. Vaile himself had been before the Com- mittee and given evidence, and the Government was now waiting for the report from the Com- mittee before considering whether any other steps should be taken. Mr. NAPIER (Auckland City) said the report of the Railways Committee would be down in a few days, and he hoped to submit to the House certain reasons why a resolution should be adopted recommending the Government to make a trial of Mr. Vaile's system on the Auckland railways, without imposing the onerous conditions contained in the corre- spondence now placed before the House. Motion agreed to. TRUSTEE BILL. Mr. SEDDON (Premier) brought up the report of the Committee appointed by the House to draw up reasons for disagreeing with the amendments made in this Bill by the Legislative Council, as follows :- "That this House disagrees with the new clause 64, for without some restriction it means an undesirable extension of the existing law ; but if the clause was so amended by having provision made for obtaining the consent of a Judge of the Supreme Court or a District Court Judge to the registration of any share, in that case there would be no objection." He moved, That the House agree with these reasons. Motion agreed to.

<page:825>

SETTLEMENT BILL. A message was received from His Excellency the Governor transmitting amendments in this Bill. Mr. SEDDON (Colonial Treasurer) .- I move, That the message be referred to Committee of the Whole. It will be obvious to members why these proposals should be submitted to the House. If they look at the Public Works Statement they will find there is only a balance unallocated of £335,181 ; that is sailing a little too close. Last year we had over a million on the 31st March. I mention, further, that, in respect to the additions to open lines, the loco- motives and wagons have come to charge earlier than we anticipated, and it is therefore neces- sary, seeing the charges that will come to book before the 31st March, that further provision should be made. Not only that, but last year, on the 31st March, we had a surplus of £600,000. This year it would be unreasonable to expect a very large one, though I anticipate having a very fair one, but I do not think there will be much to carry forward next year for public works. We should then, provided the money is expended, though I do not anticipate it will be, find ourselves in this position : to carry on to November following, we should only have about \$335,000. This margin is too close, and we should be twitted again with having no pro- vision made for liabilities. This being the case, we came to the conclusion that the safest way for our finance was to ask for the additional £250,000. It will not necessarily increase our expenditure as proposed on the estimates, but it is wise to have this extra amount, and I may add that it will be necessary to further increase the expenditure on the North Island Trunk Railway when the summer comes. Under all the circumstances, I think it is best that we should get the extra amount. Therefore I move, that this resolution be referred to Com- mittee of the Whole. Mr. G. W. RUSSELL (Riccarton) .- I should like to ask the Premier when the September accounts will be published ? Usually they are published at about this time in the month of

October. Mr. SEDDON .- They are in course of pre- paration. The draft has been sent down to the Printer, and I will let the House have them as soon as I can. Motion agreed to. IN COMMITTEE. Mr. W. FRASER (Wakatipu) asked the Minister for Public Works, if he could explain what appeared to be an inaccuracy at the bot- tom of page 2 of the Public Works Statement. It was there stated, "The estimates of expendi- ture for the current year total to \$2,197,334 (in addition to \$46,577 under the Government Loans to Local Bodies Account), thus leaving an unallocated balance of £335,181." Now, if any one went through the figures they would hnd that that amount included the #46,577. Mr. HALL-JONES said, as far as he could see, the figures were correct. The £46,577 was Act. Mr. FRASER said the £46,577 must be in- cluded in the #2,197,334, otherwise they would not get the #335,181 as an unallocated balance. He thought it only right to draw the Minister's attention to that now. Mr. HALL- JONES (Minister for Public Works) said the honourable gentleman had made a mistake, in this way: the amount under the Government Loans to Local Bodies Account was authorised by Act, and it did not affect the Public Works Fund, and the amount would be raised as it was required for opening up land for settlement. Mr. W. FRASER said he was not making any mistake; and he wanted to know why on earth this £46,577 was said to be in addition to the £2,197,334, and yet they were now told it must not be added to the latter sum. The truth was, reference to the £46,577 was made in the wrong place, and should have been a sepa- rate paragraph by itself. Mr. MASSEY (Franklin) said he would like to ask the Minister for Public Works what was being done with the revenue that was being re- ceived from the lands set apart for the construc- tion of the North Island Main Trunk Railway. He had noticed that for the past two years the revenue had been about £17,000, and he would like to know whether this money was paid into the ordinary Public Works Fund or whether it was set apart for the North Island Main Trunk Railway in addition to the money voted by Parliament. Mr. HALL - JONES (Minister for Public Works) said that a portion of the money was absorbed in the surveys of the lands to be acquired, and the balance was paid over to the Public Works Fund, but it was not made out. Honourable members from that district had been anxious to have the surveys of these lands pushed forward, and a large number of sur- veyors had been employed. The work was now tapering off, and later on the railway would get the full benefit from these lands. Mr. PIRANI (Palmerston) said he would like the Minister to look again at the figures men- tioned by the member for Wakatipu, for unless an alteration was made in this Statement it would be like an historic statement of some years ago, when the same department made a mistake of \$80,000. If the Minister would subtract the proposed expenditure of £2,197,334 from £2,532,515 he would find it left a balance of £335,181, and he would see that that was not in addition to the #46,577, but must be in- cluded in the expenditure. The words "in addition " would have to be altered, or the balance would have to be put at \$46,000 less- one or the other. It was an extraordinary thing to find mistakes of this nature made in official documents, and it made one wonder how trustworthy the rest of the figures were. Mr. HALL-JONES said a certain amount was authorised by Act to be raised each year under the Loans to Local Bodies Act, for forming roads on certain blocks, and this £46,000 mentioned here came out of the

<page:826>

Public Works Fund. If the honourable mem- ber for Palmerston would deduct the full ex- penditure of \$2,197,334 from the total of the Public Works Fund, £2,532,515, he would find that he would get £335,181, and the other sum would be raised as required under the Govern- ment Loans to Local Bodies Act. Mr. PIRANI (Palmerston) said it 8.0. never appeared in the Public Works Statement in this fashion before last year, and it had absolutely no meaning. If the para- graph had been put in this way : "In addition to the above expenditure the amount of £46,000 is spent under the Loans to Local Bodies Act," they could have understood it ; but as it appeared here it was put apparently as part of the public works expenditure from this one fund. It was a very humbugging way of putting it, and if the Minister had stated it in his Public Works Statement as he had made the statement now no exception could possibly have

been taken to it ; but as it appeared here it was undoubtedly a mistake. Mr. SEDDON (Premier) said the honourable member for Wakatipu and the honourable member for Palmerston were changing their ground. They wanted to make out now that there had been a mistake, and that the department had not been able to subtract the figures one from the other, but had made a mistake to the extent of nearly \$47,000. If members would take the estimates, they would find in the first sheet the following amounts required to be voted :- £ 13,250 Public Works Departmental Railways, and Additions to Open 1,236,968 Lines ... Public Buildings. . 207,250 Lighthouses, Harbour Works, and 38,027 Harbour Defences .. Tourist and Health Resorts 9,350 .. Immigration .. Construction and Maintenance of Roads, Bridges, and other Public 384,000 Works Development of Goldfields 50,000 .. Purchase of Native Lands 30,000 .. Telegraph Extension 40,489 Rates on Native Lands Contingent Defence 180,000 . Lands Improvement 7,050 .. £2,197,334 Total . . Underneath that they would find " Govern- ment Loans to Local Bodies Account," which was in addition to the two millions, £46,577. He did not know how it could be put in any other way. Mr. PIRANI said the Premier was trying to shift the ground for the Minister for Public Works. There was no shifting of the ground on his part. The Statement was very clear that the expenditure was £2,197,334; and in addition to that there was \$46,577. Anybody could only conclude that the two amounts added together would leave the unallocated balance : that is as clear as daylight, and the Mr. Hall-Jones want to. There was nothing in this paragraph to indicate that the amount was separated altogether from the Public Works Fund. An Hon. MEMBER .- What about the paren- thetical remark ? Mr. PIRANI said that was what he was pointing out. It was calculated to mislead, there was no doubt about that. If it had said the balance without that £46,000 would be so- and-so they could have understood it, but it was exactly the opposite. Mr. HALL-JONES would point out that this was worded exactly the same in the Statement last year, and no exception was then taken to it. He ventured to say that nine out of ten members of the House understood that they were spending moneys under the Loans to Local Bodies Act, and that this £46,000 could not in any way affect the Public Works Fund. Captain RUSSELL (Hawke's Bay) would like to remind the Government that they had not yet appointed a Surveyor-General. It was a matter of great importance that he should be appointed, because, under the Representation Act, the Representation Commissioners could not set to work redefining the boundaries after the taking of the census until the Surveyor- General was appointed. Under the Act of last year six new electoral districts were added, and therefore it was important that the Commis- sioners should be set to work as soon as possible to redivide the colony into electoral districts. Mr. SEDDON (Premier) thought it was now approaching the time when the Government ought to appoint the Surveyor-General, and it had been with the Government a moot question as to whether they should select a man in the colony or whether they should do what had been done by at least one other colony and get a specially scientific man. Considering the experience our own men had got, the Govern- ment favoured the selection of an officer from 300 amongst our own men. The experience of importing a purely scientific man where tried had not been a success, he believed. An Hon. MEMBER .- Have you selected the man ? Mr. SEDDON said, No; that was their diffi- culty at the present time. 650 Mr. MASSEY (Franklin) said, perhaps the Premier would tell the House how soon the Government would appoint the Surveyor- General. Mr. SEDDON said he thought within a month. An Hon. MEMBER asked when the Govern- ment intended to separate the Roads Depart- ment from the Lands and Survey Depart- ment ? Mr. SEDDON said that had already been done. Mr. MASSEY (Franklin) desired to ask a question with reference to the North Island Trunk Railway Fund. He found that the gross revenue for last year was £9,449, and for the previous year it was \$8,572. Of course, it might be too much to expect the Treasurer or Minister for Public Works to give the details

<page:827>

for a return showing the actual position whether such return would be forthcoming. Mr. PIRANI (Palmerston) said, With refer- ence to the statement of the Minister for Public Works, that the wording he

had referred to was the same as last year, that was partially correct; but, if the Minister referred to the year before, he would find an honest statement with reference to loans to local bodies. It was only last year that a change was made. The year before, the two amounts were added, and the addition was subtracted from the total ways and means. Last year he had evidently started a new dodge, and he had continued it this year. Mr. HALL-JONES .- What is the use of it ? Mr. PIRANI .- The only use was to misrepresent the expenditure to those who did not study the matter carefully. In 1899 the Minister would find this paragraph : "The estimates of expenditure for the current year total to £1,355,098, of which £1,308,025 will be a charge against the Public Works Fund, and the balance against the Government Loans to Local Bodies Account, leaving an unallocated balance of ways and means for public works purposes of £523,000." That deducted both, and he did not think much of the new system. If the Minister had only continued in the same way as his predecessors, either in adding the two together or leaving one out altogether, the Statement would be much fairer. Mr. MASSEY (Franklin) wanted to press the point he had brought forward. Last year there was a revenue of \$9,449 from the lands set apart in connection with the North Island Trunk Railway. It was provided by Act that the revenue received from those lands should be devoted to the railway, and to no other purpose ; but the Minister had informed the House that night that part of the money had been used for surveys. The return he wished to get would simply show how much had been paid towards the object of the fund, and how much had been paid for surveys or other purposes. Mr. SEDDON said the proper thing for the honourable member to do would be to formally move for a return, and let the Minister look at it, and, if the information could be given, the motion would be dealt with. Mr. MASSEY asked if the information would be forthcoming if the Government could give it ? Mr. SEDDON replied that at that moment he did not understand the question. Mr. PIRANI (Palmerston) would like the Minister for Railways to give some explanation about the extra expenditure proposed in his department. The Premier's explanation that it was on account of new rolling-stock coming to hand sooner than was expected was simply bluff. It was known a considerable time ago the rolling-stock was coming to hand, and, when it had all arrived, it would, as a matter of fact, be delivered after contract time. Mr. SEDDON .- Oh, no. Mr. PIRANI said that would make it easier, I with the statement made by the member for already made provision for the expenditure. At any rate, it was only fair to the House that the Minister for Railways should place his explanation of the real reason for the increased expenditure before the House. Members were entitled to a little more explanation than the Premier's statement that, because delivery of the rolling-stock had been delayed, it involved the payment of more money. Mr. SEDDON said he ought to have added that there was the construction of trucks and locomotives in the workshops to be taken into account. Then, there were contracts out to private firms for wagons. Mr. G. W. RUSSELL .- Only at Invercargill. Mr. SEDDON said he understood there were several contracts out. The Minister for Railways informed him there were three. However, he knew that the amount to be charged this year for rolling-stock and locomotives was much more than usual, and, considering the way the traffic was increasing, it would not be easy to meet the demand there would be for wagons. Mr. MASSEY said, So far as the point he had raised was concerned, he would come back to it on the public works estimates. Mr. HERRIES (Bay of Plenty) would like to know why this additional sum of £100,000 was being placed for additional rolling-stock and only £50,000 for roads. It seemed to him the boot ought to be on the other leg, and that there should be £50,000 for rolling-stock and £100,000 for roads, because he found that even with the £50,000 additional the liabilities would not be met. Mr. SEDDON .- We have got half a million from the consolidated revenue for expenditure on work which is outside this altogether. Mr. HERRIES said the Premier's finance was peculiar. The half million was outside the Loan Bill, but it was not outside the Minister for Public Works' estimate, and the estimates showed that while the vote for roads was £384,000 the liabilities already at the beginning of the year were £457,000, which left a deficit of £73,000. Now, if we were only going to vote £50,000 out of this extra loan we would still have a deficit

on the roads, and he said that deficit ought to be filled up before this sum was voted for extra rolling-stock, for which no such deficit existed. Mr. MILLAR (Dunedin City) would like to ask the Minister for Railways-seeing the statement the Premier had just made that £100,000 was wanted for rolling-stock, and also that in his opinion there would not be sufficient rolling-stock - what portion of this \$100,000 was intended for increasing the size of the rail-way workshops in the colony ? There was not one penny on the estimates for any increase in the size of the existing workshops, and the reason they were told why so much rolling-stock was being imported was because it could not be manufactured within our own workshops. Mr. MONK (Waitemata) did not agree

<page:828>

been voted for workshops. While he would not wish the works to be reduced, he could not agree with the remark made by the Premier objecting to the introduction of locomotives from America. It was a good proposition, on the one hand, to do as much work as we could in our colony ; but on the other hand the manufacture of locomotives in this country cost about £1,000 to £1,200 more than they could be imported from America, and that was really too much of a concession merely to secure the work for this country while we had such demands for labour as we had at the present time. He thought the Premier was somewhat inaccurate in the statement he made last Saturday in the Petone workshops about men in this country being able to do as much work in eight hours as they could do in ten hours in the Old Country, and for this reason: they departmentised all the parts of a locomotive in the Old Country, and no doubt if one man was kept continuously employed at one particular piece of work he acquired a dexterity that could not possibly be acquired when the locomotive was passed through one shop and only a small number of workmen were employed on its various parts. He believed in placing our locomotives as far as possible in this colony, but he did not think, with regard to increased locomotive plant, it was a practice the taxpayers could afford, considering there was such an amount in excess of the cost of importing them. His opinion was that it was far better for the Government to concentrate their efforts on what they thought were the most necessary lines, and prosecute some of them to a finish, and then concentrate their efforts on others, because the Government could then make some of the lines profitable and #cc-zero productive to the country. As it was now, this large amount of money was distributed over the various works of the colony, and they were not devoting enough energy to any one piece of line. New works were distracting their efforts to the neglect of old claims. He recommended this to the favourable consideration of the Government. Resolution agreed to, and reported to the House and agreed to. On the question that the Bill be read a second time, Mr. HALL -JONES (Minister for Public Works) .- It has been suggested that by taking the second reading of this Bill and the debate on the Public Works Statement at the same time, a saving of time would be effected, and two debates on exactly the same subject would be unnecessary. I therefore move the second reading of the Bill. Members have the estimates before them, and will recognise that provision has been made for the various needs of the colony up to the time when we shall have an opportunity of dealing with the matter again next year. I will not take up time any further, as I know members are well satisfied with the provision that has been made. I therefore move the second reading of the Bill. Captain RUSSELL (Hawke's Bay) .- I had hoped we should have had some further ex- Mr. Monk the Premier as to the reason for the increase in the amount of the Loan Bill. I am a well-known advocate of going gently. I have endeavoured to put into practice the precepts which the Right Hon. the Premier has so constantly and consistently preached before the House, but has so constantly avoided putting into practice. It appears to me, if we consider the whole question of public works expenditure and loan-money, we really ought to have an alteration in our whole system of public works accounts. As was said just now, the Public Works Statement and estimates are brought down, and a Bill is put into our hands, and amendments are made to them in such rapid sequence that one gets almost perplexed in the vain endeavour to grasp what the Government means.

Pervading the whole system of our finance seems to be an intricate system of book-keeping, so involved that it is impossible that the ordinary layman can make head or tail of it. Why it should not be possible to place the figures exemplifying the financial position of the colony before us in a thoroughly simple manner I really cannot understand; but it seems to me throughout, in perusing the public works estimates, in looking through the Railways Statement, and in comparing that with the Budget, one finds one's-self absolutely unable to ascertain what money is spent on any particular branch of expenditure—that is, what sums are capital, what sums are loan-money, and what sums properly belong to the Consolidated Fund. Now, it seems to me that it is essentially the first duty of the House to insist that there should be placed before us some system of accounts in connection with our public works expenditure which shall be absolutely intelligible, and about which there shall be no difficulty whatsoever. And, in addition to the ordinary accounts, there ought to be a balance-sheet put before us, so that we may understand exactly what position our railway investments are in at the present time. Nothing approaching to a balance-sheet is ever put before us, and it is absolutely impossible to understand what the true position of the Public Works Fund really is. We have what professes to be a balance-sheet, but so inconsequent and so ill-considered that it virtually may be called no balance-sheet at all. Without this balance-sheet it is impossible that we can regulate what charges should be on capital account and what on working-expenses which come in the various branches of the Public Works Department, but more particularly in the matter of our working railways. and in the cost of the construction of our railways. I have given as much time as I have been able to afford to comparing the public works estimates with the various tables which are set out in the Railways Statement, and I admit that at the end of such perusal as I have been able to give I have been absolutely unable to ascertain what money has been spent out of loan, what money has been spent out of Consolidated Fund, and what has been spent out of money which has been

<page:829>

Public Works Fund. On the maintenance and repairs of working railways it is impossible really for any one to ascertain what the true position is now. It will be my endeavour this evening to present to the House as fairly as I can, without any desire to engender party strife or party animosity, some figures in connection with our railway administration primarily, and our public works expenditure collaterally, as they present themselves to me, and I confess the presentment to my mind is very unsatisfactory indeed. I have on various occasions said, and I repeat it now, that the amount of money which has been spent on additions to open lines out of capital account is an improper expenditure, and that it has grown at an enormous rate must be perfectly evident to anybody who will take the trouble to examine the figures which are in our possession in the various Appendices to the Journals of the House. Now, I find, on seeking to draw a parallel between the three last years of the Railway Commissioners' régime and the three last years which have just passed, that the moneys spent on additions to open lines during the years 1893, 1894, and 1895 are so widely divergent, are so infinitely less than the expenditure taking place now, that there must be some explanation which we have not yet received as to the cause of it. I find in the year 1893 that the Commissioners only spent a sum of £12,612 on additions to open lines out of the Public Works Fund ; in the year 1894 they spent £8,042; and in the year 1895, during which they were only nine months in office, they spent the sum of £19,276 - making a total, for the last three years of the Commissioners' régime, of expenditure on additions to open lines of £39,930. Now, by way of being absolutely frank, I state that the Commissioners' finance was hampered, and that economy was more or less enforced, and that their economy, in all probability, was too great. But we must exonerate the Commissioners of blame, for this reason : that in the year 1894, when the present Government was in possession of the Treasury benches, and, therefore, controlling the money granted to the Commissioners, the Commissioners applied for a sum of £46,910 for additions to open lines, and the Ministers, who,

of course, must have had good opportunities, or should have had good opportunities, for knowing the necessities of the case, refused to grant so large a sum as £46,910, and only brought down a vote to Parliament for a sum of £40,000. Then, no doubt, we shall be told that upon the small expenditure on additions to open lines in the days of Commissioners is made consequent the huge expenditure now being made. But, Sir, that argument will not hold water in the face of the fact that the Government refused to grant them even so moderate a sum as £46,910 that they asked for. And it cannot be pleaded either that they left the railways in a bad condition, because the Government sent round the colony to report on the railways Mr. Hales and a well-known civil engineer, Mr. Napier Bell, who reported that the railways stock had all been kept in good working-order. Therefore I say that, the lines being in good order and the rolling-stock being well maintained, and the Government refusing to give the Commissioners that sum of money which they required, or considered they required, for the additions to open lines, it cannot be pleaded that any parsimony on their part, or any starving of the railways, can be charged against them. But I ask the House to bear in mind the figures that I quoted-£39,930, being the total expenditure during the last three years the Commissioners were in office for additions to open lines ; and now mark the amount spent during the last three years. And for the verification of my figures I refer you to Return 7, D.-2, and there you will find that in the year 1899. the amount spent on additions to open lines. was £179,952 ; in 1900, £218,357 .; and, last year, £325,025-making a total expenditure on addition to open lines for the last three years of £725,334, as compared with £39,930 in the last three years of the administration of the Commissioners. Now, surely these figures must disclose this fact: that there has been gross mismanagement in the past, or there is gross mismanagement now, and that no system of proper maintenance and renewals has ever been in operation. The parallel between the two sums proves that the railways must have been grossly starved in their maintenance at some period of their existence-and that previous starving is the point which I wish to bring before the notice of the House. I am convinced that the railways are being starved at the present time, so far as the proper charges. to working-expenses out of revenue is concerned. But when I speak of the sum of £725,000 during the three last years, and the sum of £325,000 which was expended last year, it by no means exhausts the subject, because I find in looking at the expenditure for 1901, that though it is only set down at £325,000, yet in an adjacent column in the estimates the liabilities on the 31st March on account of additions to open lines are set down at £400,686 ; so that we have an enormous sum of money spent and committed for on the 31st March last. Well, now, the amount-and that is a matter which is really worthy of consideration -the amount that was voted by Parliament last year for additions to open lines was the sum of £600,000 only. I say " only," as compared with the liabilities and expenditure. £600,000 was the amount voted last year for additions to open lines ; but, if you add the liabilities to the expenditure, the expenditure and commitments of the Government to the 31st March last amounted to £125,718 more than the vote which was granted by this House. In other words, they were committing the colony to an expenditure of about three-quarters of a million of money, in round terms, for additions to open lines, though they got a vote of the House for \$600,000 only. Now, surely these figures must cause the most optimistic believer in the railway policy of the present Government to pause and consider

<page:830>

whether the principal earning department of the Government service is in a really solvent and paying condition. I venture to say that the figures put before us are misleading, and that the balance of profit shown as the earnings of the railways exists only in the imagination of the Minister for Railways, or of his colleagues, who are jointly responsible with him, but that the profits as stated do not exist at all in reality. For this year we are asked to vote £675,000-that is, \$75,000 more than last year, for the additions to open lines. We have seen how the amounts of money proposed to be borrowed have been increased by a quarter of a million, apparently because the Right Hon. the Premier's estimates are as incorrect as he

said my figures were- that is to say, in a cool, jaunty, and daring manner he comes down with a Bill, which he ought to have considered long since, and says that it does not come up to what he now requires by a quarter of a million of money. That is only an illustration of the way in which the finance is being conducted-in a wholesale manner shovelling out sovereigns with a long-handled shovel to everybody who has influence. First, I would ask, What are those additions to open lines this year ? You may search every document that has been laid before us, and you will find no estimates, no details, of what they are. It is true you get a certain amount, a very slight statement, of what the expenditure was last year ; but how the £675,000 we are asked to vote now is to be expended none have the slightest idea. No details are put before us. I call the attention of the House to this fact : that the amount we are asked to vote for new works this year is \$561,000; so that we are actually asked to vote no less a sum than £114,968 more for additions to and maintenance, repairs, repainting, and renewals of existing lines - fancy, \$114,968 more! - than we are invited to spend for new works. It is well that the salient facts should be put before honourable members, so that they may realise what we are doing. For the life of me, I cannot understand how it can be said that this is a proper system. And it seems to me that our system of book-keeping must be in a most extraordinary condition when such things as these are tolerated without attention being called to them. That there is a considerable portion of the vote for additions to open lines, and that that is a necessary and proper expenditure to charge against capital, I fully admit ; but, that the whole of it is a fair charge, or that nearly as much of it should be charged to the Public Works Account as is now being charged, I hope that my time will allow me to convince the House that it is radically improper. We are told that our railway-lines are earning a profit of £3 9s. 8d., or, at any rate, something over 3 per cent. The excess of our earnings over our expenditure last year is set out by the Budget as \$599,389. You will see that that amounts to £76,577 less than it takes us to keep our railways in proper working-order and fit for carrying. Captain Russell told that I have not made my figures sufficiently clear to the House. What I wish to point out is this : that these charges to open lines, to a certain extent, ought to be debited against the earnings of the railways. And therefore when we talk of the dividends paid there should be large deductions - especially if the books are kept on a proper system-there should be large deductions through the working-expenses from the dividends, so as to meet the necessary charges of the working - expenses. There is another thing that strikes me in connection with our system of railways-namely, that we do not know what is being charged to capital account and what is being charged properly to working-expenses. There is no real information on the point contained in the Statement, and I say that all those charges ought to be clearly set before us, so that they can be readily understood. What I assert is that a fair allowance should be made for depreciation. We have now practically a capital of twenty millions of money in our railways. As a matter of fact, I believe that, though the actual capital is set down at a sum of eighteen millions and some odd thousands of pounds, if the books were kept properly it would be found that a great deal more than twenty millions have been spent. To show how the expenses of our railway-construction was predicted some years ago, I will quote a passage from a statement made on the 28th June, 1870, by Sir Julius Vogel. He said,- " I suppose that some fifteen or sixteen hundred miles of railway will require to be constructed, and this can be effected at a cost of £7,500,000, together with two million and a half acres of land." That shows how utterly different the forecasts were to what our conditions are now and to what were then anticipated, and it shows the difference between the realisation and the anticipations of Railway and Public Works Ministers. The evidence goes to show that the predictions made in the past have been falsified altogether, and it is reasonable, I think, to conclude that they will be just as much falsified now. Now, what should be the proper depreciation to make on a railway capital expenditure of £20,000,000, and what should be proper depreciation to make on our rolling-stock ? We have a capital of £2,636,333 in rolling - stock. These questions the Government can ascertain, and there should be a depreciation account set up to supplement and

replace the rolling-stock which is now running and wearing out, and so prevent the huge calls now being made on loan-money to replace the rolling-stock, which ought to be supplemented from time to time by a sinking fund for the replacing of everything that is being worn out. I find that a sinking fund of 3 per cent. on the rolling-stock, which I should say would not be an extortionate amount to deduct for wear-and-tear in excessive main-tenance, would be, on £2,636,000, a sum of £80,000 a year. I find in to-day's paper that the Manawatu Railway Company has written

<page:831>

Account. Well, as their capital amounts to only one twentieth part of our own, it appears to me we ought to have had on the same basis a sum of £3,825,100 used as a depreciation fund. But, as our railways have been running double the time of that of the Manawatu Railway Company, our sinking fund ought to be double that ; or, in other words, we ought to have a depreciation account of £7,650,200, if our books had been kept in the reasonable way in which every business-man would keep his. Mr. R. MCKENZIE .- There is never any depreciation in railways if they are properly maintained. Captain RUSSELL .- The honourable gentle. man is an authority on railways and I am not ; but it seems to me there must be a period when a truck, or a railway-carriage, or an engine comes to an end, and therefore any business-man would provide for the day when his machinery and trucks and railway-carriages are no longer fit to do the work. Mr. R. MCKENZIE .- That is part of main-tenance. Captain RUSSELL .- It is maintenance to keep them in order, but maintenance cannot keep them indefinitely. Unfortunately, the time-limit prevents me from going exhaustively into my subject, but I wish to refer members to page 20 of the Railways Statement, where, in Return No. 7, they will find a few of the details of the repairs, renewals, and maintenance which are carried on. I find there every form of renewal-relaying of rails, strengthening of bridges, and even the renewing of a sheep-yard. As to the renewing of the rails, I understand from the Minister that the lines are being re-laid with considerably heavier rails than were originally laid down, and that that expense, he says, is properly charged in the Capital Account. Mr. NAPIER .- A portion-the extra weight. Captain RUSSELL .- Very well, a portion ; but I have been making inquiries from people who are competent to give me an honest and a sound opinion, and I am told that the heavier rails now being laid down cost no more than the light rails which were originally laid down, and therefore it would appear to me there can be no difference between the price of the rails originally obtained and the rails now being laid down, and no charge to capital, and so the charging of rail-laying to Public Works Fund is improper. I find on looking at page 13 that there are all sorts of charges debited to the Post Office Account, though in reality they belong fully as much to the Railway Account. The telegraph-office and post-office, we all know, are used in the small stations along the line of railway in the railway-station, but, sooner or later, the post-offices are moved and the capital is all transferred to the railway capital, but not debited. We have witnessed many cases of this sort; but all these charges are placed to the account of the Post Office, instead of to the Railway account, which, therefore, does not show the proper amount of money spent on our railways. maintenance of roads in connection with all our railways is debited to the Lands Department instead of to the Railways. That is to say, when a high road runs alongside the railway, and a road has to be made to the station-yard to give access to the buildings, it is debited to the Lands Department instead of to the Railways, and there is a mischarge there. Now, I am, unfortunately, prevented by the time-limit from pursuing the subject, but I would like to read to the House what was done under the administration of the Railway Commissioners. Members will see how utterly different the position was in those days. On page 2 of the 1893 report of the Commissioners of Working Railways are these words :- "The lines and appliances have been thoroughly maintained, and their character and capacity have, as hitherto, been improved in the process of maintenance from working-expenses." They repeat what has been pointed out in their former reports. The railways have been improved in value during maintenance by re-laying old 40 lb. iron rails with 53 lb. steel ; by increasing the capacity of the

sidings, passenger- and goods-sheds; by renewing soft-timber structures with either masonry, hardwood, or iron ; by increasing the aggregate power of their engines, the passenger-carriage accommodation, the wagon capacity, and the brake-power. The execution of new work for private companies, and the sales of old plant and materials, have in no way at any time diminished or trench upon the capital. New plant, supplied from working-expenses, of a more powerful, more commodious, more capacious, and better class, replaces the old plant abandoned and sold, and the capital value of the railways has been increased by the system pursued." Now, that was the process in force in the days of the Commissioners. The time-limit will not allow me to go through any consecutive argument, but I would like to read the process in force in the neighbouring colony of New South Wales. It says here :- " Good progress has been made with relaying. A length of 118 miles 53 chains has been completely relaid, rerailed, or resleepered, and 9 miles 60 chains partially resleepered, and 27,959 new sleepers and 38,327 good second-hand sleepers have been put in the road in renewal and respacing, making a total length of 158 miles 33 chains dealt with and put into perfect order for the year. All this work has been charged to maintenance. " In connection with the relaying, I might add that, although the whole of the work done is being charged to working - expenses, the capital value of the present line is much greater than that of the line replaced, the number of sleepers per mile being increased by more than 10 per cent., and the weight of the rails and fastenings by about 14 per cent. "Fencing has received careful attention, 119 miles 72 chains having been renewed out of working-expenses, and 13 miles erected in

<page:832>

total of 132 miles 72 chains of new fencing for the year. " All bridges and culverts have been carefully inspected, and repairs and renewals effected where necessary. In the latter case steel has been largely used to replace timber structures. The work of renewing the Wagga Wagga Viaduct in steel has been completed. " Increasing traffic has rendered necessary the construction of a large number of additional works, in which are included many fairly chargeable to capital, but which have been debited to working-expenses." The Wagga Wagga Viaduct was renewed in steel at a cost of £45,000. Mr. DEPUTY-SPEAKER .- Time is up. Sir J. G. WARD (Minister for Railways) .-- The honourable gentleman has experienced some difficulty in being able to give us the conclusive history of what he is anxious to put before the House, in consequence of the time-limit. Doubtless we should have been glad to hear him finish his arguments on the lines he first indicated, and placed before the House those views he entertains. Mr. T. MACKENZIE .- Abolish time-limit. Sir J. G. WARD .- We cannot do the impossible. I am extremely sorry to find myself in the position of not being able to meet the whole of the honourable gentleman's arguments, because he has not been able to finish them ; and I shall have to take up a certain amount of time in showing the House that the honourable gentleman is almost a political monomaniac-I use the term without offence-on the question of railway administration. Captain RUSSELL .- I could not get at my argument. Sir J. G. WARD .- Well, I will show this to honourable members on the first statement made by the honourable gentleman : He said the Minister for Railways had expended, including liabilities of £400,686 and £325,032, which he took from the Public Works Fund- he said the Minister for Railways had expended £725,718. Captain RUSSELL .- " Expended or committed." Sir J. G. WARD .- And he went on to state that this amount was beyond the authorisation given by the House. Now, if the honourable gentleman looks at the very next column he will find that the authorisation was £750,000. Very well, the authorisation was £750,000, and the House gave authority by actual vote to the Minister to expend £600,000; that was the vote given. Now, if the honourable gentleman will look at the Financial Statement he will find that out of this authorisation of £600,000 only £325,000, principally the cost of rolling-stock, had come to debit during the financial year; that shows a difference between £325,000 and £600,000 -namely, £275,000, which had to be carried forward to this financial year. That is as clear as possible. So the honourable gentleman is entirely mistaken in the first instance in coming to

the conclusion that there was no Captain Russell because there was authorisation for \$750,000. But, putting that on one side, there was only £325,000 of actual expenditure took place up to the end of the financial year. What is the next point ? The honourable gentleman harps on the extraordinary increase in the expenditure on additions to open lines and rolling-stock, and goes back to the antiquated, idiotic, ridiculous humbug of a comparison with the Commissioners' reports of previous years-1886 and 1887, up to 1895. Captain RUSSELL .- "1892" I said. Sir J. G. WARD .- I am going to show honourable members where the honourable gentleman misleads himself and others by not pointing out what an extraordinary development there has been in the traffic of the country, in the increased mileage of the country, and in the growth of business since then. The whole revenue from passengers alone is now almost double what it was at that period. I want for a moment to refer to the development of the railway traffic, to show what the Administration has had to grapple with over a series of years ; and any member who takes former Railways Reports and the present one, and who takes the trouble to go through the series of tables at the end - which cannot be imported into the body of a Railways Statement by a Minister-will find all the details available for any person who chooses to take the trouble to obtain information from them, upon which he can ascertain the real position as regards rolling-stock and every other detail of expenditure. Now, what is the increase in traffic? At the end of the year 1887 the tonnage carried on our railways was 1,747,000; at the end of the last period the tonnage carried was 3,339,000- almost double. The number of passengers carried in the period to which I referred was 3,426,000; the number of passengers 9.0. carried at the end of last year was 6,243,000-almost double again. Now, surely there is not an honourable member in this House but must know perfectly well that if you very nearly double your traffic over a series of years, add enormously to the mileage of railways available for the use of the country, you must necessarily acquire fresh rolling-stock for the convenience of the people; and you cannot do it without an enormous expense by comparison with former years. It goes without saying that if you go on adding to the mileage of the railways of this country and increasing your business you must increase your engine-power, your carriages, and your wagons. In addition to that the railways of New Zealand have been virtually converted into a heavier track, a heavier railway system altogether, by the laying-down of heavier rails, and increasing the strength of our bridges, and everything else, proportionately. That has gone on during the last four or five years to a degree never equalled before, and I say it is due to the enormous expansion of traffic - which information in this Railways Report to any dispassionate person would clearly demonstrate. That is the true answer to the statement that the expenditure on additions to open lines has

<page:833>

crease so long as the traffic of the country goes on expanding. It is necessary to have fresh rolling-stock, and also to have a relaying system by which heavier rails are laid ; and we must therefore have, in consequence, heavier expenditure on the lines, as I have indicated. Surely no person in his right senses wishes to see our railway-traffic decrease. We all want it to increase ; and that means the growth or expansion of our country. Now, as to this question of depreciation, referred to by the honourable gentleman, why, the very system carried out in connection with the railways of this and every other country in the world is to avoid depreciation being established by a sinking fund, and you cannot find any railway company or any State-owned railway in any country that sets aside a 3-per-cent. sinking fund for depreciation. For what reason ? Because if the timber and material of the wagons, engines, or carriages, or anything else used, deteriorate in the slightest you must put them in the workshops, and repair them. Railway rolling-stock must of necessity be kept in good condition, otherwise it would not be safe to use it on the lines; and those repairs and renewals are all effected out of revenue. It is done out of revenue in this country. It is by this expenditure that you keep your rolling-stock up to date, and that is why you do not require to provide a depreciation fund. It must be clear to the most unthinking that if

you keep all your stock in good order out of your revenue, and if you set aside a sinking fund in addition, it would be providing for repairs twice over, and, even if we were foolish enough to provide it, it would be ruinous to the country. An Hon. MEMBER .- What about the Mana- watu Railway Company ? Sir J. G. WARD .- The honourable member used that argument. He said that the Mana- watu Railway Company had written off £191,255. The honourable member will find that originally, before they completed the making of their rail- way they charged interest on loans which had been obtained for the making of the railway to their capital, and that has not been done on the public railways of this country, and never will be done. I can assure the honourable member that it is a well-known fact that the Mana- watu Railway Company added to the cost of the railway by adding to the capital the in- terest on the money raised in the first in- stance, before the railway had been completed by the expenditure of that money. Now, that was entirely wrong. I do not use the word wrong in the sense of implying that anything has been improperly done, but I say as a matter of system or procedure it was entirely wrong. What is the result ? That when the railway was finished they added the cost of their in- terest to the capital; and it goes without saying that, the railway not having had the amount of interest they paid expended in making the railway, the line could not have cost that sum with the interest added, and it had there- fore to be written off, and that has evidently misled the honourable member. VOL. CXJX .- 52. your interest ? Sir J. G. WARD .- It has been charged all through the piece to the Consolidated Fund of the country, and the difference between the interest paid on the capital cost of the railways of New Zealand and the actual amount earned has all along been borne by the country. It has never been the custom to add the cost of interest to the capital expended in the making of our railways. If the interest on the cost of the railways of this country average 4 per cent., and the interest earned is only 3 per cent., the State, which is the owner of the railways, is entitled to provide the difference of 1 per cent. I say every member in this House knows that for many years past the country has been able to lower the rates of interest it pays on moneys used for making its railways, and I say that 3 per cent. is quite sufficient to take out of the railways of this country. You ought to give the users of the railways the lowest rates, both for passengers and goods, that is possible, and so help the development of the country, and therefore the policy of the Government is to give the advantage of anything beyond 3 per cent. to those who use the railways, and after making proper provision for maintenance and renewals out of revenue. Captain RUSSELL .- That is not what is done. Sir J. G. WARD .- I tell the honourable member, with all due deference, that he is entirely mistaken. It is what is done. I am certain the honourable member must get his information from a prejudiced source. Captain RUSSELL .- I get my information from the official papers. Sir J. G. WARD. -- Well, the honourable gentleman entertains a view which is abso- lutely wrong, and no official papers show any- thing of the kind stated by the honourable member for Hawke's Bay. During the last few days I have taken this trouble myself to go into a few of the details of the matter, and I say that the whole of the expenditure out of capital account, and the whole of the expendi- ture out of revenue for the maintenance and working-expenses of the railways of this colony, has been administered properly by the officers intrusted with the carrying of it out, and there has been no interference by the Minister for Railways or any member of the Government, or any suggestion to them that they should divert any portion of the capital money for the purpose of renewals or main- tenance in any part of the colony. And what object could the responsible officers of the colony have in doing anything which could be regarded as improper in using the capital account other than as it ought to be? If they were using the capital account in the way the honourable member says, they would not be worthy of the position they hold. They have not been requested by me, nor by my prede- cessor, nor by the Colonial Treasurer, to do any such thing ; and why should they do it ? There is no answer from the honourable member to it. If they were to do it, it would only be for

<page:834>

from the railways, and I do not think there is any man on the executive of the railway staff who would,

without its being laid down as a matter of policy by the Government, do any- thing of the kind ; and, particularly, when he knows the Government does not expect it, and the country does not require it, and that it would not be allowed by the Government, if it were known to be the case. The honourable member must see at once that he is taking up an unten- able position when he practically suggests that the officers of the department would do this merely for the sake of doing it. I know of very many details of the expenditure, and I know that in many cases the officers have erred on the side of charging to the revenues of the railways when capital should have been charged, and I The honourable believe that is going on now. gentleman made a statement in the course of his remarks regarding the value of the rails to-day as against the value they were originally. The honourable member misjudges the position. If you are putting down 75 lb. or 501b. rails to-day, as against 30 1b., which originally was the weight-if you are paying now £5 per ton for that rail-then you ought to debit capital account with the extra weight of the rails you put in now. It is not a question of the relative value now or fifteen years ago ; it is as to whether the excess at the rate of £5 per ton, or whatever the rails cost now, should be charged to capital account. That is the position, and that is the only proper system. Mr. R. MCKENZIE .- You charge the whole cost of taking up the rails and ballasting the line to capital account. Sir J. G. WARD .- The honourable member will pardon me; nothing of the kind is done. #cc-zero A portion of the extra cost of laying the heavier rails is charged to the capital account, and the honourable member can find that out just as well as I can. Now, regarding this proposal to really burden the people of this country with a sinking fund of \$7,670,000, as suggested by the honourable member for Hawke's Bay, well, I do not believe there are many people in the country who would tolerate such a system for a mo- ment. If the honourable member were on these benches, and as a matter of State policy it was decided to take out of the pockets of the people £7,000,000 by way of sinking fund ; and at the same time to provide out of the railway revenue a larger sum, - because that is what we are doing : we have given a larger sum than that out of railway revenue for repairs, renewals, and maintenance,-does he not rea- lise that the people would not stand being charged for the same work twice over for a moment, that they would rise as one man against it. When dealing with the railway system you must do what is practicable, and what the people of the country will realise is fair and reasonable in connection with the ad- ministration. The honourable member wanted to know how the extra expenditure had been made up. If he will turn to the railway tables attached to the report he will find in the report sent in by the Locomotive Superintendent and Sir J. G. Ward tion he asks for. It is all there in detail. On pages 5 and 6 of the report he will find the detailed reports of the General Manager, and those of the Chief Engineer and of the Locomo- tive Superintendent, covering their respective departments, and giving the information that he wants. The honourable member knows that during the last two or three years we have added to the rolling-stock enormously, and that we have not yet got up with what is required owing to the expansion of trade. Owing to the increase of trade during the series of years referred to, I say we have not yet got up to what is required for carrying on the ordinary traffic. The honourable member knows the statement that was made by me to the House last year, and again this year, that owing to the enormous increase in traffic we ordered a thousand wagons and were com- pelled to get them from abroad, as we could not manufacture them here in time. We had, very much against my wish or desire, to order them from outside the colony ; and owing to the same cause we had to order a number of locomotives of a heavier type in consequence of the heavier traffic, and we had also to order a number of railway-carriages wholly and solely because we could not overtake the work of making them in the colony. In addition to that, the workshops have been going at top speed all along. We have not eased off, and we are not easing off now, but are making to our utmost capacity. If the honourable member will average wagons at only £100 each, a thousand at £100 would be \$100,000. An Hon. MEMBER .- You are paying £150 for them. Sir J. G. WARD .- I am not talking of the actual cost of those we have ordered. I am giving a hypothetical case. An Hon. MEMBER. - Is your statement that they

cost less than \$150? Sir J. G. WARD .- I beg pardon, I made no such statement ; and if you look you will find I gave the House full particulars of their cost not fitted up in the colony. But I am saying now, for the sake of argument, that if you take a thousand wagons at only £100 each there is £100,000; and if you take a locomotive at an average of #4,000, and if fifty are wanted, that is \$200,000. How are you going to carry on and provide for the expansion of the business if you have not engine - power? How are you going to encourage settlement if you have not the wagons to carry the traffic ; and how are you going to meet the enormous increase in the number of passengers if suitable provision is not made? Even taking last year as against some few years before, our passengers carried ran up in 1901, as against 1895, from 3,900,000 to 6,243,000. How are you going to carry them if you do not get the necessary carriages for the use of the people along the line ? Unless you do so you cannot carry on; and the honourable member knows perfectly well that the greater portion of our expenditure -at least, £216,000-was wholly and solely for the purpose of obtaining additional rolling-

<page:835>

honourable member makes a comparison between our time and the Railway Commissioners' time. I repeat that the ordinary tonnage carried by the Railway Commissioners over the railways was very little more than half what it is to-day. The last year they went out of office it was little more than half what it is at present. I am not able to put my finger upon the exact tonnage. An Hon. MEMBER. - They went out in 1895. Sir J. G. WARD. - Very well ; the total tonnage carried up to the 31st March, 1895, was 2,048,000 tons, and the total revenue was £1,150,000, as against £1,727,000 for this year, and honourable members know that we have reduced rates nearly \$400,000 in the interval. So I repeat that the revenue, if we maintained the old rates which existed then, would have been over a million more than it was at the time that the honourable member referred to. We have added over 137 miles to our working railways. Last year and this year 136 miles will have been handed over by the Public Works Department to the Working Railways. Let us see what that means. It means this: that there has been handed over a length of railway equal to the line between Invercargill and Dunedin, and within fifty miles of the length of line from Auckland to Rotorua. An Hon. MEMBER .- That includes eighty-two miles of the Midland Railway. Sir J. G. WARD .- No, it does not. Last year there was handed over to Working Railways twenty-five miles, and this year it is proposed to add eighty-six miles. If the honourable member will refer to the Public Works Statement he will find that the Minister for Public Works says that the department will complete eighty-six miles of railways this year. How do honourable members expect the Government to provide engines and carriages and wagons, and otherwise provide for that increased mileage ? The revenue continues to be much in excess of the expenditure. If you have a large and increasing traffic, then, you must provide for it. If you want to stop it the only way is to deny the people of the country that which they have a right to expect from our railways-namely, proper means for taking their produce and themselves from the interior to the seaboard, and taking goods and passengers from the seaboard to the interior, to enable the work of the development of the country to go on. The honourable member takes a very pessimistic view of the whole position of our railways. I cannot understand his doing so. I wish to point out to the House that since the railways were built in New Zealand the respective Governments of this country have had three times to relay the whole of the railways by a heavier system of rails, in order to meet the heavier engine-power necessitated by the growth of traffic. The honourable member referred to one of the tables, and he alluded to bridging and to other things which are put down to capital, and which he said ought to be debited to working-expenses. I say that a portion of that ought to be debited to on the Napier-Wellington line which was originally constructed for engines of 25 tons, and, in consequence of the development of the traffic over that line, we have had to increase the weight of the engines to 64 tons - which we have had to do to meet the growing traffic ; if you remake that bridge, would the honourable member say that the whole of the remaking of that bridge consequent on the in-

creased traffic and on the enormous weight of .the engines to provide the necessary increased power to overtake the traffic passing over that-does the honourable member mean to say that all that expenditure should be pro- vided out of revenue? Why, the thing does not stand looking at. If as the result of the necessary increased engine-weight in order to meet the increased traffic that bridge should be rebuilt, I say it is a reasonable and proper thing to charge a portion of the rebuilding or strengthening of that bridge to capital ac- count. If it were a mere matter of renewal or repair of the bridge on account of age, that, of course, ought to be charged to working-ex- penses. Reference has been made to a table on page 26. Honourable members will find that every single item referred to from end to end of New Zealand which is taken out of capital is set out in detail. An Hon. MEMBER .- You could not get every detail into that page. Sir J. G. WARD .- No; but it is in detail in the several tables attached. I will give honourable members the particulars. I think it is only fair to the Railway Department to say that the information contained there is as I have stated. There are no less than sixty or seventy independent items in the one return, and the way in which each charge is made is set out in detail. Now, does the honourable member mean to say that in this Railways Statement for the year the responsible officers of the department have given details that would put them in the position of laying false infor- mation before the Government and before the House and the country ? Captain RUSSELL .- No. Sir J. G. WARD. - Well, the honourable gentleman refers to the strengthening of bridges and the relaying of rails, and if he says that not one of these different items should be charged to capital account, then they should not be included in that Statement. And when the responsible officers do include them in the Statement, and when we know that the system has been to allocate the loan-moneys fairly, and without interference by the Administration, what can be the motive to do that which is suggested by the honourable gentleman ? I say that the whole of the detail information is con- tained in the tables, and that it will not stand the view placed on it by the honourable gentle- man. I want now, in the limited time at my disposal, to refer to another matter. The honour- able gentleman read from the report of the New South Wales Railway Commission, and said they have in New South Wales provided 108 miles of rails out of revenue; and from the report

<page:836>

so ; but let me ask, What was done in New South Wales a few years ago? They gave the Railway Commissioners two millions sterling of loan-money to expend upon works, of which none was to be provided for out of revenue, but the whole of which was used for repairs, for the renewal of the rolling-stock of that colony, and for maintenance works. An Hon. MEMBER .- It was to strengthen the lines generally. Sir J. G. WARD .- Well, at any rate, two millions sterling were given to the Commis- sioners practically to do as they liked with : no doubt, to restore the railways to a workable condition. Now, let us suppose we had two millions given to us in New Zealand a few years ago to renew our lines and relay them in the same way. Would it not be a proper thing now to do exactly as they are doing in New South Wales? I say that if two millions had been given us for the renewal of our lines, we would be very glad to take all our relaying now out of revenue ; and therefore the comparison of New South Wales will not stand looking into, and it was solely for that purpose that I alluded to it. Then, take the honourable member's reference to the post-offices which are dealt with in Return No. 6. The whole position is entirely different to what the honourable mem- ber says it is. All over the country there is a Where the railway business is dual system. not large enough to warrant a Stationmaster being put in charge of a railway-station, and where the postal business does not warrant the appointment of a Postmaster, there is an ar- rangement made between the two departments that each will contribute to the cost of the post- office and the railway-station. Captain RUSSELL .- But it all becomes the capital of the railway. Sir J. G. WARD .- No ; it does not become the capital of the railway unless the expendi- ture has been made for railway purposes. If any outlay has to be made on the part of the Post Office the Post Office has to find the money in every instance. Captain RUSSELL .- And when the post- office goes out of the railway do

you credit the railway ? Sir J. G. WARD .- The Railway Department would charge the Postal Department if they were sustaining any cost. Captain RUSSELL .- They gain the office. Sir J. G. WARD .- The whole matter between the two departments is properly arranged ; and I may inform the honourable member that only within the last few days I have, with the General Manager for Railways and the Secretary of the Postal Department, been engaged on the allocation of the charges to be met by the two departments, and it runs into some very large figures. If the honourable member supposes that the Railway Department will let the Post Office Department or the Postal Department allow the Railway Department to get the best of it in any allocation of the kind he is not aware of the keenness that exists between these two important departments of the service. The ! Sir J. G. Ward service it renders the Railway Department, and the same remark applies to the Railway Department, and in next year's Statement that fact will be clearly set out in the figures. Mr. G. W. RUSSELL (Riccanton) .- I do not propose to review the speech of the honourable gentleman, neither do I intend to deliver an address upon the Railways or Public Works Statements. I think the House has come to that period of the session when the less one talks the more highly one is appreciated ; but, the honourable gentleman, having given an emphatic denial to my statement that he is paying £150 each in England for the English wagons that are being imported- - Sir J. G. WARD .- There is not much in your statement, because I put the whole facts on record myself earlier in the session, and you are only quoting from my previous statement. Mr. G. W. RUSSELL-I propose to tell the honourable gentleman what was the cost of the wagons, because I do not like to be flatly contradicted in the Parliament of the country when I know I am right. The Minister purchased two hundred and fifty wagons for £36,254, from Brown, Marshall, and Co .; and from the Ashbury Railway Car and Wagon Company, two hundred and fifty, for £37,525. Sir J. G. WARD .- Sir, I rise to a point of order. I want to know if the honourable member for Riccarton is in order, having extracted from my speech in Hansard of this year figures as to the cost of making railway carriages, et cetera, in England, in now reading them to the House. I say these figures are all to be found in my speech, or in information furnished by me. Mr. DEPUTY-SPEAKER .- The honourable gentleman is not entitled to quote from Hansard, and he has no right to make any reference to a previous debate. Mr. G. W. RUSSELL .- I am quoting from figures supplied to this House since the beginning of the session. Mr. DEPUTY-SPEAKER .- If it is from a previous debate you cannot quote it. Sir J. G. WARD .- It is from my own speech. Mr. G. W. RUSSELL. - Does the Hon. Minister wish to interpose a point of order to prevent me putting on record the figures he himself has used ? Sir J. G. WARD .- I do not intend to be catechised as to what I wish to be done when I rise to a point of order. The honourable gentleman knows he is quoting from a speech delivered by me in the House this session, and, according to Mr. Speaker's ruling, that is not in order. Mr. G. W. RUSSELL. - The point I wish to make is this: that a thousand wagons purchased in England by the honourable gentleman have cost this colony £150,061, and that is his own statement-a thousand wagons costing over \$150,000, is £150 per wagon. Sir J. G. WARD .- Does that include freight to New Zealand ? Mr. G. W. RUSSELL .- No ; certainly not. Sir J. G. WARD .- That is from my own speech.

<page:837>

Mr. G. W. RUSSELL .- I quite admit it. Sir J. G. WARD .- I can assure the honourable gentleman that the facts contained in my speech are entirely correct, and I am very glad he has accepted them as correct. I would like to point out that in replying to the member for Hawke's Bay I was not in any way dealing with the wagons purchased in England. I was giving a hypothetical case, and I said : Supposing a thousand wagons cost £100,000 ; when the honourable gentleman interrupted me. Mr. G. W. RUSSELL .- I am glad the honourable gentleman admits his former statement is correct, and not the one he made just now. Sir J. G. WARD .- I admit nothing of the kind. I made no incorrect statement just now. Mr. J. ALLEN (Bruce) .- The Hon. the Minister for Railways has been using an argument this evening, so far as I can judge, against a case that has never been set against him. No-body ever objected to the expenditure of

borrowed money upon increased rolling-stock where the railways required it ; but the honourable gentleman knew perfectly well what the argument of the member for Hawke's Bay was. But it was an argument he could not meet, and therefore he set up another condition of things which he knew he could meet, and knocked that down. What is the use of that kind of argument ? Nobody objects to the expenditure of borrowed money when the legitimate needs of the capital account renders necessary that expenditure. No doubt the number of miles opened has increased, and the passenger and goods traffic has increased, and we are all perfectly satisfied, and there never has been any objection in the House to voting money or borrowing money for the purpose of meeting that increased traffic, both in regard to passengers and goods. But, Sir, the honourable gentleman has missed the whole point. The point is this: that, with regard to the expenditure of capital account money, the result so far of a search into the Railways Statement is to find that a different condition of things exists to-day than what existed seven years ago, and we want to know the reason why a different condition of things exists in New Zealand to what exists in any of the other colonies of Australasia, so far as I can judge. The member for Hawke's Bay referred to New South Wales, and the Minister for Railways met that by stating that some few years ago two millions of money were granted to the Railway Commissioners there to renew their lines. He went 9.30. too far when he said that money was used for renewing rolling-stock. Nothing of the kind. It was used to straighten the lines and improve the grades, and provide for heavier rolling-stock. But, leaving New South Wales out of the question, can the Minister for Railways or any of his officials, or any one connected with the department, tell me of any other colony that is doing what we are drawing so strict a line between capital account and revenue expenditure. Sir J. G. WARD .- Some are spending more out of revenue than we are. Mr. J. ALLEN .- Not a single one of them is spending out of capital on such items as we are. I do not know whether it has come into existence since the honourable gentleman took charge or whether it came into existence during the Hon. Mr. Cadman's time; but whenever it came in it has had a great effect on the so-called earning power of our railways. But what has happened is this : Almost immediately after the Commissioners went out of office things which were charged to working-expenses were transferred to capital account. And if honourable members will look up the last report of the Commissioners they will find in 1894, with regard to the position of the lines and appliances, the following report :- "From the reports of the Chief Engineer and Locomotive Superintendent in the Appendix it will be seen that the permanent-way and rolling-stock are being kept in good order and repair. The work of the two departments controlled by these officers result in the improvement of the railway property : the one by the construction of heavier and more powerful engines, and the other by strengthening the bridges and lines to carry heavier trains, so conducing to economy in working. The cost of these operations and the providing and relaying of the main lines with heavier steel rails is borne out of the vote for working-expenses, although a portion of it might fairly be charged to capital account." That was followed up to 1894. Now we have an entirely different state of things. We have so strict a balance drawn that we cannot follow it ; we have no means of ascertaining how much is charged to capital account and how much to working - expenses. What we practically do is to charge the difference between the cost of the light rail replaced by a heavier one to capital. In replacing a bridge they do the same thing. A better explanation ought to be given of the change in the working of the railways than the Minister has given. In every case where a heavier rail is put in the balance is charged to capital account, but how much more no one can say. It is impossible for any one, without having a minute inspection into the accounts, to say whether the line between capital and working-expenses is drawn justly or unjustly. But in regard to the principle itself : Is it a fair principle to charge the difference between a heavy and a light rail to capital account ? The Minister says it is not a right thing to have a depreciation account in regard to the railways. I admit that ; but does he mean to say that at any time of their existence, after they were first laid down, they were equivalent to their original cost ? Sir J. G. WARD .- They are better now than ever they

were. Mr. J. ALLEN .- Yes; and why? Because we have heavier bridges and rails, and so on. What I want to get at is this : the railways are built for a certain sum of money, and the day they are built that money should be there ; but six months afterwards it is not there. Every one who has had anything to do with railways or

<page:838>

value they do not take the original cost, but the average condition. The average condition is the condition to which the railway comes after a certain amount of usage, and when the rails and so on are being replaced, and it is not the original condition. And to bring the value from the average condition to the original or new condition there is this reason why a certain amount of depreciation should be charged : Under the old condition that depreciation was met by replacing light rails with heavier rails, light engines with stronger engines, and light bridges with heavier bridges, and so the railways were kept up to the original value. Now we are not at the present time maintaining our railways up to the original value out of general expenditure, but we are doing it out of capital account. The Minister for Railways, who himself seems to be a monomaniac in regard to the charging of these things, charges them to capital expenditure, instead of charging them to revenue. Now the Hon. the Minister for Railways seemed to object to our quoting New South Wales as an example. Would he rather that we quoted Victoria ? Has he any excuse to offer with regard to Victoria that he would like to urge ? Sir J. G. WARD .- I can give you the facts. Mr. J. ALLEN .- Now what is Victoria doing with regard to keeping up her railways, and out of what account does she do it ? An Hon. MEMBER .- The maintenance branch. Mr. J. ALLEN .- I am quoting from the Victorian Railways Report of 1900 : " Maintenance branch-Extensive renewals and repairs to the permanent-way, increase in the size and number of sleepers, relaying with heavier rails, regrading various important lines, replacing, renewal, and strengthening of a large number of bridges and culverts," et cetera. Sir J. G. WARD .- That is exactly what we do. Mr. J. ALLEN .- No, you do not. You do not replace lighter rails by heavier rails, or lighter bridges by heavier bridges, out of working-expenses, but out of capital account. Mr. SEDDON .- The honourable member does not understand what he is reading. Mr. J. ALLEN .-- I am reading about maintenance out of revenue. This is all done out of revenue, out of working-expenses, and not out of capital account. Sir J. G. WARD .- Exactly what we do. Mr. J. ALLEN .- It is nonsense to say that, when we have the report before us to show that in one case much of what I have quoted is done out of capital account. And when the Minister is tackled with this by the honourable member for Hawke's Bay, he denies it. I have shown him that the Victorian railways do not do so, and if he wants any more illustrations I could take him to the South Australian railways, but I do not want to labour the question. As a matter of fact, they go a great deal further in some respects than Victoria and New South Wales, and it seems to me to be the invariable practice in the Australian Colonies; and I believe from 1888 up to the present day, and I have been as- Mr. J. Allen we ought to provide for this depreciation, to bring the railway from its average value to its original value, by replacing light rails and so on by heavier ones, and by replacing our light bridges by heavier and stronger ones. Now, the honourable gentleman has said that there has been an immense increase in the traffic. Well, of course, there has been an immense increase in the traffic, and there has been a large increase since 1887, which was the year quoted, in the number of miles opened. Does he mean to say that during that time he has been making no provision for the rolling-stock and permanent way of those opened lines? Every year there has been £40,000, £50,000, £60,000, £70,000 voted for permanent-way, in addition to certain sums voted for open lines, so that a certain amount of provision has been made for extra rolling-stock. But no one objects to the addition of rolling-stock for the extra traffic. The honourable member, in putting that up, is putting up something that the honourable member for Hawke's Bay never urged at all, and never intended to urge. We are just as anxious to vote for the necessary additions to the lines as the Minister is, but what we object to is that works which should properly be charged to working-expenses are charged to capital ac-

count, and the returns of the railways are thus swelled, and the country misled as to the exact position. Sir J. G. WARD .- That is not done at all. Mr. J. ALLEN .- I say it is, as compared with the year 1894. In the year 1894 all these things were charged to working-expenses, now they are not, and, as a consequence, the parallel between now and the year 1894 is an unfair comparison, and the honourable gentleman cannot, as a business-man, say it is fair. If the railways were put upon the same footing as they were on in 1894, it would be found that they had not been earning 3 per cent., and honourable members can find that out. Mr. HORNSBY. - The Commissioners let everything go to rack and ruin. Mr. J. ALLEN .- I am not here to defend the Commissioners, but the honourable gentleman cannot have read the report on the railways when the Commissioners went out of office, nor has he read the report of the Minister himself in the succeeding year. If he had. he would not make the statement which he has just made. The railways were not in a bad condition in 1894, and the report of the three independent men show that that was so, and disprove what the honourable gentleman said. Statements like that are not facts, and it is no use making wild statements. I say that the existing condition of things exists not only in the Railway Department, but this plan or scheme of shifting things on to capital expenditure which in years gone by were not charged to capital expenditure is growing year by year. If honourable members only compare the public works estimates with those of ten years ago they will be astounded to notice the difference. I have gone through the estimates of all the years from
<page:839>

gard to the shifting of things hitherto charged to Consolidated Fund on to the Public Works Fund. If honourable members take up the estimates of to-day and look at the items-buildings, post and telegraph, gaols, police-stations, and so on-they will find on page after page of the public works estimates that repairs and painting and so on are now charged to capital expenditure. Now, is it fair that the painting and the repairing of a building should be charged to capital account, and if you do charge it to the capital account, what is the value of your finance ? The Premier the other evening, when this subject was mentioned, said that "these items were not charged to capital, as he had transferred \$500,000 from Consolidated Fund to Public Works Fund." Now, Sir, with regard to this £500,000 that is transferred to the Public Works Fund, does the honourable gentleman mean to argue that it remains part of the Consolidated Fund after it gets into the Public Works Fund, or does he mean to argue-and I put it this way-that it remains revenue, and does not belong to the capital account when it gets into the Public Works Fund? I do not care which plan is selected. If he selects to have it called capital account, then he is on this horn of the dilemma : that he is paying out of capital account items like fencing, repairs, and painting that ought to be charged to revenue. Now, Sir, if he elects, on the other hand, to say that this money, the £500,000, when it does go into the Public Works Fund, still remains ordinary revenue of the colony, he is on this horn of the dilemma : what is the value of his surplus? Is his surplus a true surplus? If he maintains that it is still revenue of the colony, then against it he must set the cost of painting, repairs, and so on ; and why, I ask, did he not leave it in the Consolidated Fund, and charge the repairs, painting, and fencing to the Consolidated Fund ? And what is the effect of the transfer ? The effect of the transfer is to show a surplus which is incorrect, and the honourable gentleman may, with convenience to himself and the department, and certainly with benefit to the finance of the colony, go carefully through the items, and pick out all those that ought to be charged against the \$500,000, and reduce his surplus by that amount : that is a fair thing to do. I hold, however, that when he has transferred the £500,000 it becomes a portion of the capital account. An Hon. MEMBER .- Why ? Mr. J. ALLEN .- Because it is then a part of the capital account. If I take a sum out of revenue and transfer it to capital account, it becomes part of my capital. Though the honourable gentleman may say it is not, I say it is. There are two accounts-Revenue Account or Consolidated Fund, and Capital Account or Public Works Fund. If the honourable gentleman cannot see it I cannot help it. In either case he is on the horns of a dilemma. If he

maintains that it is Consolidated Fund, it ought to be charged against the surplus, and the surplus reduced by that amount. It is honourable gentlemen who take an interest in the affairs of the colony, and who desire to know how we are going in regard to expenditure and finance generally, to compare this year's estimates with every year's estimates for the last ten years, and if they do not have their eyes opened I do not know what possible means there can be of opening them. All that is wanted is a simple comparison of the items now charged in the public works estimates and those charged ten years ago. It is just the same with the railways. I believe the Ministers are dragging us into such a system of finance that by and by, when we are hauled up by a round turn-as I dare say we shall be-we shall find ourselves in extreme difficulties. Suppose that even a few years hence we should find it difficult to go upon the loan market, how are we to put up our fences and make our repairs ? May I ask the Right Hon. the Colonial Treasurer what he is going to do when he has not £500,000 to transfer ? Is he going to keep these items on the Public Works Fund, or is he going to take them back to the Consolidated Fund? I believe we are drifting into a system of finance which is extremely dangerous, and that whatever argument there may be advanced in favour of charging certain things in respect of the railways to capital expenditure, there is no argument with regard to repairs, painting, and fencing buildings, which I have quoted. I am not referring to the buildings themselves, but to the ordinary repairs and maintenance that every ordinary business-man pays for out of his ordinary revenue account. But in this instance, as honourable members will see, it is not so done. Now, with regard to the general expenditure upon these public buildings, the appropriations upon these buildings out of the Public Works Fund have risen from \$52,000 in 1889 to no less than an estimate for this year of £207,000. Is not that sufficient for honourable members to pause and ask themselves what the meaning of it is? I say that a portion of that increase is due to items which ought to have been charged to the working-expenses account, but were largely charged to the Public Works Fund. The expenditure for the last eight or ten years out of this fund has been enormous, and if that expenditure had been legitimate one would not complain, but it has not been so. If one looks at the expenditure on additions to open lines he will find that there has been a very large increase too, and, as I have said before, the appropriations have risen from about £12,000 in 1891 to £874,000 to be appropriated this year. As I have said, I do not object to a large increase from our Public Works Fund for additions to open lines so long as that charge is legitimate; but I do ask honourable members to consider this : whether this large and increasing expenditure which has been going on for years ought properly to be so charged ? I think it is a very great pity that we have not adopted the safer policy of 1894, and continued to charge certain of these things, at any rate, to ordinary revenue account, and so lessen demands which will be made from year to year

<page:840>

open lines. I say that because it seems to me that the addition to the Public Works Fund generally is one that causes us to halt and to have some doubts about. The increase, as honourable members know, has been very, very large indeed, and one finds that a very large increase has taken place during the last two years out of the public works expenditure; and it was not so very long ago that I had to draw attention to the fact that at the end of the financial year, together with the liabilities-including the expenditure up to the 31st March last-we had exceeded our available ways and means in the Public Works Fund by some £200,000 or \$300,000. Now, that is a very desperate state of things, and I do not know that in the history of this colony it ever occurred before. We had an alteration proposed in the Loan Bill this evening-making the sum proposed to be raised a quarter of a million more than was originally proposed. I made no objection to that alteration in the Loan Bill, because I felt this : that anybody who did so- the estimates having practically been passed- if one had voted against the increased quarter of a million we might again be placing ourselves in the position which we were in on the 31st March last, a position that at the end of this coming financial year we should, together with the liabilities and

expenditure, be exceeding our ways and means. If the Government are going to enter into liabilities such as they entered into last year, it is a question whether we shall not be again exceeding our ways and means at the end of this financial year. I suppose we have now got into a condition of a permanent annual loan of a million and a quarter-I mean for our public works- and it may be a million and a half next year. I do not know whether there will be anything transferred from the Consolidated Fund at all, but I hope there may be something transferred, because I look on that transfer as a replacing of what we had in the past-namely, the sinking fund-and replacing it in a very satisfactory way, because I think it a better investment to place our money in our own public works than in the usual investments made by the Sinking Fund Commissioners. Although one hesitates to vote for the large amount of taxation it involves, yet there is some argument for it; but if the transfer from the Consolidated Fund to the Public Works Fund ceases, as it may cease, and we have to rely on borrowed money for public works alone, I ask, is it not time the colony should consider whether she can bear a million and a quarter or a million and a half of borrowing each year for public works? It is becoming a serious burden, and I think we really ought to halt and consider whether in times like this we ought not to put our house in order rather than when depressed times come - if unfortunately they should come-for then we should have to rush into all kinds of savings, and departmental reductions and so forth, which would do a great deal of harm to the whole colony. It would be better to be careful now Mr. J. Allen us, and when we would be seized by panic, and perhaps do an amount of injustice, not only to the employés in public departments, but to our public works as well. Sir J. G. WARD .- Sir, the honourable gentleman has unintentionally misrepresented me. I am sure he would not do so willingly. I made the statement that in Victoria the renewals, repairs, and maintenance were charged to revenue. Mr. J. ALLEN .- No. Sir J. G. WARD .- That is what I said, and I shall show that the honourable gentleman has actually misled himself. I find in the Victorian report this statement :- # " Maintenance Branch. "The principal improvements which have been effected in the way and works may be summarised as follows :- " Extensive renewals and repairs to the permanent-way. " Increase in the size and number of sleepers, "Relaying with heavier rails. " Regrading various important lines. " Replacement, renewal, and strengthening of a large number of bridges and culverts. "Extension of the system of substitution of road-bridges and cattle-pits for gates. " Extension of signalling and interlocking appliances for safe working. " Additional and improved residences for the staff. "Replacement of old post-and-rail fences on suburban lines with picket-fencing, and extensive renewals of fencing on various lines. "A large expenditure has been incurred in providing new station buildings, platforms, sidings, and increased accommodation generally. "Improvement of the property as a whole by increased expenditure on repairs, renewals, painting, &c." Mr. J. ALLEN .- It does not say there what they are charged to. Sir J. G. WARD .- It says so in another place. Let the honourable member turn to the first portion of the report and he will find this :- " The capital expenditure at 30th June, 1900, amounted to £39,658,819, or an increase for the year of £602,368, charged as follows :- "Construction of new lines and 190,626 surveys Capital works on existing lines, &c. 290,656 Rolling-stock .. 112,808 .. (narrow gauge) 8,278 £602,368 " The honourable gentleman will observe from this statement that \$290,656 from capital was spent on works on existing lines. The honourable member will also find that in separate items there are given the amounts expended on construction out of loan, and the amounts spent on existing lines out of capital ; but in the list read by the honourable gentleman of the maintenance branch it does not say what the money is debited to.

<page:841>

£480,000. Sir J. G. WARD .- If the honourable gentleman will say that none of it is charged to capital, then I will say that he is entirely wrong, and that it is contrary to the report of the Victorian railways for 1900. In the report for 1899 it will also be found that the statement relating to 1900 is again borne out-namely, that. large capital expenditure takes place on working lines. The following is a paragraph taken

from the report :- "The capital expenditure at 30th June, 1899, amounted to £39,056,451, or an increase for the year of \$454,147, charged as follows :- " Construction of new lines and 112,486 surveys Capital works on existing lines, &c. 206,318 Rolling-stock . . 135,393 . . £454,147 " This shows that £206,318 was expended for works on existing lines. Can the honourable gentleman deny this ? Mr. J. ALLEN .- I do not deny that. Sir J. G. WARD .- Then, that is what I say : that a portion comes out of capital and a portion out of revenue ; but it is not right to say that in Victoria they do different from what we do here. Mr. J. ALLEN .- The honourable gentleman's explanation does not upset my argument in the least. The items were charged to main- tenance. Mr. SEDDON .- Out of revenue, and charged to working-expenses. Mr. J. ALLEN .- Yes ; out of working-ex- penses. But I hope the Premier will not in- terfere; he does not understand the subject. The point is this: The items I mention were charged to working-expenses, and they included the relaying of rails with heavier rails, and the strengthening of bridges. I do not deny that some of the expenses were charged to capital account, and rightly so ; but these items I have referred to-lighter rails for heavier rails, and so on -are in Victoria charged to maintenance. Sir J. G. WARD .- It does not say so in the Victorian report from which you have been quoting. Mr. MONK (Waitemata). - Sir, I 10.30. just wish to make a few remarks upon the grant that has been allotted for the Kaipara line. I do not intend to speak for any length, or I would have only to repeat the remarks I made on a previous occasion; I cannot urge anything stronger. But, from this Statement, it would appear as if there is a deliberate purpose on the part of the Administration to scant the expenditure in the construction of the Kai- para Railway-line. I cannot imagine for what reason it is done, because this work, I would remind the Government, is of special import- ance to Auckland, for it not only inflicts great inconvenience on the settlers north of Auckland, scanting their opportunities of getting their produce to market, but it also affects to a land. And I am sure that it cannot be on account of the honourable members for the City of Auckland not being warm and ardent supporters of the Government. In fact, on their account I naturally expected a very handsome contribution to be expended this year, at any rate, upon the line north of Auckland. It is only reasonable one should expect such to be the case. And I want to remind the Minister that the Government have had petitions presented by the members for Auckland, containing some thousands of signatures, for the more speedy extension and progress of that work; and yet we find the very small amount of £15,000 put on the esti- mates this year, and of which amount £6,076 was spent by the 31st March last. And there is also the Public Works Statement ; it should make the Minister for Public Works blush to see the extension of the Kaipara line only ex- tended to the very small length of 4 miles 69 chains. There is no interest taken in this work by the Minister for Public Works. He is content with a length of under five miles after such a long period, when a new work, the Stratford-Toko line, has six miles to its credit. Mr. HALL-JONES .- Look at the difference in the country through which the line is being made. Mr. MONK .- The difference is all in favour of the North of Auckland line. Then, I would remind the Minister that £100,000 is set down for the Otago Central. Not for a moment do I wish to deprive the members representing Central Otago of £1 of the money placed for the construction of their line if fairness is observed ; but I do want a more equitable dis- tribution of public money. I want a promise from the Minister to be a little more attentive to this line than he has been in the past. I have a comparison here, which I have already pressed on the attention of Ministers, and which I will now hansardise-a comparison between the claims of the extension north of Auckland and the Otago Central, on which such large sums have been spent. It says,- "We desire that you should seriously con- sider the isolated position in which our northern settlers are placed, and see that the northern extension receives more favourable treatment than it has had in the past. We are unanimous in our belief that the vote for this railway should be at least double the amount voted for the Otago Central, for the following reasons: The European population north of the Waitemata numbers 38,000, the Maori population 9,000-a total population of 47,000 persons. The construction of the rail- way will open up an enormous territory of land which is essentially adapted for a

small and close settlement, and consequently capable of carrying an enormous population ; whereas the Otago Central Railway passes through a coun- try almost without population, and over land which at the present time is practically use- less, and which cannot be brought into profit- able use without the expenditure of at least a million pounds in irrigation. We therefore

<page:842>

statistics for yourselves-including the earnings of the Otago Central-and, after careful com- parison, we feel sure that your sympathies will be at once enlisted in favour of reversing the position regarding the expenditure on these two lines. And, lastly, we desire that you should not allow the session to close without having an Act passed authorising the construc- tion of the North Auckland Railway, which at present is only authorised to Kaipara Flats." Now, if there is any truth in this statement -and I know it to be correct-I say it is abso- lutely culpable and a reflection on the impartial distribution of public money. Only let the Minister reflect on the amount contributed by the population north of Auckland, and the at- tention they are receiving in the way of railway expenditure is altogether inadequate, and also to the discredit of the Government. Besides, the Waitemata share in this Loan Bill is over £20,000. Further, I would add that this line for which I am now pleading is one of the lines mentioned in the original scheme when Sir Julius Vogel first introduced his railway policy ; yet this is the treatment that it has received up to the present time. And, as I before mentioned, the Auckland members support the Government, and you cannot plead that this is done on my account, because I am not a sufficiently warm I have a right supporter of the Government. to my difference of opinion, for which I can give an intelligent reason. I believe in helping the Government in all that is right. At the same time I claim that the Government are receiving unvarying warm support indeed from the members north of Auckland, and from the members representing the City of Auckland, and the neglect which they are inflicting upon that line- An Hon. MEMBER .- And from the member for Waitemata ? Mr. MONK .-- " And from the member for Waitemata " in all that is right. The neglect inflicted is a very poor recognition of the sup- port given by the North as a whole. I say the Government ought to play fair in the appor- tionment of public money ; and they have given me more than an ordinary reason for calling their attention to the manner in which they have treated these works north of Auckland. I have in these votes that which must form a very strong indictment against the Govern- ment. I hold that the Ministry of the day ought at least to distribute the money for ex- penditure upon public works with some recog- nition of the amount they receive from the population in the districts concerned-unless, indeed, it can be claimed that it is not a desir- able work. But for a work for the want of which a district is being kept back, as in this case, there can be no reasonable excuse for the manner in which it has been treated. We have only a little under five miles of the work accomplished upon this line as against six miles which has been prosecuted in the same period on an absolutely new work, so that the Hon. the Minister is entirely without excuse in this matter. I will appeal Mr. Monk assume, has consideration for the colony as a whole, whether it is not right and reason- able that we should expect to have equal and equitable consideration from him in proportion to our population and in proportion to the amount we contribute to the revenue which the Government is deriving, and also in proportion to the liability we are incurring along with the rest of the colony for the public debt which has been increased upon the colony. What return are we getting for our share of the liability in regard to the public debt ? What consideration are we receiving in return for the interest we are called upon to pay ? Comparatively nothing. And I feel it would hardly be desir- able for me to use the language in which I could express myself, and in which, perhaps, I ought to express myself, with regard to the scanty attention this line is receiving. The Minister promised last summer to come up and investigate for himself the claims of the district. It does not pass through any barren country, as in the Otago Central. He has been informed by the petition which has been sent down that the country is settled all over, and that there is that kind of struggling settlement which the Minister, above all others, should be anxious to help. The population for

years has been waiting for this railway to be brought to its midst. The people there settled in that district with the expectation that this railway would be prosecuted with reasonable speed, and they found year by year, as it appeared with deliberate purpose and intent, this Government have determined to retard as much as possible the prosecution of this work. I say there was no reasonable excuse. It may be said there was a semblance of excuse a few years ago for the tardiness of the Government, in the great difficulty there was in getting through the tunnel to the south of the Makarau. But that has passed away. The only work now ahead of them is without any serious difficulty. The country is open. Mr. HALL-JONES .- We have a tunnel in hand there now. Mr. MONK .- Most certainly you have ; but it is a work easily done; and there is the country ahead of it, which is comparatively easy and level. And how much is to be done out of this \$9,000, which the Government have to spend up to the 31st March next? I hope that the remarks which I have made will lead the Government to reflect on the equities of the claims I am advancing, and that they will prosecute this work with a little more energy than they have done in the past. I had a tele- gram to-day from the people in the north of the present terminal point of the work, urging the necessity for the prosecution of this line. and they say there is a feeling of exasperation at the small amount voted for it on the esti- mates ; and I am sure that the Minister cannot give any reason for such a small sum, as con- trasted with the large amounts set down for other works. While I do not wish the Otago Central Railway to go on at a slower pace than at the present time, still, if the Kaipara line is

<page:843>

put on that line. I want fair treatment, and I believe the Otago people themselves have suffi- cient consciousness of what is right that they will admit the statement I am making, that we are not receiving fair-play, and are not being dealt justly with. Mr. SEDDON (Premier) .- The turn things have taken this evening is funny in the extreme. We are not having a debate on the estimates or the financial allocation of the moneys, or whether or not the moneys should have been so allocated, or so much expended ; but it seems to me-considering the great interest taken in the matter, and gauged by the number of mem- bers in attendance at the present time-every one is well satisfied with the estimates. At all events, I think if I was to gauge the opinion of members, it would be this: not that there is too much on the estimates, but that there is too little; and they are open for as much more as the Government are willing to give. The last speaker, Sir,-like his leader, Captain Russell, and the member for Bruce,-is one who opposes borrowing money. Mr. MONK .- Yes; but I want my fair share of what is borrowed. Mr. SEDDON .- The honourable member is like many others : he is quite prepared that the Government should increase the indebtedness of the colony, but says, "I won't help them to do it ; but if they do it I want a good share of the money." Mr. MONK .- Is that not right ? Mr. SEDDON .- No. I say those who have to take the responsibility and the opprobrium certainly should have the lion's share of what is obtained, because they have to take the respon- sibility. Mr. MONK .- Then, why not exempt us from the taxation ? Mr. SEDDON .- I cannot exempt the honour- able member, because the Government has always been, as the honourable gentleman knows, generous. I say, if you take the relative population and contribution from the North of Auckland-from the honourable member's dis- trict-it will be found that the allocation to that district of moneys from the capital account is fairly reasonable. We cannot be expected to do more than we are doing, and I think, under all the circumstances, the honourable gentle- man has no reason to complain. But, Sir, he has lived a long time in the world, and he must complain now, in case, if he seemed satisfied and said nothing, honourable members might take exception that we were giving him too much. So I understand the honourable member wishes to see what is allocated ; and I may say I hope he will not lose any sleep, because the Govern. ment will stand by the estimates and by the amount put down for his district. I hope that will satisfy him, and I think if I had told him that before he would not have spoken at all. However, I rose to take part in the debate in reference to the extraordinary charge made against the Government to-night by the honourable member for Bruce and the honour- able member for Hawke's

Bay. Sir, the rolling-stock out of working-expenses. consistent, and seldom logical. He is consistent in one thing only. I will admit that he is consistent in trying to prevent a large borrowing policy, but he is illogical in respect of this amount which is charged against additions to open lines. The honourable member started by saying that nothing should be paid out of loans and expended on additions to open lines. That is what he started with, and he had not gone very far when he drew a parallel between the Commissioners' expenditure and the expenditure under the Minister for Railways and his predecessor; and he stated that the Government were severely to blame because we did not in 1894 give the Commissioners the amount they asked - namely, £46,000. Captain RUSSELL. - No; I said you could not blame the Commissioners. Mr. SEDDON. - Well, I take it that the inference was, we ought to have granted the Commissioners that amount, because he complained of the small sum which they had received. The whole speech was this : You gave too little to the Commissioners ; you are taking too much now. In fact, he started by saying that we should take nothing at all now, that there should be nothing at all expended upon additions to open lines ; secondly, that the amount was too large; and, thirdly, that we had not given enough to the Commissioners. Now, the honourable member gave us a computation, and stated that during the three last years we had spent \$725,000 on additions to open lines, and he endeavoured to convince the House that the whole of this amount was spent on maintenance, and on a class of work which ought to be charged to working-expenses. The honourable member laboured that very much indeed. I cannot understand, myself, why the honourable member cannot from the railway returns see clearly and distinctly that there were charges made, and properly charged against capital account, which could not, and should not, to my mind, be charged against working-expenses, and which never were in the past charged against working - expenses. It is true the amount required during the Commissioners' term of office was small. During the years 1888, 1889, 1890, 1891, 1892, 1893, and 1894, if you take the traffic on the lines, you will see there was no necessity for new wagons, or very little necessity for them ; no new locomotives were required, no new stations were required, and very little relaying was required. There was such a state of things existing that there was no necessity practically for charges against additions to open lines. I will prove that from the statement made by the honourable gentleman. We voted to the Commissioners between 1891-92 \$43,000 ; in 1892-93, £12,612; in 1893-94 we voted £18,978 ; and in 1894-95 we voted £40,000 ; and I may tell the House that they did not spend the money we voted them. An Hon. MEMBER. - They paid for new roll-

<page:844>

makes a most astounding statement. I say he is mistaken. As Colonial Treasurer, I will explain how it is that we have asked for the large vote this year. Last year we allocated £600,000 to addition to open lines -for what purpose? To meet the charges necessarily coming to book for locomotives and wagons which had been ordered, and, owing to the strike and the difficulty of supplying orders to date last year, we found ourselves at the end of the financial year in this position : there was £325,000 spent and \$275,000 unspent. We commenced the year, therefore, with liabilities £400,000, and with a credit of £275,000 unspent as from the last year's appropriation ; but against that, of course, as the honourable member says, we had large commitments. Some of those commitments, of course, have not all yet come in, and they are largely of this year. For instance, as to the order given for the manufacture of rolling-stock in the colony last year, that was not all fulfilled, and must come to book this year. If honourable members will say that any of these items should be charged to works, I will never again say another word with regard to railway matters. . The items I refer to are as follows : There is for American locomotives £146,000 already brought to book ; American cars, £86,000 ; English wagons, £182,000; also Westinghouse brakes, and allowing for charge of materials in the colony, £70,000, but we may be able to reduce that by about £28,000. Then, for wagons being built in New Zealand by contract there is £33,750 ; for new cranes to order, £6,000 ; for working machinery (new machinery for workshops), £12,000 ; for stations, £8,000; for

roll- ing-stock, building in the New Zealand Rail- way workshops, and material, £106,870. If any honourable member will take these figures and tot them up they will find they come to over £600,000. And there is neither a wagon too much nor a locomotive too much, nor a single item of that £600,000 that any honourable mem- ber will tell me should not be charged against additions to open lines or capital account. You have there £675,000, and you are voting this year over £600,000. An Hon. MEMBER .- The honourable gentle- man is asking us to quicken the Wellington- Napier line. Mr. SEDDON .- Yes, that is so ; and in many parts of the colony we are asked to quicken the train-service. I say we cannot do that except we lay heavier rails. Captain RUSSELL .- The trains are much slower now than they were many years ago. Mr. SEDDON .- Well, I do not know what they would have been if it had not been for what we have done. At all events, 11.0. the honourable member asked where the money went, and I say that is where it has gone, and I challenge any honourable member to say there is a single item he could object to. Then we come to this: the charge of mainten- ance in the colony which is charged to capital account. Sir, it is not one-half, not a third, of what is charged under the same head in Vic- under the same head in New South Wales, and practically on the same principle. The honour- able member for Bruce was somewhat in- genuous when he read out to us what had been done in Victoria. He said it was charged to maintenance. As working-expenses it is all charged under maintenance, only there are two separate accounts of maintenance kept-one por- tion is charged to working-expenses and the other to capital account-and that is where the honourable member, not having had experi- ence, has dropped into a mistake. In all rail- way management the maintenance is under one head, but it is in two divisions, the one charged against capital account and the other against working-expenses. That is the mistake the honourable member has made. Our charge against maintenance this year, so far, does not at the present time amount to much more than £50,000. So that when he would lead the House and the country to be- lieve that we are unduly charging against capital account works that should be paid for out of revenue, I say he is mistaken. If you ask the total amount-and as Colonial Treasurer I ought to know-I say you will find it is between \$50,000 and #60,000. This year I do not suppose it will be much over £100,000, as against £290,000 for Victoria last year, and as against £216,000 in Victoria in the year pre- vious. Therefore, when you come to make comparisons, it will be seen we are not sinning at all in this respect. Sir, I cannot understand the logic of these gentlemen. If you are re- erecting a bridge to meet existing conditions, and that bridge originally cost £20,000, it is right to charge the extra cost as we charge it at present. The very same rule applies in putting down heavier rails. Any railway ex- It pert will say it is a reasonable charge. is a charge that has been made for a long way back; and, for myself, I may say I can remember a long way back in respect to railway management and railway works. We are only carrying out a reasonable system. It is not as though the rails were exhausted. Let us suppose that we charge against that ex- haustion the full value of the rails, and only charge to capital account the difference in the weight, I say that is a reasonable method to adopt. We do the same in the case of a bridge. If it originally cost £10,000 and we have to re- move it and put a bridge there to meet existing conditions-to meet the heavier traffic of the country-the difference between the two is charged to capital account. The system in existence here is one that is carried out in all railway systems in the world, and I cannot understand members taking exception to it The reason this debate has taken the now. turn it has is that we are this year asking for a considerable sum for additions to open lines. Well, who is responsible for that? I say this House is responsible-the members of the House are responsible for it. The Minister for Railways-not, however, the present Minister for Railways, but the Hon. Mr. Cadman-came to the House some

<page:845>

traffic and the necessities that existed, he fore- saw that the House must find an increased capital account for the providing of rolling-stock and locomotives. When the present Minister for Railways brought down his Statement-that there was to be a sum of £2,500,000 expended for this purpose, covering a

period of five years, which would average £500,000 a year for that time-it met with the general approval of members. There was no exception taken to it ; and I say, as exception was not taken then to this commitment of the colony, it seems to me childish in the extreme to start finding fault with it now, when you have the locomotives made and the rolling stock made, and have got them practically here in the colony. What has happened, however ? Let me give some instances to honourable members. The old station at Mercer was burnt down, and we are putting a station there sufficient to meet present requirements, but a much superior building in every way, and a much more expensive Well, the building than the original one. original value of the building will be deducted from the present cost, and the balance of the cost of that new station will be charged to capital account. I cannot see that members should object to that. Then, Sir, we have new station works at New Plymouth. We are reclaiming land there, and extending the station to such an extent as to be practically rebuilding it, because trade has increased there to such an enormous extent. In fact, we are doing there what we are doing in other places, and if we were to stop now and leave these works unfinished we should have the travelling public complaining about the railway management of the Government. I have to meet this year, I suppose, £15,000 or £20,000 for building new offices here in Wellington. Well, where is that to be charged to ? An Hon. MEMBER .- Public Buildings Account. Mr. SEDDON. - It is to be charged against the capital account of the railways. It is a new building entirely for the railways, and therefore properly must be charged against the railways. Will any member say this is not necessary expenditure? Then, there are items for the new system of interlocking, and new block - working, in connection with which an expert has been brought from Home ; and all we charge against that this year will be about £8,000. I have gone carefully through each item, and I cannot understand where the members have got their information, and why it is they make the charges we have heard in respect to the amount charged to capital account. Sir, I may say at once, just to show what is going on, that I have in my hand a communication that came to the Minister for Railways to-day-it is one of scores he is receiving almost daily, and it is characteristic of what is required throughout the colony : - "Takapau, 26th October, 1901. "DEAR SIR,-We must again draw your attention to the scarcity of trucks at Takapau Station. We are cutting and sending down on the ground. If we cannot get trucks we will need to stop our wagons and eventually our mill. Trusting that you will see into the matter, -We remain, &c., "TAKAPAU SAWING COMPANY, per H. G. M. "The Minister, New Zealand Railways, Wellington." . Now, there is a specimen of what is coming in to the Minister for Railways. I may say, as Colonial Treasurer, that, with the very heavy charge under public works, I have been somewhat diffident about increasing the expenditure. I have felt exercised in mind at the large amount which we have now reached, and I have endeavoured as far as lay in my power to curtail expenditure. But I find the country going ahead so much that the necessities for increased communication render it almost impossible to comply with them. It is not the Government that should be blamed-no blame is attachable to any one. Members are the representatives and the mouthpieces of the people, and the people demand the necessary conveniences consistent with the development of the districts which they represent. The Government therefore bring down proposals. I would prefer the amount to be much less; but I am sure, if it had been, the country would have demanded more. That being so, members should not find fault with the Government, and ask why we do not go back to 1889 and 1890, when there was only \$300,000-that was the expenditure of the Atkinson Government. Let any Minister come here and attempt it, even with a million and a half, and the country will not stand it. It is important, more especially with railway communication, that we should complete the railways and give producers opportunities of getting their produce to the seaboard at the lowest possible cost. That is an absolute necessity, and you cannot do that unless you spend money in doing it. I have known districts where settlers are living a life almost of penury, waiting for this means of communication; and when we are doing it at a much more rapid rate than formerly, and we are found fault with, it is disheartening in

the extreme. I am sure the life of the Minister for Public Works during the last few weeks has been most unhappy ; and, as for the Minister of Lands, those members who require roads and bridges and means of communication with the back blocks have been the means of injuring his health. Captain RUSSELL .- The Minister expressed himself as feeling particularly happy. Mr. SEDDON .- The Minister for Public Works was happy because he had his sixth Statement to make; and it is a pleasure to any Minister to have that opportunity. In other words, he told you that he regretted that circumstances prevented him giving as much as members demanded. I do not think there is much more for me to say. I have been told that there used to be sums voted from the loan account in days gone by to the work-

<page:846>

lucky way of estimating what should be charged against capital account. It has not been done during my time, and I do not think that would be a fair way of doing it. There has probably been some confusion somewhere ; but I do say that, as long as I can remember-and I have the experience and advice of those who have been connected with the railways from their first construction-there has always been a distinction made as to what is charged against capital account and working expenses and revenue. It must be discouraging to the officers in charge of the railways to hear these statements made. I indorse what has been said by my colleague the Minister for Railways. What is a fair and proper charge against capital account is all we desire them to charge. had rather, myself, if there is any doubt at all in the matter, that it should go against working- expenses, because our railways give us a very fair profit. They give to myself, as Treasurer, a considerable surplus each year, and if there is any doubt at all I would rather they erred as against revenue than as against capital account. The officers have full control of the management, and why should the honourable member for Hawke's Bay and the honourable member for Bruce accuse those officers ? Mr. J. ALLEN .- I accused Ministers. Mr. SEDDON .- I say my colleague has never given any such instructions. He has never been a party to any such thing at all, and, as far as I know, all the amounts charged are shown, and it cannot be said that anything is kept back. You can take them in the State- ment, item after item, and see the amounts charged, and if there is anything in the items you object to you can do so ; but, Sir, I consider this Statement has been one of the most satisfactory that has ever been laid before the House ; and I hope to see this Bill passed, so that we may get to the estimates, and I am sure our constituents will not be at all dis- pleased with the proposals made therein. Mr. WITHEFORD (Auckland City) .- Sir, I must express my pleasure on the occasion of the Hon. the Minister for Public Works laying before us his sixth annual Statement. Had I been a South Island resident I feel that I would have gushed a little more on the subject of the total amount to be expended on the construction of the railways in the Colony of New Zealand. If we were now in Committee dealing with a Bill I would like to have added one or two words to the twenty-eighth line of the first page of the Statement to show my sentiments. "The paragraph in the Statement reads, " While this good work has been done during past years, we who for the time being have the welfare of the country intrusted to our charge must not ignore our responsibilities in seeing that steps are taken for the future development of our colony." I should like to add, " and the further development of the North Island." Then, a little further down the Minister says, " We must further improve our existing lines of communication ; and this, done with due regard to economy, will result in placing our country Mr. Seddon proper means of communication our settlers are hampered and handicapped." I should like to insert the words "Without proper means of communication our poor North Island settlers are hampered and handicapped." So far as the construction of railways is concerned, it is a matter of indifference to me personally whether the items are charged to capital account or revenue. That may interest South Island members ; but in Auckland we should be only too glad to get the lines built under any system. We cannot get lines built on any system. I notice here that there are 2,212 miles open for traffic and fully equipped. Of this there are 1,377 miles for the South Island and only 835 for the North Island. Thus there are 542 miles of railway fully equipped in the

South Island in excess of what there are in the North Island. Now, it is not so much the construction of the permanent-way or in laying down light rails or heavy rails, but it is the great impetus it gives to settlement, to agriculture, and commerce in the South Island to have all these locomotives, this rolling-stock, these railway-stations and railway officials ; and all this, in addition to the 542 miles of railway, as compared with what we have in the North, is what I consider hardly fair. I do not wish to draw any invidious comparison, but I am going to appeal presently to the sentiment of fair-play with which I know my Southern friends are imbued. Now is the time for them to show their goodwill and charity towards all men, and let the North Island have 542 miles of railway before any more railway - construction takes place in the South Island. That is the true statesmanlike attitude. The North of Auckland has been kept back in the value of land, trade and commerce has been restricted, and even politically it has been kept back. Up till recently, when my friend the Minister for Public Works and my friend the Minister of Lands came to Auckland, we were beginning not to know what these particular Ministers of the Crown were like, and if the Maori Antiquities Bill had been passed some little time ago we should have liked to have put a Minister of Lands or a Minister for Public Works in the museum up there as relics of antiquity and historical records, so as to show the people what Ministers of the colony were like. As regards this vote, if the colony could afford it, I would like to see £200,000 expended on the Otago Central, and I am not going to advocate the taking of one penny off their vote ; but if the Southern people decide for two or three years to do away with these great votes so as to allow the North Island Main Trunk line to be finished, so that the colony can get some return from its expenditure, I can assure them they will have the united and unanimous vote of the North Island members; but we are not going to try and force them. When, Sir, we take into consideration that this 542 miles of railway in excess of the North Island has to be multiplied by its associated interests in every shape and form, it shows under what disadvantage we in the North Island have been labour-

<page:847>

in the South Island I could understand the pushing of those railways ahead ; but, as railways should precede settlement, the case is just the opposite. We have three million acres of good agricultural land unoccupied in the North Island, and if that belonged to an enterprising company or an enterprising Government they would at once run the railroad into it, and then offer the land for sale, so that it would add to the revenue of the Crown, and, by reason of the population that would be settled there, lessen the debt per head of population. What, however, is the case? Last year when I wanted the land opened up I was told that one hundred thousand acres would shortly be opened up in the North Island. After twelve months I am told that sixty thousand are to be opened up, or forty thousand less than was to be opened up a year ago; and none of it has been opened up yet. If our South Island friends see the importance of allowing all the railway expenditure to be in the North Island until these lands are settled they would show that they are statesmen in the truest sense of the word. The Premier says it is imperative that the colony should complete the railways, and let the settlers bring their produce to the markets. Well, take the district of the honourable member for Waitemata. Forty years ago the settlers there-the Albertland settlers-were brought out under great promises of what a great country it was for the farmer, and after forty years' residence there they have neither railroads nor decent roads ; consequently many of them have had to leave the district for the southern districts, where there is a decent railway service by which they can bring their produce to the market. I say these men have been making up the financial deficiency in the railways in the past, before we had such an able Minister as the present Minister for Railways, and there was a deficiency of £300,000 a year. They had to put their hands in their pockets and make up that deficiency-the poor settlers of the North Island had to contribute to make up the loss in the revenue. Why should not some of the excess of the present earnings go back into the pockets of those people, and help to make roads and extend the railways for them, where better results could be obtained

than from railways running in any new parts of the South Island you can mention as requiring railway-construction? I am going to point out another thing. What brought Victoria into trouble some time ago? It was the fact that they there commenced to extend their lines of railway into the interior country, and into unprofitable districts away from main centres of population, and where the industries were such as would not support the lines; and we are falling into the same mistake in the South Island, and yet ignore the north of Auckland requirements, where there are 38,000 Europeans and 9,000 Maoris, and magnificent agricultural land for railways to be constructed; but we cannot get the Minister for Public Works or the Premier to go up and see what is wanted. If they would do that they would be convinced at Railways says that if you go on increasing the mileage of the railways you must increase the engines and rolling-stock, and provide for an extension of traffic at a very large cost. How is it possible for us to overtake that 542 miles start that has been given to the South Island? I hope that honourable members will take the subject into their serious consideration, and do what is right. Is it right to go on piling up this discrepancy, to go on increasing the unfair excess in railway-construction which exists in the South Island as against the North? We are not grudging the South Island what it has got; but it is time that earnest and sincere attention was given to the northern position. I trust in future members will do what is right and fair, that fair-play will be given to us, and that before any more money is spent in the South Island the South Island members will get up and say, "We will construct 542 miles of railway in the North Island, and make the North Island fairly balance," restoring the equilibrium of railway-construction and expenditure. There are three or four million acres of land to be sold there, and the money would go into the consolidated revenue; we should not then require to go on borrowing, and the population would double or treble. When it was seen that a grand programme of railway construction and land-settlement was being carried on in the North Island people would come here from all parts of the world. Mr. HERRIES (Bay of Plenty). - The honourable member who has just sat down has taken one of my arguments out of my mouth, and has put it in such a statesmanlike way that I can hardly allude to it again. It is only necessary to look at the estimates in order to agree with what the honourable gentleman has pointed out-namely, the way the South Island has been treated as against the North. What I do not understand is why the honourable gentleman continues to support a Government that has so grossly treated the town and province he represents. He congratulates the Minister for Public Works in starting; but, like Balaam, he blesses him on the one hand and curses him on the other. It always seems to me that his curses are worse than his blessings, and that, while he begins with a sort of congratulation, he always ends by condemning the Government, root and branch, as they should be condemned. Now, it is difficult to discuss this question without the quarterly accounts being before us, and it seems to me that the quarterly accounts to the end of September should have been brought down and gazetted before we discussed this question, because the financial question looms large in the discussion on the Public Works Statement. The Government have evidently got frightened. They have confessed their weakness by bringing down this additional quarter of a million. It seems to me a pitiable spectacle for the Government to have to confess its financial weakness, and to say to us that they have so miscalculated the amount required that they have to increase

<page:848>

them another quarter of a million. An Hon. MEMBER. - There is no miscalculation. Mr. HERRIES. - Then, if there is not, it is a curious thing that the Government should bring down a Loan Bill and estimates based on a loan of a million, and that a few days afterwards they should say that they want another quarter of a million. I had made calculations, which I will not now inflict on the House, but which showed that at the end of the financial year, with a loan of a million, the Government would be in a difficult position as far as the public works were concerned. My calculations must have been correct, for the Government has proved the correctness of them by bringing down proposals for an additional quarter of a million.

They would have been in great straits if they had not asked for and obtained this additional quarter of a million. The Minister for Public Works has admitted in his Statement that there would have only been the small balance of £335,000 at the end of the 31st March next, and then, of course, there would be the expenditure between that date and the 30th June, before which date Parliament could make no provision. As a partial proof of my statements, I wish to draw attention to the enormous increase in the public works expenditure in the different quarters :- £ Quarter ending 30th June, 1901 417,213 1. 603,399 31st March, 1901 . 31st December, 1900 302,705 30th September, 1900 251,645 £1,574,962 Or an expenditure of nearly £400,000 per quarter. Now, taking the year's expenditure, ending 30th June, 1900, the figures are as follows :- £ Quarter ending 30th June, 1900 151,640 31st March, 1900 425,750 . . 31st December, 1899 190,022 30th September, 1899 174,094 £941,506 \-an average of about £250,000. So that there has been the large increase from £250,000 to £400,000 in the expenditure per quarter ; and we may reasonably expect that there will be a similar increase next year. The public are expecting an increase, and the elections will be coming on. I am tolerably certain, therefore, that there will be a considerable increase during next year, and I say that the Minister at the end of this financial year would have found himself in a very considerable hole unless he obtained the extra amount of borrowed money he now asks for. I also wish to point out that the liabilities in the Public Works Fund have been increasing at an enormous rate. On the 31st March, 1900, they were £494,000, and on the 31st March last they were \$1,292,095; so that it is not a matter for wonder that the Government should ask for another quarter of a million. Mr. Herries for such a large expenditure on roads. Mr. HERRIES .- If any one looks at the amount voted for roads for the last two or three years, he will see that roads have been treated this year worse than they have been for several years past. It is only proposed to spend this year £384,000 out of a total of £2,197,334 ; whereas last year it was proposed to spend £467,000, which is a considerably larger sum than it is proposed to spend this year out of about the same total amount voted. The year before they proposed to spend £447,000, which is also larger than the present year, and that was out of a smaller total of £1,374,000 ; so that this year, although we are borrowing more, we are actually proposing to spend less on our roads than we did three years ago. That is not right. The roads ought to be the primary expenditure. If the land-settlement of the Government is to be a success -- and I trust it will; we all wish that it should be--the roads must be the primary thing to be considered in the settlement of the country. And, without fear of contradiction, I say that settlement is progressing faster than roads, and that unless the roads are brought up to meet the settlement that settlement will be checked. It is no use putting people in the country where there are no roads, and the Government, I contend, is not doing wisely to reduce the expenditure on roads. As I pointed out when the additional \$250,000 was introduced by Governor's message, the proposed expenditure on the roads actually does not meet the liabilities. The proposed expenditure is £384,000, and the liability already incurred is \- £447,000. There is therefore a difference of \$63,000 to the debit already. The Roads Account starts this year with a debit, and even the £50,000 the Minister proposes to add out of the quarter of a million, will leave a debit of £13,000. Now, I ask any one who is acquainted with country districts if it is right to start the year with a debit, the result of which must be that the settlers will not get any fresh roads made. Mr. HALL - JONES. - There are several mere book liabilities. Mr. HERRIES .- Yes; we know what they are. Many of them are kept on year after year, and the Minister says that certain districts are getting so-much, when in reality it is only old votes revoted. The same old system is carried out of authorising about twice as much as it is intended to spend. If members will look at the end of Class XXVI .- Construction and Maintenance of Roads-it will be seen the authorisation is £608,629. Out of that sum the total estimated to be required for the current year is only \$300,000. But when the settlers look at the list and see the amounts put down for roads they do not know it is only put down for show, and that it will not be spent. In the first place. only half of the amount is voted, so that only half can be spent ; and, in the next place, there \-- are all the liabilities of the

previous year, which for this year, I am sorry to say, amount to about £63,000 in excess of the sum proposed to be

<page:849>

voted. That is not a thing that is creditable to the Minister in drawing up his Public Works Statement. I say he is neglecting the roads, and they are the most important things in the country. Now, having expressed myself with regard to that point, I would like to say a few words on the railway question, which is the question on which the debate appears to be turning. The member for Hawke's Bay and the member for Bruce did not say that all additions to open lines ought to be charged to the working-expenses. We admit that some of them are properly charged to capital account ; but there are any amount of items that we say, and that any business man would say, ought to be charged to working-expenses. Mr. NAPIER .- What are they ? Mr. HERRIES .- The replacing of sleepers, for instance. That ought to be provided for out of working-expenses. For my part, if I manured my paddock, I would charge it to working-expenses. The Bank of New Zealand did not, and that is why they came to grief. Relaying rails ought not to be charged. Take the fitting of second-class bogie cars with cushions. I reckon that ought to be charged to working - expenses, because I do not think that capital ought to be borrowed to provide cushions. But I would like to ask the Minister to explain whether the whole of this £325,000, which is the expenditure on additions to open lines for 1900-1901, and is borrowed money, has been added to, or whether it is in the £17,207,328 which is put down as the total cost of constructing the open lines? I would like to know whether it appears in the capital account, or whether it is added to the £1,022,729 put down as the cost of unopened lines. I allude to return No. 6, which is a valuable return. Sir J. G. WARD. - Look at the General Manager's report. Mr. HERRIES. - I have carefully checked all these figures, and I think this sum of \$17,207,000, which is the total cost of constructed lines, is grossly misleading. In the first place, take Return No. 16-a return showing mileage, cost, traffic, revenue, et cetera, of the railways. There it is shown that this year we increased our railways by about 108 miles in the mileage column, but we only increased our capital cost from £16,703,887 to £17,207,328, or by a sum of \$504,000. Well, now, I say that is grossly misleading, because eighty-two of these 108 miles is Midland Railway, and no charge is put down for the Midland Railway in the capital account of the colony. I say that is not right : it should have been valued and put down to capital cost ; because otherwise, if you divide the capital cost by the mileage, you get an entirely wrong idea as to what the railways cost to make in this colony. Turning again to Return No. 6, I find a great number of the things there-for instance, stock (permanent- way), stock, additions to open lines, stores, and surveys-are not included in this sum of " opened \$17,207,887." They are included in this "total unopened \$1,022,328," and the Hon. the Minister will nowhere find that this VOL. CXIX .- 53. £1,022,000 is treated as included in the total cost of construction. Now, I believe that all that money for stock, additions to open lines stores, et cetera, has come out of the borrowed money for additions to open lines, and yet does not show in the total cost of open lines. Take, for instance, the additions to open lines stores, which have increased this year by \$30,000 odd : we find exactly the same sum enumerated in Return No. 7. at the bottom of page 27, as part of the £325,000 borrowed for additions to open lines ; and yet this sum does not show in the sum of \$17,207,328, total cost of open lines, but comes in that \$1,022,000 of the total of unopened lines, and I say that is a grossly misleading thing. What happens is that all these alterations and figures are put where they should not be, and the total cost of opened lines does not appear as great as it should be, and the consequence is that the percentage earned by the railways on the total cost is made so much less. I do not think it brings the earnings to under 3 per cent., but it brings it nearly down to 3 per cent., so far as I can make out. I say, in the total cost to open lines the value of the Midland Railway should be put; and in the same way the whole of this \$325,000 of last year's borrowed money should be added to opened lines. I will further show how impossible it is that this £325,000 can have been added. If honourable gentlemen will look at Return No. 6 they will find last year

the total cost of open lines was \$16,703,000 ; this year it is £17,207,000 ; but two separate items that occur in this year's open lines-Westport Harbour works, €14,111, and Greymouth Harbour, \$127,234-were set down as unopened lines last year. This year they are in the open lines, and they increase the cost of open lines ; therefore, the net increase of open lines is only \$362,000. Now, if the whole of the £325,000 was added, this would leave a balance to be accounted for of £37,000. But twenty five miles of railway besides the Midland have been opened ; therefore this ought to appear in the cost of open lines: £37,000 is a ridiculous sum to say twenty-five miles of railway opened could cost. Therefore, I am satisfied the whole of this £325,000 does not occur in the cost of open lines. So that, as far as I can make out, the amount given as £17,207.328 as cost of open lines is entirely misleading and below the actual cost, and any calculations founded on that cost must be mis- leading. So much for the railways ; and I must say the discussion on the railways at odd times always happens because no opportunity the Railways State- is given to discuss ment. That Statement ought to be discussed -and perhaps the Minister will now see the usefulness of the suggestion-when it is brought down, like the Financial Statement. We have to discuss the Railways Statement whenever we can get a chance-bits of it on the railway estimates and bits of it on the Loan Bill. The railways are the most important part of the service of the colony, and the need of discussing the Railways Statement is not out of place in the counsels of the House. In regard to the Public

<page:850>

reducing the amount for roads. I cannot congratulate the Minister for Public Works on diminishing the amount for roads. It is a mistake to check settlement, as this will do ; but I do trust the Minister of Lands will try to spend the small amounts that may be voted. Mr. HALL-JONES .- It will be done. Mr. HERRIES -I hope so; but last year the amount spent on roads was £315,000, and there was voted £465,000, so about £150,000 was not spent. There is no reason why this money should not be spent-that is, if the Minister can borrow the money. And now to come to the Bill itself. I will point out an important alteration in regard to the loans. Formerly, in the Bills of the last year and preceding years, there was a clause as follows :- " No debenture, scrip, or other security created or issued in respect of any moneys raised under this Act shall be sold or otherwise disposed of by the Colonial Treasurer, the Agent-General, or the aforesaid Agents at a price that will yield to the purchaser a higher rate of interest by the year than four pounds for every one hundred pounds of purchase- money in the case of short-dated debentures, and three pounds ten shillings for every one hundred pounds in any other case ; but such debentures, scrip, or other securities may, for the purpose of temporary advances pending the raising of the aforesaid moneys, be hypothe- cated or mortgaged by him or them, upon such terms as to interest and otherwise as are deemed expedient." Well, now, this year that clause, "and three pounds ten shillings, for every hundred pounds in any other case," is left out, so that the Colonial Treasurer, if we pass this Bill, can go to London and borrow at 4 per cent., not on short-dated debentures as he could before, but he can float a regular loan of a million and a quarter at 4 per cent. An Hon. MEMBER .- More than that. Mr. HERRIES .- Just so; if the Solicitor- General so advises him as to the law ; but these are the terms of the Bill, and it is quite dif- ferent to what it was last year. Last year you could not float any loan for any length of time for more than 33 per cent. Now, the honourable gentleman has to confess that, either from the position of the Government, or other things which affect the Stock Exchange at Home, he cannot raise a 33-per-cent loan at Home, and he has to go and borrow at Home at the rate of 4 per cent. Such a thing has not been known in the colony for a long time. This seems to me to show that the Government cannot have that popularity at Home which it is presumed to have had here. The honourable gentleman evidently knows he cannot borrow at Home at any less rate than 4 per cent., and this is the first time he has confessed it ; and yet his constant boast about the country has been that he can borrow at 3 per cent., which no other Government could. In his Loan Bill he confesses straight out that he cannot borrow for any less sum than

4 per cent. How is he going to raise the half-million we have given him for advances Mr. Herries anything less than 4 per cent., the whole system will be destroyed? I trust he will be able to borrow for less than 4 per cent., and I trust the market will be favourable when he goes Home for his loan ; but I assure him he will have to do it as quick as ever he can, otherwise I am afraid the works will come to a standstill. It seems to me that the Public Works Fund is in a very parlous state ; there was only \$626,028 in hand on the 30th June after raising every penny of money they could raise of previous loans. All the money authorised last year has been raised, and it is only the \$500,000 which has to be transferred from the Consolidated Fund this year that comes to their rescue. I trust the Minister will raise the money he requires as soon as possible, in order that the public works shall not receive a check. Mr. SEDDON .- We generally ease off for the summer. Mr. HERRIES .- That is what I am afraid of. I am afraid there is an easing-off on all sides, and it seems to me that there is a short- age of funds. The very fact of the Minister bringing down a proposal for raising an extra quarter of a million at half an hour's notice will strengthen the idea in the country that there is a shortage in the Public Works Fund. I trust the works will be continued right through the summer with the same alacrity as they have been up to now, and I hope, seriously, the Minister will float his loan as quickly as possible, in order that no check may take place. Mr. NAPIER (Auckland City). - Sir, it is somewhat singular that this debate, instead of taking the customary form by honourable gentlemen opposite of an attack upon the general public works policy of the Government as enunciated in the Public Works State- ment, has assumed the form of an acute criticism of the Railways Statement. Now, the honourable member for Hawke's Bay made a very plausible, and what was doubtless intended to be an impressive speech with regard to the condition of the railway accounts, and to some extent while he was speaking I may say I was impressed by what he said. I thought, if his contention was a well-founded one, there were grave reasons to fear that we were not conducting our railways on business lines ; but I took the precaution, before accepting the honourable gentleman's deductions to obtain a copy of the report for the present year of the New South Wales Railway Commissioners, and I found that the honourable gentleman had only made a partial examination of that report. If his examination had been a more exhaustive one he would have found that his argument was entirely fallacious. I think I shall be able to show that the amount spent upon maintenance of the railway-lines out of railway revenue in New Zealand is relatively greater than in New South Wales. The honourable member made a very strong point of the allegation that we are spending a large sum of money for maintenance of way and charging it to capital account, and that in New South

<page:851>

ing-expenses account. I have before me the report of the New South Wales Commissioners for the period ending the 30th June, 1901, and I find that out of railway revenue the percentage of expenditure to revenue that they paid towards the maintenance of permanent-way and works and buildings was 13.56 per cent. Now, Sir, what have we spent out of revenue and charged to working-expenses during the past year for maintenance ? We have paid \$426,405, or 24.69 per cent. of expenditure to revenue. That is to say, we have spent 24.69 per cent. of revenue in maintenance ; whereas New South Wales has only spent 13.56 per cent. We have therefore paid a much larger sum out of revenue towards the maintenance of the lines than New South Wales, and they have charged 11 per cent. more than we have to capital account for the maintenance of permanent-way. Now, Sir, the total percentage of expenditure to revenue in New South Wales last year was 57.17, whilst our total percentage was 65.30, and, if you leave the figures at that, no doubt it is an unfavourable comparison as far as New Zealand is concerned. But if New South Wales had spent as much as we have spent in maintenance and improvements, and had charged it to working-expenses account, their proportion of expenditure for working-expenses would have been 68 per cent., as against our 65 per cent., and consequently the working of the New Zealand railways during the past year has, to my mind, been more satisfactory financially than the working of the

railways in New South Wales. Again, the honourable gentleman said the amount for working-expenses was annually increasing. So it must necessarily be with the increased traffic ; but the relative cost of working is increasing more rapidly in New South Wales. The expenditure for working our railways, the General Manager says, was €1,127,848, equal to 65.30 per cent. of the revenue, an increase of 0.50 per cent. over the expenditure for the previous year. The honourable gentleman extolled the success of the New South Wales Railways Department in this respect, but I would point out that the increase in working-expenses to gross revenue is relatively greater in New South Wales than it is in New Zealand. In New South Wales last year the working expenditure per cent. of the revenue increased 1.24 per cent. In New Zealand the expenditure per cent. of the revenue increased only 0.50 per cent. ; so that the relative difference between the working-expenses and the earnings is much less favourable in New South Wales than in New Zealand. If you judge of the success of the administration of the Railway Department by the percentage of the working-expenses to the gross receipts, then the management of the New Zealand railways is considerably better than the management of the railways in New South Wales. The honourable gentleman also said that matters which should properly have been charged to working-expenses account for maintenance had been charged to the capital account. Now, the total amount, as penses for maintenance last year was £426,405. The particulars are given in Return No. 10, and it is significant that no reference was made by the honourable gentleman to Return No. 10; but, if reference is made to that return, it will be seen that there was nearly half a million of money paid for maintenance out of actual receipts, and not out of borrowed money, and that much of that expenditure was upon works of & permanent character, and which could legitimately have been charged to capital account ; so that the complaint that renewals and repairs are all paid for out of the capital account falls to the ground. The charge is absolutely baseless, as is proved by the return submitted to the House, and which the honourable member for Hawke's Bay had an opportunity of considering if he had taken the trouble to do so. But I shall not dwell upon that matter any further. I have a few remarks to make now with reference to the expenditure on public works in the Auckland Provincial District. With regard to the North Island Main Trunk Railway, I find that a number of men have been discharged from the works, and their places have not been filled up. I admit that the men who were retired were properly discharged for either personal misconduct or inability to perform their work properly. What I contend is this : that as soon as those men were discharged steps should have been taken to replace them by competent workmen, so that the progress of the works would not be delayed. We had a specific promise from the Minister last year that this line should be completed in four years from 1900. The Hon. the Minister was urged by member after member from the Auckland Provincial District, and from the Wellington Provincial District - and in this matter we have had, too, the co-operation of the southern members-to determine that the North Island Main Trunk Railway should be completed with the utmost possible speed. Thousands of people petitioned the House to the same effect. But, Sir, on perusing the paragraph relating to the North Island Trunk Railway, I candidly ask myself if the Minister was sincere in the pledge he gave, and if the Government were sincere in the promise they made last year, that the line would be completed in four years from 1900. I find that the estimated amount required to complete the work is \$986,000. Now, let us suppose we vote £160,000 this year, there will remain £826,000 to be voted in the two subsequent years, and, notwithstanding the zeal of the honourable gentleman in charge of the Public Works Department, I must say I have my doubts that we shall get \$826,000 in 1902 and 1903 voted by this House. Yet there is a specific pledge that that line shall be completed in less than three years from this day. I have placed great confidence in the honourable gentleman, and have accepted the promise as a sincere one, made bona fide, and I trust I shall not be mistaken in him. I do not think the manufacture of the ironwork for the Mangaweka Viaduct at the Makohine workshops will in any way ex-

and, though it may turn out good work, I do not consider it is adequate to turn out the work for the viaduct at Mangaweka at any- thing like the speed it could be turned out at some of the private engineering-shops of the colony. It would, to my mind, have been better if a contract had been let for this iron- work. Then, there is no time stated for the completion of the Mangaweka Viaduct. The advantage of letting it by contract would have been that we would have known the exact date when the viaduct would be completed, and when the train would run on to Taihape. There are still seventy-two miles on which not a single thing has been done ; yet we are told even in this Statement that there is no reason why the promise to open the railway in 1904 should not be fulfilled. Well, is there the slightest probability that the line will be opened in 1904, when there are seventy-two miles of railway on which not a single thing has been done ? would like to know why the felling of the bush in the Waimarino Forest could not be let by contract. Mr. HALL-JONES .- It is going on now. Mr. NAPIER .- Yes ; but look at the number of men employed-only eleven hundred over the whole line. Mr. MEREDITH .- You ought to be satisfied with eleven hundred men. Mr. NAPIER .- There are seventy-two miles of railway on which there is not a single man, and the whole of the line in that country has to be formed ; and there are many difficult works to be undertaken there also. The final survey has only been completed ; the line has to be formed, the bridges and culverts made, and everything done within two years. I am very pleased the honourable gentleman has let a contract for the steel-work for the bridges over the Toitoe Creek and the Hautapu River, as we urged him to do last year, otherwise we might have waited for the work until the Greek Kalends ; but I do not think he ought to order the steel and iron required for the other bridges . up to Ohakune from England. It would be far better to trust to private contractors to do this work. If he had fixed a time, and had called for tenders for the construction of the iron- work, I believe that, even though it had to be brought from England, it would be got cheaper from private firms than through the Agent- General. I have it on competent authority that, when goods are ordered from the Agent- General, the Government pay, in some instances, 10 per cent. more than if they ordered the goods through a local contractor in New Zealand. An Hon. MEMBER .- How is that ? Mr. NAPIER. - Because manufacturers always bleed the Government. The Govern- ment have no expert traders, and do not get on the inside track of prices. What I would sug- gest is that tenders should be invited ; and com- petition in the industrial and commercial world is so keen that I believe that it would practi- cally bring the prices down to bed-rock, and to a figure very much less than the Government Mr. Napier market, and they have no experts to purchase steel and iron for them, and they have to pay a high price for it : in addition to which the material is delayed in delivery. Now, it is notorious that manufacturers in England can- not supply orders that have been sent from the colonies ; and, as a matter of fact, as the Minister for Railways has admitted in the House, British manufacturers had to refuse orders that were sent from the Railway Depart- I believe that if the department had ment. called for tenders both in America and in England there would have been a large amount of time saved, and I believe the Americans could deliver the steel- and iron-work much earlier than the British manufacturers. In fact, we had an offer here from an American firm of bridge-builders, that was, I think, sent to a number of members of the House last session, to build the Makohine Viaduct and have it ready to place on board ship at New I York in nine to twelve months. Mr. HALL-JONES .- Nonsense. Mr. NAPIER. - That is the firm that built the Atbara Bridge, in the Soudan, in six weeks or two months-a steel bridge over a wider river. Mr. HALL-JONES .- How long does it take to build the sheer. legs in Auckland ? Mr. NAPIER .- They have not been ordered yet. I maintain that English manufacturers are slow in executing orders, and I take the state- ment of Lord Selborne, the First Lord of the Admiralty, to prove it, who in the House of Lords recently impeached the British iron-manufac- turers upon their want of enterprise. He said they had not sufficient enterprise, and they had not sufficient plant, and that the British Go- vernment was placing orders in America because they could get their goods delivered cheaper and quicker from that country than from British manufacturers. If the honourable gentleman is in earnest

in his endeavour to complete this railway within the specified period,-and he has given us his promise to do so,-he should call for tenders in England and America for the construction of these steel and iron structures. I do not like the qualification put in this State- ment-" if the funds are available." There is no question about the ability of this Government to get money, and I maintain, when we have so large an amount of dead money sunk in the North Island Main Trunk Railway, and earning no interest, it would be better for this colony to pay even 4 per cent. for the money in order to complete the work, and have it earning a profit at a much earlier date than otherwise could be the case. Sir, considering the energy the honourable gentleman has shown in his depart- ment, I do not despair that the honourable gentleman will still see his way to complete this work within the time and redeem his pro- mise ; but at the same time I would impress upon him these facts, and point out that it is not desirable he should wait for another year and then come down to the House and say, " We find it impossible to do the work within the four

<page:853>

The sands of time are running fast, and it is necessary to infuse greater energy into the con- struction of this work. I trust that this will be done. With these few remarks, I have very little further to add. I do not think the vote of £160,000 is an adequate vote, provided the Government are sincere in their desire to com- plete the work ; but, even if it is an inadequate vote, I hope the Minister will spend the money during the time at his disposal. I shall be sorry if he does not see his way to spend the money in full ; in fact, I should prefer to see him spend an additional \$40,000 out of the " Unauthorised expenditure." Mr. T. MACKENZIE (Waihemo) .- The honourable gentleman, like other Auckland members, complains about not getting a fair share. He said £160,000 is not an adequate sum to place on the estimates for this railway work, and suggested that £40,000 be added. The honourable gentleman utterly disregards anything like commercial principles. He says, "Let us borrow even at 4 per cent." He would borrow at 4 per cent., when he knows the money-market is hard, and it is altogether the wrong time to go on the London market. He must know that in a short time money will have receded to 3 per cent .; yet, in order to push a line to an extent out of all proportion to its importance, he is prepared to pay 1 per cent. more for the money than we will be able to get it at in a reasonable time. He also speaks of the Makohine Viaduct, in connection with which there is a most melancholy history- a history of reckless extravagance and incom- petence. It has swallowed up enormous sums of money, it has taken many more years to construct than it should have, and is altogether not on such lines of policy as the Government ought to pursue. I do not, however, at all agree with the honourable gentleman in saying, " Let us get the material at any cost ; let us go to America for it." An Hon. MEMBER .- I wonder if Spreckels is interested in it ? Mr. T. MACKENZIE. - Well, Spreckels might have an interest in securing the order for America. Then, the honourable gentle- man deprecated the ability of the British manufacturer to supply us with material, and quotes Lord Selborne. It is true that in some classes of machinery the British manufacturer is not always able to overtake orders; but in the particular class the honourable gentleman alludes to-namely, material for railway-con- struction-there is no difficulty whatever in his securing the orders and getting them executed within a reasonable time. I deprecate certain honourable gentlemen who are antagonistic to Great Britain endeavouring to divert orders to other countries -- countries that will not take an ounce of our stuff, of our produce-but who bar every article we have to export. You take your orders to these foreigners, while the British manufacturer can supply articles of a quality which your Yankee or German friends could not possibly supply. The honourable gentle- able from a business standpoint, just such as one might expect from a legal gentleman with no practical business training. Then, the honour- able gentleman says if you place these orders in the hands of the Agent-General the Government would be swindled. He went on to say that there were no experts to superintend the orders intrusted to the Agent - General. Has he got the slightest idea of the methods pursued in the Agent-General's Office in executing the orders for this colony ? Mr. NAPIER .- Yes. Mr. T. MACKENZIE .- Then, if he has, why does he make

a statement distinctly contrary to fact ? He ought to tell the truth in connection with the manner in which these orders are executed. Mr. DEPUTY-SPEAKER .- I do not think that remark is in order-to say, in effect, that the honourable gentleman does not tell the truth. Mr. T. MACKENZIE .- What I wish to say is this : The honourable gentleman stated that there was no expert experience shown in connection with the execution of indents in the Agent-General's Office; and when I asked the honourable gentleman if he knew the practice pursued there he said "Yes." Then, Sir, I will amend my remark by saying, if the honourable gentleman knew the practice pursued there, why did he say there was no expert evidence given ? There is expert evidence given, and the Agent-General and his officers are always in touch with the very best expert evidence that can be had in Great Britain, and there is not a single indent placed by the Agent-General that is not placed after the most careful investigation by competent engineers and competent experts in every department in the execution of their orders. Mr. NAPIER .- They are outsiders. Mr. T. MACKENZIE .- They are not outsiders. They have one of our Engineers-in-Chief -a man who has been connected with nearly all our railway-construction up to a certain time. He is retained by the Government now. Mr. NAPIER .- He is not an expert buyer. Mr. T. MACKENZIE .- He is an expert buyer. He buys on behalf of the Government when he receives his indent instructions from the Agent General, and with his instructions he goes to the different manufacturers and gets quotations, and quotation is placed against quotation, and the very ablest and closest scrutiny is brought to bear in connection with these different quotations before the order is placed ; and I venture to say that no orders that are placed in Great Britain are placed with greater care than those which are sent through the Agent-General's Office. The attitude the honourable gentleman takes up of deprecating the British manufacturer in favour of his Yankee and German friends, and then of attempting to show that there is not the attention through the Agent-General's

<page:854>

no honourable gentleman in this House should take up. Then, he says there are only eleven hundred men on these works. Well, I think The that is a very generous contribution. Otago Central Railway has not a third of that number. Mr. FOWLDS .- The North of Auckland line ought to have as many as the Otago Central. Mr. T. MACKENZIE .- The Otago Central has about 350 men working on it at the present time. An Hon. MEMBER .- 650. Mr. T. MACKENZIE .- It has never had 650 men working at one time. Mr. MONK .- 623 men and forty artisans. Mr. FOWLDS .- It is like all the honourable member's statements : you can discount them by 50 per cent. There are 663, according to the Journal of Labour for this month. Mr. HALL-JONES .- Not at one time. Mr. T. MACKENZIE .- Mr. Fowlds is in error. Now I shall deal with the honourable member for Waitemata, who wanted some reference. He said the Government should take into consideration the population, and the contributions that population made to the revenue of the country, in allocating the expenditure of a particular district. That was the 12.30. honourable member's contention, and until I looked up the figures just now I was under the impression that this Provincial District of Auckland was dreadfully treated in every respect ; but I find, after all, that it is not so dreadfully treated. I find there has been spent on roads £1,268,000-that is, spent and liabilities contracted up to the present time. They have also had for the opening-up of roads to gold-fields, liabilities and expenditure, £193,000-actual expenditure #164,000, and liabilities incurred up to the end of last financial year, bringing the total up to \$193,000. And, then, consider what they have had in water-races. I am not saying it is too much, but I think it is a fair share. They have had over \$80,000 spent on water-races for gold-mining. Then, on railways I find that they have had close on three millions of money, if you take into consideration the share they have had in rolling-stock and other incidental expenses. I will give the exact figures. I make out close on two millions and three-quarters has been spent on railways in Auckland, exclusive of their share in the rolling-stock. The total spent on railways in the colony, exclusive of rolling-stock, is less than sixteen millions, and, as Auckland is only one out of ten provinces- An Hon.

MEMBER .- What about the population ? Mr. T. MACKENZIE .- I am coming to the question of population if the honourable member will permit me. The population of Auckland is 165,000. I say that less than sixteen millions has been spent on railways, and, as Auckland has about a fifth of the population of the colony, I do not think that in the matter of railway allocation Auckland is so far out. But Mr. T. Mackenzie a very fair share ; and let us contrast it with Otago. Otago has had spent on roads £280,000. Why, Auckland had a million more spent on roads alone than Otago. Canterbury only had \$87,000 spent on roads, and Otago had spent on goldfields \$50,000 ; and, if we consider what was spent last year on roads, I do not think Auckland can complain so very much, for there we find that no less a sum than \$92,255 was spent on roads ; and here is the honourable member for Waitemata, with his loud voice, declaiming against the share allotted to the Auckland Provincial District. Otago had \$15,000, and Canterbury had £8,000, and yet here is Auckland always crying for more. One would have thought that after getting the Frisco mail-service they would have been done for a time. Mr. NAPIER .- They still owe us three millions. Mr. T. MACKENZIE .- I suppose the honourable member has computed it in some way ; but I am going on the figures at my command in the Statement under discussion, which honourable members cannot get over, no matter how they cry out. I therefore think in the matter of roads Auckland is not so bad after all. I think they have had a very fair contribution. The Premier, in discussing the Statement, said we had really departed from the consideration of the estimates. He said we were not showing where the money was allocated. Well, I can say, for my part, that the money certainly is not allocated for the constituency of Waihemo. I feel we will have to persuade the Government to give us something like the same proportion expended in some of the districts that have been complaining so bitterly. I think those who complain so bitterly ought not to be treated perhaps so generously, and those districts whose members have not said much about it ought to be more considered. I find that the Provincial District of Westland comes in for a splendid slice-£3,000 for this work, and £2,000 for that, and so on; so that if Westland, through the agency of the Premier, comes in for so much, I think more should be extended to Otago. I am come now to an important point, and it is this : There are certain West Coast districts where the roads are like gentlemen's drives, and yet in districts in Otago that have not been complaining so much the roads are in a state which is a perfect disgrace to the colony. I was some time ago in the Tuapeka district, represented by my honourable friend Mr. Bennet, and, although that part of the colony contributes so enormously to the revenue-I think it produces gold worth something like £400,000 annually- the main roads there from Lawrence to the interior are in midsummer 2 ft. deep with mud. It is a perfect disgrace. If that road were situated in the Provincial District of Auckland or on the West Coast it would be magnificently metalled, especially if it were on the West Coast. What we want is a combined Otago. They have a combined Auckland, and the consequence is they are going to have more than

<page:855>

are correct. What we want, I say, is a combined Otago, so that, if the Government are going to continue this system of borrowing and expenditure, Otago, at any rate, shall get its reasonable proportion of that expenditure. Now, there is a point too in connection with the railways of Otago, and that is- though it is not in my particular district I hope I can take a wide view of the interests of my part of the colony -- there is an extension of the Catlin's River line which I think the Minister for Public Works ought to send on at a greater speed than he is doing at the present time, and I hope the honourable gentleman will adopt a system of light railways which would tap the valuable forests which exist there. The honourable gentleman last year gave us some very valuable information with regard to light railways, and this district is particularly adapted for being opened up by that process. About fifteen miles from the present terminus is a great forest of valuable timber, and from the way works are being prosecuted there the railway gradually crawls along, and the forest is usually denuded four or five miles ahead of the railway. Roads

are cut up by drays in carting and driving timber, and when at last the railway reaches it often the whole of the forest is destroyed. What the honourable member for Auckland said in connection with the borrowing of money and pushing on construction works, and the lying waste of so much valuable capital, is absolutely correct. If the line is to be constructed it ought to be constructed with speed, and not dragged along as it drags along now. But this is not the time to do it by borrowing money at 4 per cent. We should either have done it some time ago or else do it in the future, when money is procurable at a reasonable rate. It would be much better if the Government selected certain lines and carried them out to a finish than to carry on all these lines in the patchwork way they are doing. Referring once more to the Catlin's River line, I venture to say it would have paid the Government, when money was at 3 per cent., to go on and complete the line and utilise the timber which can be brought out from this Taupau district. Personally, I should prefer to see the local bodies having a great deal more to do with the borrowed money. If that were so, we should not find the honourable member for Masterton getting more than the lion's share. Why, glance over the estimates and see what the honourable member obtains. There is nothing really which the honourable gentleman will not submit to the Government to get a vote for. Mr. HOGG .- "It would not feed a cat what the honourable gentleman gets. Mr. T. MACKENZIE .- "It would not feed a cat!" Well, he must have most voracious cats. Now, there is a question of telegraph extension. I have long held that there ought to be greater telegraphic or telephonic communication with the country districts. The Minister in charge of the department does not see his way to grant this unless an amount of upon particular lines ; but if he wishes to encourage settlement in the back country he should extend the benefits of telephonic communication to the back districts. That is most essential in many cases of sickness. Women in particular are frequently in need of medical assistance, but, owing to the lack of communication, very serious illnesses, and frequently deaths, occur. I do not think I need delay the House longer, beyond voicing my opinion that we are continuing the policy of borrowing out of all proportion with what we need. An Hon. MEMBER. - After what you have said ? Mr. T. MACKENZIE .- Yes; if the honourable gentleman heard what I said, it was that we should take individual lines and prosecute them to a successful issue. An Hon. MEMBER .- The Otago Central. Mr. T. MACKENZIE .- No; I do not speak of the Otago Central. I never thought much of the methods in connection with the Otago Central; it has been badly managed, taken from the wrong point, faultily constructed, and a great deal of the country that it travels through is extremely poor. Last year, when \$50,000 was voted for a duplicate line in Otago, I said I did not think it necessary at all, and, if a vote could be taken that could transfer it, I would rather it was allocated to the Auckland railway, because that was much more important. Mr. WITHEFORD .- A noble sentiment. Mr. T. MACKENZIE .- Yes; I think the honourable gentleman will congratulate me. He is a great congratulator. I think, in connection with borrowing, we are borrowing far too much, and this state of affairs cannot possibly continue. I, however, venture to express the hope that the Minister will consider that excellent district Waihemo, and extend to it some of the funds not yet granted. Mr. FOWLDS (Auckland City) .- I would like to offer a word or two on this question ; but I must say that the proposals of the Minister for Public Works have almost knocked me speechless, and my position is made worse by the wonderful speech we have heard from the honourable gentleman who has just spoken. If you take about 50 per cent. off the figures and statements made by the honourable member for Waihemo you will arrive at something very near the mark. He wanted to assure the House that there had never been more than three hundred and fifty persons employed on the Otago Central Railway. Mr. T. MACKENZIE .- Three hundred just now. Mr. FOWLDS. - Three hundred was the number he gave, and he contrasted that with the number employed on the Main Trunk line of railway at the same time. Mr. SEDDON .- Three hundred ! Six hundred last month. Mr. FOWLDS .- The exact number was 663. and if you take about the same percentage off his other figures you will arrive at a fairly

contrast between the amount of money spent on roads and bridges he gave the figures for Otago at £15,000. Mr. T. MACKENZIE .- Spont last year. Mr. FOWLDS .- Yes. Well, the only way to compare one province with another is to take the whole Province of Otago, which includes Southland. And, if you take Otago and South- land together, you will find there was £32,793 spent there last year on roads and bridges: and let me point out that the population of the Province of Otago-including Southland-is about 2,700 less than the population of the Province of Auckland. Then, he made another statement that the population of Auckland was only one - fifth of the whole colony. If you multiply the population of the Auckland Pro- vince by five you will get 879,270, and the census returns show the total population of the colony to be only 772,000; so that he is about 20 per cent. out there. But let me come back to the Statement made by the Minister for Public Works. If the matter were not so serious I would be inclined to look upon this Statement as a grim joke. We find him here alluding to the North Island Main Trunk line in this way : - "I informed Parliament last session that, if ways and means were provided from time to time as required, this railway could be com- pleted and open for traffic within about four years from the end of last session, and I see no reason to suppose that that expectation is not still capable of realisation." Is the honourable gentleman joking in this Statement, or is he in earnest ? We know well enough that if means are provided the line can be completed in eighteen months or two years ; but what does the Minister mean ? Does he intend that means shall be provided : and, if so, what is the meaning of the vote of £160,000 ? The Premier has promised, both inside and outside the House, that the railway will be completed in three years from date. How are you going to complete the line in three years with an expenditure of £160,000 a year ? We were told last year that \$130,000 was all that could profitably be spent on the line for the year, and we accepted the vote believing that it was so. The Minister also said that he would open up works during the year which would enable him to incur very much larger expenditure in the year following; and that "very much larger expenditure " means an in- crease in the vote by \$30,000. However, it is quite possible the railway can be completed yet "if means are provided from time to time "; but who is to provide the means ? The members of this House have no power of providing means, excepting as the pro- posals come down from the Government, and if the Government continue to propose a vote of £160.000 a year, then the means will not be provided, because the members of the House cannot increase the appropriation, and the railway, at the present rate of progress, will not be completed for another nine years. I do Mr. Fowl is the people of this colony fairly in the matter. I do not say the North Island even, because I think the people of the colony as a whole have made up their minds that this is the first and most important national undertaking, and ought to be completed with as much speed as possible, with due regard to economy in carry- ing on the work. And surely, after the state- ment made last year, £160,000 is not all that can be profitably spent in carrying forward the line this year? Then I come to consider some other railway proposals. I find that some of the other North Island lines are treated much worse even than this. We have had petitions sent in, signed by twenty-five thousand people, praying for the more speedy construction of the main trunk line north of Auckland. Mr. SEDDON .- You are very good hands at petitions in Auckland. Mr. FOWLDS .- But we do not get very much money expended. The remarks made by various speakers with reference to the votes for roads and bridges are altogether beside the question, because the people who are getting the money spent on roads have themselves pro- vided the means. Their leasehold lands have been loaded with 5s. an acre for making the roads, and they are paying the interest on the money. That, therefore, should be eliminated from the question altogether. Then, again, the money spent on roads and bridges is being spent on land belonging to the Government : and where is the Government land in the South Island on which they could profitably spend money in making roads and bridges ? If one goes into the figures it is found that the South Island has had about three millions more for railways than the North Island, and the southern portion of the North Island has had a million and a half more than the Auckland Province. Take

now the allocation for railways - \$100,000 for the Otago Central and £100,000 for the Midland Railway, both of which have been condemned from time to time by people coming from the districts in which they are situated. I have no hesitation in saying that the returns from the North of Auckland railway would be much greater than the return from either the Otago Central or the Midland Railway. In the last thirty years the people living in the North of Auckland have paid more Customs duties than all the people of Otago outside the City of Dunedin, and yet, with the exception of a few votes for roads and bridges in the last ten years, they have had no money spent there at all. They have been promised railway communication for years and years, and here it is creeping up at the rate of about a mile in twelve months. Mr. SEDDON .- It is about as much as you can do to look serious. Mr. FOWLDS .- It is not ; I tell the honourable gentleman that the only inference I can take from the public works proposals is this : They see the rising of the Farmers' Union, and they have come to the conclusion that the Farmers' Union is going to terminate

<page:857>

all South Island men, they mean to have their hands as deep into the public purse as possible while they have the opportunity. Mr. SEDDON .- The Farmers' Union started in Auckland. Mr. FOWLDS .- Yes; with the object of doing justice to Auckland. I repeat, in all seriousness, that it seems to me that the Government have come to the conclusion that the Farmers' Union has sounded the death-knell of their administration ; and I am satisfied that no Government that takes their place on the Treasury benches will ever again, if it fairly represents the people of New Zealand, submit to this House proposals so unfair and so unjust to the people of the North Island as those contained in the present Public Works Statement. I do not know that I need labour the point further ; it is no use going into details. The idea of giving a paltry £15,000 to the North of Auckland railway is absurd - a district where people have been living expecting a railway for more than thirty years, and a district that has paid more towards the taxation than any other portion of the colony. It is nothing short of a disgrace to vote £15,000 for that district, and at the same time to vote £100,000 to each of the two other railways I have named. I recognise that no alteration can take place until we get fair representation of the North Island on the Government benches, and the only thing I can do is to leave the settlement of the question to the Farmers' Union and the Government, and I hope the influence they will exert will be sufficient, at any rate, to insure that justice is done. My friend the honourable member for Waihemo made a furious attack on my colleague from Auckland about being a professional man with no business training. I should say that one of the first essentials of any good business training is to produce honesty, and where is the honesty in an honourable gentleman standing up and trying to justify a proposal so absolutely unfair to a portion of the colony as are the proposals contained in the Public Works Statement? I hope this is not the kind of business training we may expect to result from going to London for two or three years. We want something that will recognise between right and wrong, and I say that this Public Works Statement and the proposals of the Government do not discriminate between right and wrong in the allocation of public money. Mr. T. MACKENZIE .- I wish to make a personal explanation. The honourable gentlemen disputed my figures regarding the money spent on Auckland railways. I said \$2,750,000 had been spent in lines in connection with Auckland. Mr. FOWLDS .- I suppose you consider the New Plymouth-Wellington line to be in connection with Auckland. Mr. T. MACKENZIE .- I find it is exactly as I said. I will give the honourable gentleman the figures :- Total Expenditure Lines of Railway, and Liabilities, 31st March, 1901. S. Kaihu Valley 55,059 16 1 Kawakawa 88,952 5 9 Whangarei to Kamo Extension 147,023 19 0 Helensville Northwards 1 Kaipara to Waikato 1,180,246 1 8 .. Cambridge Branch 51,110 9 9 Waikato to Thames-Hamilton to Te Aroha 139,366 14 8 Te Aroha to Thames 0 184,157 2 Paeroa to Waihi 15,056 1 0 Thames Valley to Rotorua-Morrinsville to Lichfield. . 161,583 9 6 Putaruru to Rotorua 192,831 13 11 Marton to Te Awamutu-North End 414,877 3 1 .. South End 436,434 18 2 That makes over

\$2,750,000. An Hon. MEMBER .- You have not got the rolling-stock in. Mr. T. MACKENZIE. - The rolling-stock comes to over two millions. Now, the honour- able gentleman took exception to my statement regarding the proportionate population of Auckland, and he said the population of Auck- land was greater than the combined population of the Provincial Districts of Otago and South- land. Mr. FOWLDS .- So it is, according to the census. Mr. T. MACKENZIE .- Here is the official Year book of last year-the latest publication. It gives the whole of the population of that magnificent District of Auckland at 165,000, whereas the population of the Provincial Dis- trict of Otago, which embraces Southland, is a great many thousands more than that. It is 174,000. I therefore say that, in stating the population of Auckland at about one-fifth of the whole colony, I was very much nearer than if I had quoted it at one-fourth. My figures are also absolutely correct in other respects, and, if necessary, I can quote fully from statis- tics to show that Southland had \$20,000 for roads, Otago \$15,000-total, \$35,000; while Auckland had over \$92,000 for roads during the same period. Mr. PIRANI (Palmerston) .- I did not intend to speak to-night only for the statement made by the Premier in the course of his speech that the absence of desire for discussion proved that the members of the House were well satisfied with the Public Works Statement and estimates. Members of the House, I think, have recognised there is nothing so futile as to attempt to im- press on the present Government the desira- bility of distributing the public funds according to the requirements of different parts of the colony. Year after year an attempt has been made to do this, but a majority of members of the House vote just as the Government desire

<page:858>

Premier laid down another principle in his speech-the worst principle of the Tammany rule in New York-that only those members who vote for expenditure have any right to get any share of it for their districts. He ridiculed the idea of the member for Waitemata, who opposed borrowing money, expecting to get any such thing as loan-money spent in his district; and he put it very clearly that those members who took the responsibility of voting for loan-money were the only ones whose districts had a right to share it. That is exactly the principle of Tammany rule in New York ; there every man who helped to enable the boss to put his hands into the public exchequer got a share of the money. It is not often the Premier so clearly expresses the principles which rule his dis- tribution of public money. In regard to the Auckland District, most members know as well as can be-and I am surprised the Auckland members do not know it - that the member for Waihemo is simply joking at their expense. He recognises, as well as the majority of mem- bers do, that the Government plays fast and loose with the Auckland members, because they know those who support the Government do as the Ministry pleases; they protest ever so much, and send telegrams threatening all sorts of things against the Government ; but when the crucial time takes place, and the Govern- ment require their votes in the " Ayes " lobby, they obey the Government as meckly as any pet lambs. Mr. NAPIER .- What is the crucial time ? Mr. PIRANI .- When a vote is proposed in- volving the question whether the Government is to remain on those benches, or whenever the . Premier pretends the existence of the Govern- ment is at stake, no matter what the treatment Auckland gets, they docilely follow the Govern- ment. There is no question about it, Auckland is not fairly participating in the expenditure of public money. You have only to read the par- ticulars of the different expenditure to see that very little is done, except under compulsion, by the Government to develop a district which must be, if properly developed, one of the greatest sources of wealth in the colony. So far as the North Island Trunk Railway is con- cerned, it is simply ridiculous that a Govern- ment that has been in power for ten years, with unlimited money under its control, which has the power to borrow as much as it pleases, should be meddling and muddling with the railway in the way they are doing. It is not a question of party but of common-sense, and I cannot understand any man attempting to justify a Government which deals with public works in such a wilfully wasteful manner as the present Government. Under the co-opera- tive system of large public works at least 30 per cent. extra is expended in carrying them out. Mr.

HALL-JONES .- You do not know any- thing about it. Mr. PIRANI .- I may not know anything about it, but I know just as much about it as the honourable gentleman does about marine matters, and that is very little. But I do know Mr. Pirani tive system, and I will give him an instance. On a road between Pahiatua and Palmerston an offer was made by a contractor to make a dray- road 16 ft. wide for \$3,500, and to put down a thousand-pound bond that he would carry the work out in eighteen months. An Hon. MEMBER .- What length ? Mr. PIRANI .- The whole length of the forma- tion and metalling; and the Government has spent \$7,600 on that road by co-operative work, and all we have now is a track from 3 ft. to 12 ft. wide. They have been something like seven years attempting to form that road ; and no more satisfaction will be obtained out of that road than will be got in connection with the North Island Trunk Railway. It is a shameful waste of public money to try and carry on the railway in the manner adopted at present. Why, up at Mangaweka, on that line, it is stated that they have actually buried 50 tons of iron, which has been wasted in an attempt to construct the Makohine Viaduct. An Hon. MEMBER .- Oh ! Mr. PIRANI .- There is no need to have Taranaki ironsand converted into iron when you can go up there and find the iron buried. And the most extraordinary tales are told as to the manner in which these co-operative works are being carried on. If the present Government are going to continue that line as it has been up to the present time it will be forty years, and not four years, before it is through. As was pointed out by the member for Waihemo in connection with timber forests, the Government for years past have been forcing the destruction of timber by settlers who have taken up land with good timber on it because 3 railway has not been made up to where the tim- ber can be obtained so as to bring it to a market. I have no doubt the same result will follow in connection with the large totara forests on the Waimarino Plains if the present rate of pro- gress is not hastened ; and, altogether, in con- nection with this North Island Trunk line, there has been almost criminal carelessness in pushing it on. I say that it is ridiculous to put on the estimates £160,000 for that huge work when we find £100,000 for the Midland Railway. An Hon. MEMBER .- They did not spend it. Mr. PIRANI. - If the honourable member will look at last year's expenditure he will find that they have spent money on the Midland Railway by transferring it from other votes. An Hon. MEMBER .- It is exactly the opposite. Mr. PIRANI .- I say that the Midland Rail- way, no matter when it is finished, will never pay for the grease on the wheels that are used in connection with it. If the money spent on the Midland Railway had been spent on the North Island Main Trunk line the earnings would have been sufficient to pay for the other works which are required now in other parts of the colony. While the railway is being con- structed at its present rate of progress it will be nothing but a burden and a monument to the muddling of the present Government. It seems to me that when the works can be

<page:859>

attempt to do so. Why, in the bush districts the only time when the roads ought to be con- structed is the summer-time, and yet immedi- ately the summer comes round the Government slacken off and postpone works until just on the eve of winter, when it is almost impossible to get anything like decent work done at a decent price. In some of the settlements made by the present Government six years ago you will yet find it almost impossible in the winter time to get about without going up to the waist in mud. I know of one in particular that I am acquainted with-namely, the Te Kapu Block, in the Hunterville district. The settlers have been compelled to live on the land there for the past four years, yet they have got nothing but They are compelled a track to their holdings. not only to live there, but also to take their wives and families there ; and I notice that the Ministers never pay a visit to that block during their peregrinations. Mr. SEDDON .- Which way do you go to it ? Mr. PIRANI. - God only knows - with a balloon, I think. The best evidence of the un- satisfactory way in which the settlers there are treated is that every opportunity they get of selling out they do so, at less than they have spent on the land. Yet it is good land, and would make a splendid settlement if the Go- vernment would only make roads to connect it with the outside world, instead of compelling the people and their families, who are dragging out what is almost a miserable

existence there, to reside. And that is going on in most of the bush settlements. What is the use of sending men on to the land without making any attempt to assist them in the summer-time. I do not understand why the Minister for Public Works does not pay a visit there. He went as far as Mangaweka last year, but he did not go off the beaten track. It is not as if the settlers were opponents of the Government. I noticed at the last election at that block that nearly all the votes in that settlement went to the Government. Mr. HALL-JONES .- That shows their good sense. Mr. PIRANI .- No; it shows their want of sense, because if settlers generally voted against the Government they would get their wants attended to; but as it is they vote for the Government, and the Government think they can do what they like with them. We were told to-night about railway expenditure being necessary on open lines, but some districts are not so well treated as others. We have a sample in Palmerston North of the necessity for more railway expenditure. The goods-shed there is not much more than big enough to accommodate one day's receipt of goods, and if the goods are not cleared out promptly the men have great difficulty in carrying on work until there is a clearance. There is plenty of land alongside, but the Government were too parsimonious to purchase it, although the necessity has been pressed on them year after year; and now the land has risen in value, and the Government will have to pay three times as much as before. In regard to the Gorge Bridge, and the Gorge Road, there is another evidence of the want of action on the part of the Government. We were told years ago that the Government would compel the local bodies to erect the Gorge Bridge and put the road in a state of repair, but it is just in the state it was four or five years ago; and, instead of doing something in that direction, or making a good road, which could be made at a small cost, and diverting the traffic from the Gorge Road to Fitzherbert and over the bridge already erected, the Government have waited idly by until the road constructs itself. Another case of neglect in our district is the road between Palmerston and Foxton. That road was formed something like thirty years ago, and it is marked on a plan published in 1872 as a main Government road to be constructed. Over and over again the Government have been urged to complete that line of communication by making the Ngawakarau link, but at the present time it remains in the same state it has been in for years past. We certainly had a distinct promise from the Minister of Lands that a vote would be put on the estimates to pay one-third of the cost of the road, but there is no money on the estimates for that purpose. Under these circumstances, what is the good of any Minister's promise if, after he has seen a place like that, having evidence brought to prove conclusively that the work is necessary, when the settlers are prepared to raise their share of the money, and when the money would be well spent, we find that when the estimates come down there is not a penny put on to carry out that promise? Then, we have another instance in regard to the Palmerston Post-office. The Government have a building there of three rooms, to accommodate, I suppose, the largest postal department in the colony outside of the large centres. The postal work in Palmerston is not confined to Palmerston itself, but almost all the mails are distributed from there to the different morning trains as they leave for other parts of the colony; and yet, with the enormous work they have to do the officials are confined to a three-roomed wooden cottage, while we are told that Hunterville is going to have a brick building at a cost of £1,500. An honourable member suggests that an election in my district would perhaps have some effect. I was suggesting to some of the residents the other day that if the Premier would be willing I would resign, and the Premier could go up to Palmerston and contest it. If that were carried into effect, Palmerston might get very much more attention to its requirements than it seems to do at the present time. It is a sad thing to find while all these requirements are necessary for the Government's own administration, they take a delight, I was almost saying, in depriving themselves of facilities for carrying on their own work properly, because it might be thought the expenditure of the money in a district represented by an Opposition member would be a sign of weak-

<page:860>

the Government will not continue in the ascendant for very many years; and I have a hope that the visit

of the Premier to the Coronation next year will make him a convert to the desirability of exercising a little fair-play in the distribution of the moneys at the disposal of the Government. He was reasonable when he returned from his last visit, and I think for a whole night he was good-tempered in his dealings with the Opposition. Perhaps when he makes a trip next year he will be converted further to the desirability of that course, and while the estimates are under consideration will treat all parts of the colony according to their requirements, and not distribute public money because the member representing a district is compliant in his support of the Government. Mr. BENNET (Tuapeka) .- Sir, I intend to speak only for a few minutes at this late hour, and I may say I am sorry to see the opposition shown by the Auckland members to the district I represent. I think the Auckland members have been very fairly treated. I do not say it would not be advisable to spend more money in their direction, if that could be done, but I think they have got more than their share. Certainly, on the Auckland-Wellington Railway they have got 60 per cent. more than the largest vote given to the South. The Otago Central Railway has only \$100,000, and they have got for the Auckland line £160,000, so that their line, I think, is well provided for. As regards the money for roads, they have about three times as much as we have in the South Island. With reference to the Otago Central Railway, some members have been trying to belittle that line. Well, I do not say that it goes by really what is the best route that could have been got. I believe a mistake was made there; but perhaps honourable members will be surprised when I tell them the quantity of goods carried during the last financial year. Although this line is not finished much more than half-way, it carried 23,450 tons. That shows whether it is wanted or not. In addition to that, about 7,000 tons was carried on the Lawrence Railway for Central Otago, which would have been carried on that line had it been finished; and, of course, passengers are going up and coming down the line. I think that shows the railway will be a very valuable one when it is completed. I do not think there can be much doubt about that. Then, it should be remembered that it goes through a large mining district. I think that I have more occasion to grumble than any member of the House. Last year there was a vote of \$5,000 for the extension of a branch railway in my district. It was only a matter of six miles and a half, and the ground it goes along is about as level as the floor of this House, and runs through one of the finest agricultural districts in the colony, and that branch has not had a penny extra voted for it this year. I think more assistance ought to be given to the outlying districts, as there are about 700 tons of fruit come down from Coal Creek every year. At Mr. Pirani a distance of forty miles; and if this section were made it would shorten the distance by about twelve miles. However, I have no doubt the Government will be more liberal next year, and will make up for this. As to the disgraceful state of the roads in my district in winter time, I may state that it is like a ploughed field. The honourable member for Waihemo said that gold to the value of \$400,000 was sent from this district last year. He was wrong in that statement, as gold to that amount was sold in the banks in Otago during the first eight months of the financial year, which would be equal to \$600,000 for the year, and it would have been largely increased had the Clutha River not been so high during the whole of last winter. I do hope the good that that is doing to the colony will receive some consideration. The main road, as I have said, is like a ploughed field through the whole of the winter, and that is taking the place of the railway. The people have been agitating for the last thirty years to get a railway made up in that direction, and up to the present time no attention has been paid to them, so that I think that in the case of Auckland the members representing that provincial district have very little to grumble about, for it appears to me that no matter what you may do for the Auckland members you cannot please them. All the same, I believe they really are pleased, but they do not wish to admit it. I think they must admit that they have received their fair share of the public expenditure. I believe the North Island has a great future before it; but, of course, in the matter of public works expenditure the Government cannot do impossibilities. I shall not detain the House further, and I can only express regret that there has been so much discussion upon this question. Mr. HOGG (Masterton) .- I should be very sorry to do anything to cause ill-feeling between the

representatives of the North Island and those of the South Island. I must say, however, that I have some sympathy with the Auckland members on the question that has been raised. I do not happen to be an Auckland member, and, as a Wellington member, I do not begrudge the southern members the money they are allocated for roads and railways so long as that money is judiciously expended. But from what I have lately seen of the South Island-and I may say that I know as much of the South Island as I do of the North Island, and perhaps a little more -- I am strongly under the impression that a great deal of the money that has lately been voted for public works in the South Island is being absolutely wasted, whereas the money that is being expended both on roads and railways in the North Island is being put to reproductive account. We have, for instance, still undergoing construction the most important line. I think, in the whole colony. Honourable members representing both Islands will admit that the North Island Main Trunk line is one of the most important of the unfinished lines in the colony. It will connect Auckland-

Invercargill and Christchurch are connected. In justice to the North, I think before a large amount of further expenditure is incurred on South Island railways, which are by no means urgently required, the bulk of the money available for railways should be concentrated on this line. The Minister for Public Works has made a promise that the line will be finished within a given period-I believe within three years from the present time-but at the existing rate of progress that is simply a matter of impossibility. It is quite possible that when the viaducts are completed, the railway may be pushed on a little more rapidly, but it will involve much larger appropriations than the Government seem inclined to propose. Last year the amount of expenditure on the line was £130,000, and this year it is proposed to expend \$160,000. If you consider that it will take nearly a million of money to complete the line, I want to know how it is possible at the rate of \$160,000 a year to finish the work within three years? The assurance is simply absurd. Then, if you consider the possibilities of this line, the effect of its completion, the large amount of extra traffic it is likely to bring about by connecting two such places as Wellington and Auckland, the fine timber forest that will be opened up, the vast quantity of good land that will be made available for settlement when the line is completed-if you contrast these eventualities with what is likely to follow the extension of the Midland Railway and the Otago Central, I contend we are not justified in prosecuting those works in the way we are doing. There is every prospect of the North Island railways, when they are completed, becoming highly remunerative; but I would ask honourable members what possible prospect there is that the money being expended on the Otago Central and the Midland Railway will return anything in the way of a reasonable revenue. Mr. BARCLAY.- The Otago Central is paying now. Have you seen it? Mr. HOGG.- No, I have not; but I have seen the Midland Railway, on which it is proposed to expend £100,000 this year, and I will read to honourable members what the Public Works Statement says about it :- "Considerable work has been done during the year in making the necessary surveys in connection with the proposed long tunnel between Otira and the Bealey. Before definitely undertaking the construction of a work of such great magnitude, however, the Government has considered it desirable to call in further expert advice, and in pursuance of this decision we are now in communication with railway authorities of the highest standing in America, with the view of obtaining a report from an American or Canadian engineer of eminence, and of experience in the construction of mountain railways, on the different proposals that have been made in reference to the construction of this particular section of the railway." The tunnel is about six miles and a quarter in length. I think that, instead of consulting will be more wisely expended in giving an excursion to members of the House to the Otira Gorge, so that they may see for themselves where it is proposed to make this tunnel. They should be taken as far as the railway will take them at present-to a locality where there is a huge bed of boulders, with a river in branches regulated by the seasons-and there they will see where it is proposed to perforate with a tunnel the backbone of the South Island. If members were to see that district I venture to

say that even the South Island representatives, who have for years been advocating the work, would immediately say, " Drop it ; it is time we stopped this folly." If there is to be a means of communication over the lofty ranges, in addition to the coach, I would suggest that it should be by means of navigable balloons. The scenery, no doubt, is romantic, but the land is not fertile, and, as the only traffic to be cultivated is that supplied by tourists and sightseers, a long tunnel is an obvious absurdity. If such a work is constructed between the Otira Gorge and Canterbury the money might as well be thrown into the ocean. If the project was in the hands of a private individual the man who would spend money on it would be ranked as a madman. Now, with regard to the Otago Central, only the other day I met a man who has been settled for a number of years in the South Island, and has been connected with some of the railway enterprises down there. I asked him for information, and I said, " Have you been over the Otago Central ? I would like to get your opinion." He said, "I am perfectly conversant with that line." I asked what he thought of it. He said, " No more money should be spent on that line, because it is a mass of stones and rocks and rabbits." That was the opinion I got. I do not know what the member for Dunedin City (Mr. Barclay) may know of it, but that is the information I got from a man who has been there. I was not asking by any means for a bad opinion : I wanted to know whether the line was worth constructing, and he assured me it was not worth constructing, and would not pay the cost of construction. If it is proposed to spend £200,000 this year on railways that are not worth constructing, we ought to hesitate before voting the money. I am not finding fault with the money required for the North Island Trunk line. What I am alluding to is the waste of money that is going on in connection with two railways in the South Island. It is quite likely that the line the honourable member for Wai-hemo has pleaded for may be a line that ought to be constructed, and I have nothing to say with regard to that. In respect to the expenditure on roads, it is quite true there is a good deal more expenditure going on in the North than in the South. In the North it is proposed that £392,000 should be expended on roads, and only £216,000 in the South Island. But then it must be remembered that in the North Island a large amount of settlement is going on, and a good deal of the country is very expensive country to road ; whereas in

<page:862>

at a comparatively cheap rate, the country not being nearly so difficult. Again, in the South the most of the land has been settled and the roads mostly made. I contend that the time has arrived when the requirements of settlement in the North Island should receive special attention. I do not blame southern members for getting as much as they can for public works ; but the Government have a right to recognise the fact that land-settlement is going on rapidly here, that we are increasing rapidly the trade and commerce of the colony, and that we are relieving the South of its We are finding land for surplus population. settlement for our friends in the South, and in recognition of that we require more money to be expended in the North. I sympathize with residents in the North of Auckland, who have been petitioning very largely for railways there, because I see that the two principal railways for which they have petitioned -- the Kawakawa- Grahamtown line and the Helensville-North- wards line-have only had £15,000 each allotted to them this year. I suppose that will mean about an extra mile of railway. If these railways are worth constructing, and are to be constructed, such a rate of progress means that before they are completed the colony will have entered upon another century. I do not think this is treating the people of the North fairly. They should be treated in the same way as in the South. In the South there are about five hundred miles more railway than in the North, and it is time, therefore, that the North had its fair share of public works. There is no doubt it has been badly treated in the past. I believe the southern members are neither unjust nor ungenerous. If the Government would only consult their wishes, I believe they would avoid spending so much money on useless lines in the South and spend a little more in the North Island. The North Island Main Trunk line is now beginning to tap the Waimarino Forest, one of the finest forests known in New Zealand, and every inch of the line there is likely to be highly reproductive. The timber

alone will pay for its construction twice over. Hence, I consider the amount Ministers have allocated to it this year is far too little. On the other hand, the sum of \$200,000 is to be spent on two lines, one of which will certainly never pay. I ask members who have seen it to say whether they believe it is likely to pay. It is the height of folly to go on with works of this character. I trust that before more money is spent on it the Government will have the opinion of a competent engineer as to what the possibilities of the line are. Contrast the Otago Central with the splendid arable country that awaits roads and railways in the North Island. An Hon. MEMBER .- The Makohine Viaduct. Mr. HOGG. - The Makohine Viaduct connects huge tracts of some of the finest land in the colony. Then, take the Rimutaka line, It never should have been constructed over the mountain, and it is a great injustice to the people in my district that a deviation is not made. Another thing in connection with the Mr. Hogg the omission of any reference to light-lines or loop-lines to give relief and assistance to the settlers in our back blocks. There are large tracts of country where no road-metal is to be found, and something should be done to give the settlers relief there by constructing light lines or loop-lines. I have suggested the urgent necessity of having a line made through the Mount Cerberus and Puketoi districts, so that the settlers may have access to markets. This might be done by having a loop-line on a portion of the Wellington-Napier line. I am sorry this seems to have escaped the attention of the Minister; but I hope before another year elapses we shall have a full account of what is proposed to be done there. The settlers are located on very good land ; they are prepared to go in for dairying, but they have no means of communication with the principal markets. It is the duty of the Government to assist them ; and, seeing that roads are going to be very expensive, they should ascertain whether the construction of light lines is preferable. It is surely better that £100,000 should be spent on work of this kind than that money should be thrown away amongst the huge rocks and boulders of the South Island. Mr. BARCLAY (Dunedin City) .- It is well, Sir, that some one should rise to explain to the honourable gentleman who has just sat down that he is entirely mistaken as to the Otago Central Railway, to which he has referred. It became very evident to me, by what he was saying as he went on, that he had never seen the line, and I accordingly interjected, " Have you ever seen it ? " The honourable gentleman replied, as I expected he would, that he must confess he never had seen it. I have therefore the advantage of him in that respect. I have been over it, and, without professing to be an expert in land-values and things of that kind, I can only say that, as far as I could judge, few finer tracts of land exist in the colony than I saw along some parts of that route. There is the magnificent Ida Valley ; there is the Manuherikia Plain and the Maniototo Plain, all level and fertile. Honourable members should know that the climate up in that country is eminently suited for the growing of all kinds of grain and fruit. Are honourable members aware that just a few miles from the railway is Naseby, the site for the proposed sanatorium for consumptives ? Do they know that the climate of Clyde is one of the finest and best in the colony ? Do they know that Roxburgh and the Teviot district are magnificent fruit-producing districts. The honourable member for Masterton could not have been aware of all these facts or he would not have spoken in the strain he has done. Then, Sir, this line-unfinished as it is-is a line which pays already. It is a line which pays working - expenses and interest on the cost of construction. Mr. R. THOMPSON .- When did it commence to do that ? Mr. BARCLAY .- It has been doing so for some considerable time, as you can ascertain from the Railway Department. The honour-

<page:863>

already given you the figures showing the amount of traffic over that line during the last twelve months, and it is quite unnecessary for me to say anything further in its defence. I may confess, however, that, although, of course, I cannot speak as an expert engineer, it does seem to me that if the line had gone through Palmerston and up the Shag Valley round by Dunback it might have been an easier route. However, the engineers, I presume, discussed that matter fully. I must say, Sir, that no two speeches that I have heard in this House have so much astonished me as the speeches delivered by the

honourable member for Auckland City (Mr. Napier), and the honourable member for Auckland City (Mr. Fowlds). When the honourable member, Mr. Napier, rose I was prepared to hear him make one of those brilliant attacks, one of those displays of political invective for which the Auckland papers occasionally give him credit-to the great amazement of members here, who have been quite unaware of anything of the kind taking place-but, as he went on, my astonishment was unbounded. Like Bottom, the weaver, he "roared as gently as a sucking-dove." Where was the "mailed fist"? Where was the "irreducible minimum"? Where was the combined voice of Auckland, which was to bring the Ministry to its knees? All gone-all disappeared - and, instead, there was a feeble and apologetic air about his whole speech. It was a sort of a wail. The utmost he dared was to express in the mildest possible way a hope that by-and-by, perhaps, the Minister would see his way, in the dim and distant future, to put a little more on the estimates for the North Island Trunk Railway. That was, alas! the melancholy end of the "mailed fist" and the "irreducible minimum," and the other warlike threats which have so lately been so loudly uttered. But when we came to Mr. Fowlds, who is generally as meek and mild as a mouse, he seemed to have taken up the role of his brother member, and he did, indeed, indulge in some warm language, and even in some threats. One is almost tempted by the strange phenomenon to believe in the doctrine of the transmigration of souls. I may possibly here repeat again, for the purpose of emphasis, that in Auckland last year, for roads and bridges and so on, there was spent-or, rather, there was spent and there were liabilities to the extent of £2,648,471; whereas in Otago, for the sake of comparison. there was for a similar purpose only a sum of £288,873, or something like between a fourth and a fifth of the amount spent in Auckland. Now, take the public works estimates of this year, and see what we find in the matter of roads and bridges. £92,516 is put down as the estimate for Auckland. We find that last year \$36,397 was spent, and there are liabilities to the extent of \$58,394; whereas, in respect to Otago, there was only expended .£12,789, and there is put down on the estimates to be expended next year only some £46,258. Then, coming to the matter of railways, I find this: that £100,000 was put down sum only £61,000 was spent, whilst there were liabilities to the extent of some £36,000; and £100,000 is put down as the estimated expenditure for the coming year. But out of that £100,000 will have to come the £36,000 of liabilities, and that will reduce the amount to a sum of £63,000 or £64,000 this year, and out of that, again, I understand, will have to come the amounts owing for two months' accounts which were somehow dropped in the Dunedin office, unless they are included in the £36,000. Mr. HALL-JONES.- That is included in the £36,000. Mr. BARCLAY.- Very well; but something additional ought to be put on to the £100,000, because of the very large amount of £36,000 standing over from last year. Most certainly two months' accounts, which would have been paid out of the £100,000 last year had it not been, as I have said, for some mistake, ought to be added to the amount for the Otago Central put down in this year's estimates. These amounts ought to be put to our credit. These gentlemen from Auckland have little indeed to complain of. They got spent on the Main Trunk £109,000, and this year they get an increase of £30,000 on what they got last year. I dare say that will be sufficient to finish the railway in four years, as contemplated, if the expenditure is continued at that rate; but that, however, is not the question. Unless you are going to get a five-million loan or something of that sort you cannot have all these railways finished in a very short time. Sir, Auckland must and ought to be content to take its share of what is got for the whole of the colony, and assuredly it has got its share, and more. Why, take the figures of the men that are working on the roads and railways: how many of them are working up in Auckland on these co-operative works? Here is the last return taken from the "Journal of the Department of Labour," and I find 1,838 labourers are working on the different roads in the North Island, and of these there are 674 in Auckland; whereas in the whole of the South Island there are only 386. In Otago there are only seventy-nine. Then, you take the men working on the railways. On the North Island Main Trunk Railway there are 1,803 men working, and the Otago Central has got only 663. I do not mean to say these figures represent

all that are working at one moment ; they are spread over the month. I think if you take the public works estimates for roads the story is much the same. There is an enormous sum put down for Auckland, and a comparatively small sum for the other provinces. The sum of \$92,000 is put down for Auckland alone, and only £46,000 for Otago. I think sufficient has been said during the debate to show that, so far as Auckland is concerned, she has been dealt with very fairly, and that the Otago Central has been abused only by those members who are unfortunate enough not to know very much about it. who have not seen the land, and could only pick up their in- formation, as it were, from " the man in the street." Of course, it is easy enough to find

<page:864>

the colony. People have told me that, as far as the North Island Main Trunk line is con- cerned, for years after its completion it will not pay for the axle-grease. Well, I do not believe that statement, and I discount alto- gether the testimony of persons who use it as an argument. I should like, before I conclude, to say a word in regard to the Minister for Public Works. It has sometimes been said that the Ministry who now occupy the Treasury benches is a one-man or a two-men Ministry. It has been the fashion to discount the work done by every Minister besides the Pre- mier and the Minister for Railways. I think, Sir, as far as the Minister for Public Works is concerned, a serious injustice has been done him in that respect. As far as I have been able to learn from observations and experience, the Minister for Public Works does his duty admir- ably. From north to south, from east to west, this country has been covered with works which will be a standing and lasting testimony to his skill, his ability, his industry, and his energy. As far as I can discover, the Public Works De- partment of this country is well and economi- cally managed. It is seldom that you hear of anything going seriously wrong in that depart- ment. The department has worked steadily on from year to year, and it is doing first-class work as far as I can gather; and I think it is high time that somebody at last paid the Minister for Public Works the compliment- though it is not really a compliment, it is but bare justice-of expressing appreciation of the work which he is doing, and expressing the wish that he may continue in charge of his depart- ment, and that he will go on doing in the future the good work he has been doing in the past. Mr. ELL (Christchurch City). - I 2.0. shall not detain the House very long, and especially at two o'clock in the morning, but I cannot allow this Loan Bill, which will increase the debt of the colony by \$1,250,000, to pass without saying something upon it. The ques- tion now before the House is not only the question of the Public Works Statement, but the question of borrowing \$1,250,000, which means adding about \$50,000 a year to the tax- payers of the colony, because in the present state of the money - market, with interest charges rising, there is not much prospect of our getting it for less than \$50,000 a year. Sir, we have had a good deal of provincial spirit displayed to-night-Auckland versus the South Island -and members have been discussing the large amount of money that has been ex- pended in the South. Well, that may apply so far as Westland, Nelson, Marlborough, South- land, and Otago are concerned, but certainly it does not apply to Canterbury. Although we pay as much revenue towards the government of the country as any one province, we have a paltry \$22,000 to be spent in the Province of Canterbury. We do not complain, how- ever, of that. We see we must take a com- mon-sense view of it. Our roads are made ; our railways are also made for the most part, and Mr. Barclay be opened up. It is no use complaining that the railways, directly they are opened up, are not paying, because if we were to first ascertain the facts and to insist that only such railways as would pay working-expenses and interest upon the cost of construction right off the reel should be made-if we were to go on that policy I am afraid we would not have many railways made. The whole country must bear the burden and responsibility in the interests of the com- munity at large in constructing railways. These railways will all in time become profitable. There is no use in arguing against the con- struction of a line because it will not imme- diately pay working-expenses and interest on the cost of construction. There are plenty of lines in the North Island that do not pay. An Hon. MEMBER .- None in

the North Island. Mr. ELL .- Yes ; there are some in the North Island that do not pay immediately they are constructed. It takes time and settlement to make a railway pay. If you go through the estimates you will find there some that will not pay interest and working-expenses ; though if you take a big section, and take them in conjunction with the main lines, then they do pay. There are just a few remarks I would like to make with regard to this Loan Bill. I think, seeing that more than the whole of the Customs revenue collected from the people is taken to pay the interest on our public debt, it is time the House should commence to think about finding some other means of obtaining cash credits than the means we now adopt of simply going to the English money-lender. I believe it is the duty of the House to set up a Committee, or a Royal Commission, to inquire into the question, and see if some means cannot be devised where- by we shall be enabled to provide the necessary credit for carrying on our public works without overloading the people of the colony with the payment of the interest, as we are now doing. I believe it can be done. I am astonished that so little interest is taken in this proposed Loan Bill of £1,250,000. Why, there was more whipping-up, and more discussion, and more work by members with regard to the expenditure of about £30,000 on the mail-con- tract than there is in the sanctioning of a loan of a million and a quarter, which may involve an annual interest-charge upon the community of £50,000 a year. As I have said, I think some means might be devised for reducing the rate of interest-charges. Some honourable members may regard it as a "fad " of mine, but if they will take the trouble to go through the pages of Hansard they will see that I have a good many " fads," and that I have not simply one idea in my head. I have a good many ideas as to what would be of benefit to the colony, and I think the time has now arrived when we should consider whether we cannot arrange for some other means of creating credit to carry on our public works. We must have our railways, roads, and public works. There is just one matter which I would like to speak upon, with respect to the purchase of land and the opening-

<page:865>

It seems to me that it is a very unwise policy to strip some land from the best crop it will ever grow - namely, the timber. In the neighbourhood of Kaitoke thousands of pounds have been spent in stripping the country of bush, and now what is the land worth ? It will not feed a goat. The very best crop that land will ever grow has been swept off it. Who is to blame for that ? I say the Government of the day are to blame for selling that land and inducing the people by the settlement regulations to strip the land of the bush. It seems to me that before the bush is cleared from the land careful scrutiny should be made with regard to the fitness or otherwise of the land for cultivation, or whether the bush should be removed from it. If on careful examination it is shown it will not grow grass successfully, it should be left with the bush growing on it. The bush may not be very valuable at present, but it will increase in value ; and, in addition to being serviceable for climatic purposes, it will enhance the beauty of the district in which it is situated. I hope the Government will be more careful in this respect in the future, and more cautious in throwing country open for settlement that is really unfit for settlement. As to the construction of our rolling-stock, I notice in the Railways Report the Minister draws attention to the fact, that notwithstanding all that has been done, there is still a demand for rolling-stock, and that to cope with it a great deal of money will have to be spent in order to enable the Government to manufacture it in the country. However, in looking through the estimates I do not see that any provision is made for the work-the extra buildings and so on that the Minister says are absolutely required. Mr. HALL-JONES .- They have been enlarging at Addington for each of the last three years. Mr. ELL .- Well, complaints have been made for years that there is not sufficient rolling-stock in the country, and something certainly should be done to provide it. Even though we paid a little more for it, it would be cheaper to do so if the work was done here, for this reason : that a great deal of the money paid out in labour is recovered by the country in the way of taxation. There are very many articles that people desire to buy if they could, and, these articles being taxable, a considerable sum comes back to the colony through the Customs. I want

to know now, when we are to have the inebriates' homes for the colony. It was said last year that they were very necessary, and the sum of \$15,000 was set apart for them, and for a new orphanage. However, there is no sign of the inebriates' homes, although the Inebriates' Homes Act was passed in 1898. I would like to know from the Minister when these homes will be ready to receive inmates. Mr. HALL-JONES .- There is one ready now. Mr. ELL .- We were told some months ago that a master and matron were appointed, and | carried out as directed by the House. VOL. CXIX .- 54. required are not even ready yet. The people are petitioning and asking, and they are told, " Yes ; we will look into it ;" and so it goes on year after year, and the people are powerless to act. I do not wonder at the people asking for the referendum when they find that what they want is not done. In the Old Country they passed an Act in 1898 and put it into operation in 1899; and here we are in the year 1901 and the law is not in operation yet, and it is said now that we are waiting for regulations. In regard to the classification of asylums, the asylum authorities state that if they had ample provision for early treatment they would have a less number than there is in the asylums It is on account of the patients only now. coming to them six or twelve months after they are first attacked with mental disease that there is such a small percentage of recoveries. If they came to them much earlier there would be a greater percentage of recoveries ; and therefore the most experienced officers of this department ask that provision should be made whereby they might be able to treat cases earlier, and offer every inducement to the friends of the patients to bring the cases early. There is one more matter I wish to mention, and that is as to the inadvisability of making any further additions to the Wellington Asylum. The land there is worth £800 or \$900 an acre, and it would be far better and cheaper if the asylums were taken right out into the country ; it would be better for the patients and far better for the town. In the country is a more fitting position for the Asylum, and the present land would bring the Government in a good rental. Mr. COLLINS (Christchurch City) .- I am not going to make a speech ; I simply intend to ask the Minister a question. As I shall have to vote on this Bill, which is a Loan Bill of \$1,250,000, I want to draw attention to the amount voted last year for the Midland Railway-£100,000. When I look at this Statement I discover that, during the past year, of the £100,000 voted for the Midland Railway it is said £79,000 was appropriated and £45,268 18s. was spent on that railway. That leaves \$21,000 to be accounted for, and I find \$5,000 appropriated for the Paeroa-Waihi line, £6,000 to the Gisborne- Karaka line, and £10,000 to permanent-way and other materials ; and I just want to draw the attention of members to the fact that these sums were so appropriated under the power given by the Public Revenues Act by order of the Governor. The appropriation for the Midland Railway was £100,000. It was surely a highly improper thing that money appropriated to a particular purpose should be misappropriated under cover of a Public Revenues Act in the way this was done. I do not wish to enter on a discussion as to the relative proportion of expenditure in the North and South Islands. But my vote on this Bill is contingent on my getting a satisfactory reply as to whether the sums apportioned to the various railways will be maintained as apportioned, and the expenditure

<page:866>

correct a misstatement made by the honourable member for Waihemo in reference to the population of Auckland and Otago. The honourable gentleman quoted the Auckland population of 1896 and compared it with the Otago population of 1901, and by that means managed to give Otago a larger population than Auckland, whereas if he had compared the two places for this year he would have found that Auckland has a larger population by some three thousand. In regard to the statements made by other speakers regarding Auckland, I entirely agree that the northern members have some right to make the statements urging a larger expenditure for the Auckland Province. I rose mainly to urge the rights of the settlers north of Auckland. I consider they have a right to the consideration of the Government-to larger votes for the purpose of constructing roads. They depend entirely for the carriage of their goods on the state of these roads, and one of the great wants they ask for is the means to make roads to give the settlers access to

the ports. In reference to railway expenditure, I hope the North will be given a larger expenditure. It is to be hoped in the future we shall have more consideration from the Government. Mr. HALL - JONES (Minister for Public Works) .- At this late hour I am not going to keep the House for any length of time, for I desire to get the Bill through Committee to- night. We have estimates here amounting to a large sum, and yet the general complaint from honourable members is that the sums proposed for the several works are not large enough to meet the urgent requirements of their districts. Now, that is evidence to me that members are satisfied with the Bill which is to follow almost immediately. We have had Otago representatives criticizing Auckland votes and Auckland representatives criticizing Otago votes ; but, Sir, each individual member must know best the requirements of the district he represents, and he is not so well qualified to express an opinion upon the necessity for works hundreds of miles away, of which he knows nothing, and in districts which he does not know the needs of. As to the treatment of Auckland, I consider Auckland comes off very well this year, as it did last year also. Those who have looked carefully into the estimates will see that it is so. On railways last year the expenditure was £163,807 in the North Island, and in the South Island £148,822 ; and, of that \$163,807 for the North Island, over \$100,000 was for Auckland railways. Then, if you take the roads expenditure last year in the North Island, the expenditure was \$228,718. Of this sum £92,255 was spent in Auckland, and only \$78,877 in the whole of the South Island. And, while we have had upon railways and roads in the Auckland Province these large sums expended, we are told we are neglecting the requirements of the Auckland District ! Now, I will give one instance in reference to what was said by the honourable member for Waitemata. He told us that it was our duty to push on the Helensville Northwards line. tend that railway ; but, Sir, last year we had every representative from Auckland urging the completion of the Main Trunk line between Wellington and Auckland. That was to be the first consideration. The House had tacitly agreed to it, and members from all parts of the colony recognised that it was desirable this work should be completed at a reasonable date. No sooner do we adopt that view than we have hundreds of petitions from Auckland for the early completion of another work altogether ; but we cannot have two great works carried on at a great expenditure and at the same time in the Auckland Province. We have five lines of railway under construction there, and I say it is in the interests of Auckland and of the colony generally to expend the greater sum in the completion of the connection between Wellington and Auckland. Now, if the Auckland members had said they were prepared to take a sum from that allocated to the Main Trunk line to carry on the lines north of Auckland, then we might have had some alteration in the amount of the vote for the Main Trunk line and for the lines north of Auckland ; but to say that the Helensville Northwards line should be pushed to completion, and that a large vote should be taken for that line as well as for the Main Trunk line, would not be fair to other parts of the colony where railway communication is as urgently required. Now, with regard to this Helensville North line, during the years the Government which the member for Waitemata supported was in office this was the position - taking the last two years: For 1889-90 there was voted £15,000; expended, \$5,796. For 1890-91 there was voted £25,000; expended, £10,924. Now, in 1898-99 I exceeded my vote on that same work by over \$1,000. In 1899-1900 there was £7,688 expended, and last year, out of \$15,000 voted, there has been just upon £12,000 expended-that is, without the expenditure on permanent-way, rails, sleepers, and other material in connection with permanent-way ; so that the line has progressed very much better under the present Administration than under the Administration which the honourable gentleman supported. Mr. BOLLARD (Eden) .- You know very well the people would not allow them to borrow then. There was a howl for retrenchment. Mr. HALL-JONES .- And why? Because the people could not trust them. The people at the present time recognise they have a Government in office which will take up these works and carry them through economically and with reasonable speed. There have been no political railways since the present party has been in office. Every line has been of service to the colony, and has been constructed where it

was most required. But in the past money was squandered and wasted, and it was that which induced the people to say, "You shall not borrow money for such purposes." Now, Sir, the member for the Bay of Plenty referred to the rate of interest to be paid for the money raised under this Bill, and he

<page:867>

year 4 per cent. was the maximum rate fixed then, the same as in the Bill now before us. Does he expect that the Government is going to pay a higher rate of interest for money than the ordinary market rate ? Decidedly not. Would any private man pay 4 per cent. for money that he could obtain for 3} per cent. ? Then, it was suggested that the Government did not stand well on the London money-market. To ascertain this we have only to take the last reports from the newspaper, dated London, 26th October ; and what is the position of our securities in London ? With the exception of New South Wales 4-per-cents we top the market. Here are the figures :- - South New New Vic- Queens- South Zea- Aus- - land. toria. land. tralia. Wales. £ s. d. £ s. d. : £ s. d. £ s. d. £ 8. d. 114 0 0 1111 0 0 107 0 0 112 10 0 4 per ... cent. 105 0 0 102 15 0 104 0 0 103 0 0 107 0 0 34 per cent. 93 .0 0; 94 10 0 96 5 0 91 15 0 97 0 0 3 per cent. \-

If you want any evidence as to how our credit is looked upon in the Old Country you could not get better evidence than the quotations of our loans. An Hon. MEMBER .- You do not get your money there. Mr. HALL-JONES .- We obtain our money where we can get it on the best terms. The member for Christchurch City (Mr. Collins) made a reference to the votes upon the estimates not being spent, and I would point out that one cannot exactly predict what votes will be all expended. It happens on some works that early in the year you think the money voted is necessary, and then find later on that you cannot with a proper regard to economy expend it, and no man would be justified in spending money under those circumstances. The honour- able member has promised to come with me to Springfield, and when there I will show him the work we have in hand. The class of labour we When wanted there most was tunnel hands. that tunnel-work is finished - there are several tunnels of a fair length-one will be able to travel from Christchurch to the West Coast in a single day. We have been pushing on that work, and, whilst we had this large vote, we did not get the opportunity of spending it ; but if the vote had been at the service of the department from the beginning of April, we would have been in a position to make much greater progress. There are some works you cannot economically spend large sums of money on. The same thing will happen this year ; but I could not tell the House which votes will not be fully expended. Then, again, it is not uncommon to transfer votes, but it is not, perhaps, wise to make transfers ; and, as the money was not required for the Midland Rail- way, a part of the vote was used to assist other works. If the transfer had not been made the position would not have been one bit altered, terfered with. Very satisfactory progress has been made since the 31st March, and the ex- penditure this year will be higher on this section. The member for Palmerston made a most ridiculous statement about some tons of iron having been buried at Makohine or Manga- weka. It is a serious matter for any member of the House to make a statement of that kind, reflecting so unfairly upon the officer in charge of this work. I do not believe there is one tittle of truth in it. I have sent a telegram to the officer in charge explaining what has been said and who said it, and asking him for any in- formation upon the matter. I hope to have a reply to lay before honourable members when dealing with the estimates to-morrow evening. Some honourable members know Mr. Sneddon, the officer in charge. I believe he is the best man in New Zealand for the class of work he is engaged upon, and, in fact, the best man in Australasia. But I do object to hear a state- ment made in the House, without anything in substantiation, which severely reflects on the integrity of a man whom I believe to be carry- ing out his duties in a satisfactory manner. I believe he has done his duty, and has done his work as well as any man could have done it. There has been so much said on points which I shall have the opportunity of dealing with on the estimates that I need not refer to these matters now. Just one remark, however, again in regard to Auckland and its position on the estimates this year. In railways Auckland "takes the cake" with an appropriation of £175,600 ; in buildings, £36,174; and

in roads, £149,054. These are the three main items, and in each case Auckland's vote is very much higher than that of any other province in the colony, both in roads and railways. Now, about the liabilities : As I have mentioned, there are some accounts cannot be got in by the 31st March. Then, there are works which, although they are only authorised, are properly entered in the books as a liability, and yet not one penny has been spent upon them. Still they are liabilities ; but they are only what I call book liabilities, because that work is to be done, and will be done, so soon as the amount is again authorised by the House. An Hon. MEMBER. - Then you will not have the money. Mr. HALL-JONES .- Oh, we have plenty of money to meet all our requirements. Mr. HERRIES .- Then, why are you dis- charging hands ? Mr. HALL-JONES .- We are not discharg- ing hands. Only, in cases where contracts are finished, it sometimes happens that the men employed do not immediately get work on another job; and some few have been put off for misconduct. In some cases the men leave of their own accord. I move, Sir, the second reading of the Bill. Bill read a second time and committed. IN COMMITTEE. Clause 2. -- Colonial Treasurer may raise £1,000,000.

<page:868>

Works) moved, That the words " two hundred and fifty thousand " be inserted after "one million." Amendment agreed to, and consequential amendments made in clauses 3, 5, and 14. Schedule. Mr. HALL-JONES moved to strike out the amount " \$500,000" in respect to construction of railways, and insert " £600,000 " ; in respect to the amount (£300,000) for additional rolling- stock for open lines, et cetera, to strike out the figures " 300,000 " and insert the figures "400,000 "; in respect to land - settlement and goldfields development, to strike out the figures " 150,000 " and insert " 200,000," making the total amount £1,250,000. Amendments agreed to. Bill reported, and read a third time. The House adjourned at ten minutes past three o'clock a.m. (Tuesday). #