

too far. The lowering of rates, while it may be attended with additional loss of revenue on work already unremunerative directly, will not stimulate traffic beyond the natural demands and powers of the population. Attention is again directed to the somewhat erroneous views occasionally expressed on the subject of rates. It needs only reference to the scales of charges in force to observe how largely the standard scales have been modified to suit local wants.

We should be careful in making superficial comparisons between rates and charges in New Zealand and those in other countries: the varying conditions of quantities, distance, character of the lines, the cost of labour, fuel, water, and machinery, and a hundred other considerations, will affect the cost of conveyance. We cannot draw comparison between the rates prevailing on some American railways and our own, because every condition is different; and in no greater respects do they differ than in the distances goods are carried, which are counted by hundreds of miles in America, while in this country they are counted by tens.

The average cost of goods moved per ton per mile is as follows for three principal lines: Auckland, 2.25d.; Wellington, 2.74d.; Wanganui, 2.31d. This comparison is interesting, as it is the first year in which the returns have been got out to show the results. The two lines Auckland and Wellington are not very dissimilar in the traffic and in the proportionate quantities moved, and the rates of wages closely approximate. The Wellington line is of a most exceptional character, needing special appliances; the Auckland line is one with comparatively easy features. Yet the difference in the average cost of working has been only $\frac{1}{2}$ d. per ton per mile. This affords some approximate means of judging whether it would have been cheaper to have selected a route for the Wellington line *via* the coast, some thirty miles longer, into the inhabitable country. Taking a 70-mile run for the shorter route as against a 100-mile run for the longer, the difference in cost would be in favour of the shorter by 2s. 8d. per ton. It may be estimated that the cost of a coast line of extended length could not, at any rate, have been less than the route adopted, and it would probably have been more, and the time occupied must also be taken in favour of the shorter route. The selection of this route was, therefore, clearly sound, and, as it is a point on which many doubts have been expressed, it is satisfactory to obtain confirmatory evidence. The question of speed on the railways is one which gives rise to much comment. With the description of lines and stock existing a low speed is essential, and is also most economical. High speeds can be maintained only on lines more expensively built and equipped, and even on these only at a higher cost. The New Zealand railways will be much improved by effecting renewals with heavier rails, and by making the additions to stock of a heavier and more expensive class. But these steps will not overcome the evil of allowing an undue number of stations and private sidings. A mixed train which will traverse twenty miles of line conveniently in an hour will, if ten or twelve stoppages be interposed, take three-quarters of an hour longer; and this is a condition not unfrequently existing on our railways: many cases exist where stations are not more than three-quarters of a mile apart. This difficulty can be only overcome by closing some stations, or by running trains through. The latter course, though apparently simple, is difficult to follow; as an example, the express service between Christchurch and Dunedin may be cited; it was started in 1878 to run in 10 hours 55 minutes, but by 1880 the public had succeeded in increasing the time to 12 hours 40 minutes. During the past year this service was recast to work in 11 hours 30 minutes; but again attempts have been made to increase the time by adding stoppages. There would be little difficulty in running it in 10 hours 30 minutes at moderate speed were the fact more keenly recognised that we cannot have both quick services and numerous stoppages.

The cost of working the lines has been reduced as far as is consistent with safety and convenience, but must be expected to increase every year considerably. The fact that a greatly-increased tonnage and an extended mileage have been worked for an expenditure of £57,000 less than was the case three years ago will indicate that strenuous efforts to economize have been made during the past two years. Should the current rate of wages increase, and this extensively, it will affect the cost of working proportionately.

There is a tendency to assert the view that particular sections of the railways, should be treated with lower rates than others, because they exhibit a higher rate of interest on the cost of construction. It is not readily seen, where the railways are common property, how this view can consistently be maintained, more especially as the prosperity of one part is not independent of the other. The southern community derives extensive advantages from the importation of cheap timber from the North, supplied by means of the northern railways. The North draws its grain supplies from the South by similar means. The interchange of passengers between different localities gives a common advantage to all the railways. The West Coast railways supply cheap fuel all round. No section of the railways could be removed from the influences of the others without being injuriously affected. Wellington and Wanganui lines are, we may infer, better feeders to the Hurunui-Bluff section than many of the attached branches.

There are some internal difficulties in the management owing to the inconvenience of the system on which business is conducted with other departments. Time is occupied by inter-departmental work, which ought to be devoted to matters of larger public interest. The traffic, audit, and ticket work should be within the department, as it is in other colonies and on all other railways. However efficiently and cheaply the work of audit is now performed, as far as it goes, its separation from the railway administration is a source of weakness to both the audit and the management.

The conduct of the staff has been good throughout the year, and commendation is due for the zeal and care with which the various local officers have done their duty.

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