

Hurunui Bluff Section.—On this section 19 miles 11 chains of Government line have been opened, and 18 miles 28 chains of private lines have also been added to the system. The total mileage of Government and private lines worked is 886 miles 63 chains. The cost of working per mile was £457 as against £488 in the preceding year, and the percentage of expenditure to revenue was 55·84 against 59·64; a further reduction in expenditure must not now be looked for, the increasing cost of repairs as well as the heavier traffic will tend to raise the expenses. The number of passengers has slightly diminished although the receipts have increased. The grain tonnage moved was less, but under all other heads the tonnage has increased considerably. The parcels, cattle, and sheep traffic show satisfactory increases. Cheap fares for excursions have been extensively adopted, but before this class of traffic can be fully developed a considerable addition must be made to the carriage stock. The express service has been improved between Dunedin and Christchurch by omitting a large number of stoppages. The timber trade has grown largely both from increased exportation from Southland and importation from Wellington and the North Island.

A further supply of trucks have been placed on the line to meet the Southland demands, and more are under erection and order. The amalgamation of the Railway and Post and Telegraph offices has proceeded during the year; 52 stations are now public telegraph offices. The business of working the wharf at Timaru has been undertaken on similar terms to those adopted elsewhere. In the Locomotive Department the engines and stock have been efficiently maintained and improved; a heavier tonnage has been carried at a less cost than in the preceding year. Improvements have been made in the water services, but much remains yet to be done. Extensions of coal-sheds are wanted in several places to make the best of the native coals, which suffer deterioration if exposed to the weather. Extensions are required in the workshops to cope with the work of repairs and renewals. Attention is directed to Return No. 22, showing the very extensive nature of the work carried on, and the heavy responsibility devolving upon the Locomotive Superintendent in his department. The safe conduct of the traffic depends so largely upon the stock being maintained, that no excuse is needed for urging the earliest extension of the shops and appliances. The Hillside shops, already largely improved and extended, require further additions, and the Addington shops require improvements in certain respects. Some further additions to the locomotive stock will be needed early. The type of English goods-engine chiefly in use still prove the most economical, and this corroborates the conclusions arrived at previously, that the English-built stock is preferable to American. A considerable diminution of expenditure has been effected in the Maintenance Department by the Engineer for Working Railways on this section; extensive additions have been made to the station accommodation; throughout the system much remains to be done, especially in the Southland District, where great inconvenience is experienced through the business having far outgrown the appliances. This is particularly marked by the irregularity in the trains, occasioned chiefly by want of proper siding-room. Invercargill and the Bluff Stations are both inconveniently small for the existing traffic. The line is undergoing improvement by renewing the road with heavier rails and sleepers, as the present way is worn out. Lyttelton Station has had additional sidings laid; Timaru Station is being extended to accommodate the wharf and the increasing traffic. The maintenance of the combined bridges falls rather heavily on the Railway Department from the extensive renewals required in the flooring, and from the great additional expense in renewing the bearing part of the structures, due to the intervention of the flooring. The renewal of the Duntroon branch with sleepers and rails, and the reconstruction of the bridges and road, to render it safe for the class of stock needed for the traffic, is a pressing necessity. The Ngapara and Riverton branches require similar treatment.

The Engineer for Working Railways reports that out of 62,000 sleepers renewed 27,000 were of black pine or miro, and these are mostly under six years old. This short life is an element of much cost; during the decay of the sleeper the rail suffers and is deteriorated, and the labour in maintaining the road is increased; and the cost of the renewal of the sleepers is also very heavy, not so much of the sleepers alone as in carriage, handling, and relaying; a more durable sleeper would be found cheaper. The jarrah sleeper is in every respect far superior, being less liable to decay and wear, and being of greater weight; it would be found cheaper to get this class of sleeper in many instances. During the year 675 chains of live hedges have been planted, and 2,345 chains are in course of preparation for planting. Quick and African box plants are being raised for this work at Hillsborough and Sockburn. Some £4,635 has been expended on additions and alterations to line during the year, which has been charged to working expenses.

GENERAL.

The railways as a whole have paid £3 18s. 2d. per cent. on the expenditure upon lines open for traffic, and £3 7s. 3d. per cent. on the total expenditure on railways, including uncompleted lines, accessory works, and new surveys. The course indicated in last year's report has been steadily pursued with regard to rates. General reductions have been made in the grain, wool, stock, and merchandise rates; a large number of local and special rates have been introduced; and several changes in classification and in minor regulations tending to give relief when circumstances have shown it desirable. These concessions have involved considerable sacrifices in revenue, the effects of which in some cases have yet to be felt.

The principal traffic in local products for the past three years is as follows:—

	Wool.	Timber.	Grain.	Minerals.	Horses and	Sheep and
	Tons.	Tons.	Tons.	Tons.	Cattle.	Pigs.
					No.	No.
1881-82	44,681	192,905	375,725	433,659	32,571	319,837
1880-81	42,387	169,695	421,142	406,266	27,930	280,683
1879-80	41,895	149,428	240,144	321,060	30,393	260,816

These figures indicate a very rapid growth in the colonial industries. The revision of rates carried on during the last two years no doubt materially assisted in bringing about these results. Further reductions, however, must receive careful consideration: the tendency, from outside pressure, is to go