

For the two Railway Commissioners, one in each Island, one General Manager has been substituted, whose head-quarters are in Wellington; the two Accountants' Departments have also been amalgamated, as likewise the two Stores Departments. Independently of the considerable annual saving which has resulted from these changes, they are calculated to insure prompt and efficient management. They have also given to the Minister a more real control over the business of the department than he could possibly have under the former system.

The results of the traffic for the year have been on the whole satisfactory. In the passenger traffic there has indeed been a considerable falling-off, an indication in agreement with that furnished until recently by the Customs and other revenue returns, of the general depression in which this colony has shared, and the forced economies that have been the result. The decrease has not been caused by any increase in passenger fares, which have not been raised: in some cases, reductions have been made. This falling-off has affected chiefly the busiest parts of the country. On the Hurunui-Bluff lines, which furnish three-fourths of the whole receipts, it nearly reached 10 per cent. on those of the preceding period, though the length of lines open to traffic has been augmented by above $4\frac{1}{4}$ per cent.

There has been a contemporaneous and very general and large increase of the goods-traffic revenue, amounting to 24 per cent., and dependent not alone on the increase of the tariff but of tonnage also. On the two classes of receipts, namely passengers and goods, combined, there has been an increase of nearly 10 per cent.

Thanks partly to this augmentation, and partly to increased economy in management, the nett returns from the railways as a whole have, during the past year, been equal to £3 8s. 3d. per cent. on the cost of construction.

The decrease of train-mileage, consequent on the greater care everywhere visible in the administration, together with large economies in the Railway staff, have resulted in a considerable growth of the nett revenue. The gross revenue of the year 1880-81 amounted to £836,454, against £762,572 in 1879-80, an increase of £73,882. The nett revenue was £314,497, against £182,562 in 1879-80, an increase of £131,935, the difference between these two increases, £58,053, being due to the causes already pointed out. Notwithstanding the increase of mileage under work (9 per cent.), the total cost of maintenance and traffic was reduced from £580,010 in 1879-80 to £521,957 in 1880-81, a reduction exceeding 10 per cent., and as large, probably, as due care of the lines and plant will permit in the existing state of the traffic.

Only two openings for further economy seem suggested on the face of the copious returns as to the working management for the year. I refer, first, to the selection in future purchases of the types of locomotive which experience suggests as most suitable, and to the employment of the fuel which, having regard to its cost, has proved most effective. In this connection, it will be satisfactory to honorable members to know that New Zealand coal alone is now used on the locomotives, and that the returns show that the Westport coal may claim to rank, in point of value for locomotive purposes, above that obtained from the Newcastle, N.S.W., mines, which stands second on the list. Return No. 27 will be found to record experiments on an extensive scale, including a comparison of the effective work of the above two varieties of coal, used under similar conditions and by engines of the same type.

The second hope of economy is afforded by what appears at first sight the excessive proportion of locomotive expenditure under the head "Shunting." This seems to be owing to peculiarities of the traffic, and, to some extent, to the imperfection of station arrangements in places where the traffic has, in the course of time, outgrown the existing accommodation. The large number of stations, and of sidings independent of stations, the number of blind sidings and of short branch lines, and the inadequate water services, are also features of our system which swell the cost of locomotive work, by increasing the item "Shunting." The item in question is about one-fourth of the total (£137,000) of Class B, "Locomotive Power," in the Return No. 3; and, if a moderate additional expenditure in the extension and equipment of some of the stations would diminish the charge materially, the result would sensibly affect the nett revenue.