

Revenue and Expenditure.

The gross revenue for the year amounted to £102,581 18s. 4d., against £69,722 1s. of the previous year. The total expenditure was £83,925 2s. 7d., against £56,156 8s. 4d for the previous year, as per following comparative statement:—

				1877-78.					
Section.				Receipts.			Expenditure.		
				£	s.	d.	£	s.	d.
Kaipara ...	...	...	...	3,925	3	10	4,765	4	1
Auckland ...	...	...	...	37,321	10	6	29,133	15	4
Napier ...	...	...	...	25,263	13	11	18,216	10	2
Wellington ...	...	...	...	16,100	3	9	11,718	15	4
Wanganui ...	...	...	...	15,040	19	1	15,015	14	6
New Plymouth ...	...	...	...	4,930	7	3	5,075	3	2
Total ...	...	...	...	102,581	18	4	83,925	2	7
1876-77.									
Kaipara ...	...	...	...	3,778	4	5	4,296	11	6
Auckland ...	...	...	...	21,868	3	9	17,663	8	10
Napier ...	...	...	...	21,374	13	10	13,239	19	2
Wellington ...	...	...	...	11,518	18	3	9,893	19	2
Wanganui ...	...	...	...	8,540	1	8	7,791	7	6
New Plymouth ...	...	...	...	2,641	19	1	3,271	2	2
Total ...	...	...	...	69,722	1	0	56,156	8	4

My connection with the North Island being of such recent date, I am scarcely prepared to say much as to the future prospects of its railways, but, considering the present disconnected character of the lines, it appears to me that the results, as shown by the above comparative statement of receipts, are fairly satisfactory.

Certain tariff modifications in connection with the Auckland lines, and the extension to the Queen's and Railway Wharves, will, I am satisfied, result in a largely increased revenue.

I also anticipate a large increase on the Wellington and Masterton Railway as soon as the line taps the Wairarapa District, which will probably be accomplished about the middle of September next.

The opening of the connecting link between the Foxton and Wanganui Districts took place in May last, and the beneficial result is already apparent in a rapidly-increasing traffic. Hitherto the Wanganui District has been mainly dependent for timber supplies upon a seaborne trade, whereas now it has access to the Feilding and other timber districts by railway. I also understand that the farmers of the Rangitikei District are likely to grow grain and other produce, which has hitherto been kept back for want of the communication now supplied.

The great drawback on several of the lines has been inadequate engine power and rolling stock, but the most pressing wants are being attended to, and I trust complaints will shortly cease.

Kaipara Line.

The total receipts for the year on this section amounted to £3,925 3s. 10d., being an increase of £146 19s. 5d. over the previous year.

I do not anticipate much increase here until the line is connected with Auckland. It is a very isolated district, and in itself possesses few elements for development.

The road, culverts, and bridges are in fair condition, and the engines and rolling-stock in good working order.

Changes in the staff recently made will effect a saving of £266 per annum.

Auckland Line.

The total receipts for the year on this section amounted to £37,321 10s. 6d., being an increase of £15,453 6s. 9d. over the previous year.

The Waikato coal is growing in public favour, and I have no doubt a modified tariff will enable the colliery proprietors to successfully compete with the Newcastle and Bay coal for local steamers as well as domestic consumption. The coal answers admirably for locomotives, and we use no other on this line.

Large quantities of live stock are driven from up country to the Auckland market, the carriage of which, it is expected, will be secured to the railway by a reduced tariff now under consideration. Several other modifications are contemplated tending to an increase of traffic, and I am hopeful that the current year's working will show a more satisfactory result.

Notwithstanding the extension of the railway to Newcastle and Ohaupo the Waikato Steam Navigation Company still continue to receive the traffic at Mercer. Steps are, however, being taken to change this state of things, and I trust we shall shortly arrange to effect an interchange of the river traffic at Newcastle instead, and thus secure thirty-one additional miles of freight to the railway.

In view of a largely-increased traffic on this line, I would strongly urge the easing of the curves and grades near Pokeno. There are now four 6-chain reverse curves on very heavy grades in a distance of a little over three miles. Three of these curves occur in a distance of 37 chains, and, as the bulk of the traffic passes over this portion of the railway, it is a serious question of extra cost in working.