

It will be observed from the above table that Part I. of the fund will apparently be overdrawn at the end of the year to the extent of £8,600; but the credits that will come to account during the year under "The Ellesmere Lake Lands Act, 1888," will, it is estimated, more than cover the apparent deficiency.

WORKING RAILWAYS.

Including the district lines purchased, there were 1,813 miles of Government railways in operation throughout the colony on the 31st March last, 684 miles in the North and 1,129 miles in the South Island. Forty-three miles have been opened during the year.

The total expenditure on railways, including Provincial and District lines, has been £15,028,353; but of this £774,214 was for sections under construction, and £203,404 for surveys of new lines, permanent-way materials in stock, and minor charges. The balance of £14,050,735 gives £7,750 as the average cost per mile of the New Zealand railways made and equipped. The Railway Commissioners return the cost of the open lines at £13,899,955, which is £150,780 less than the amount just given. The difference is due to the method adopted in bringing the new sections to charge. The Commissioners do not debit themselves with full cost of a section till it has been a year in operation, so the amount debited the first year is in proportion to the time the section has been open.

The report of the Railway Commissioners, which has been laid on the table of the House, shows a very satisfactory result for the working of the railways during the past year. The earnings have been £1,095,569, and the working-expenses £682,787, showing a profit of £412,782, which is equal to £2 19s. 5d. per cent. on £13,899,955, the total cost of the open lines. But, if we examine Return No. 6 attached to the Commissioners' report, a still more gratifying state of affairs is disclosed. Out of the total of 1,813 miles, 1,193 miles show a return of over $3\frac{1}{2}$ per cent. on the cost of £8,888,733; and of these, again, 124 miles pay over 4 per cent. on £1,082,798. Among the longer lines the best paying is the Napier-Woodville Section, 97 miles, which returns £5 4s. 3d. per cent.; then the Hurunui-Bluff system, 1,069 miles, with £3 10s. 9d. per cent., and this notwithstanding the number of unremunerative branches which are included.

The traffic on the railways has increased considerably during the past year in all the principal items, as compared with the previous year: the passengers have increased from 3,132,803 to 3,376,459; and goods from 1,920,431 tons to 2,073,955 tons.

As evinced by the increased percentage of profits, there has been a large increase in the traffic on all the principal lines. Among the lines which pay less than 3 per cent. the most notable instances of improvement are the Foxton-New Plymouth line, which paid £1 11s. 7d. per cent. in 1889-90, against 17s. 9d. in 1888-89, and the Wellington-Eketahuna line, which shows an increase from £2 2s. 6d. to £2 8s. 10d. per cent.

As the Railway Commissioners' statements do not give the returns on the district railways separately, I may state that, generally, their position is now much improved. The three more important lines—Rakaia-Ashburton Forks, Duntroon-Hakateramea, and Waimea Plains—are now returning a considerable surplus over working-expenses; and in the case of the Waimea Plains line the surplus last year was equal to £3 16s. 4d. per cent. on the cost of the railway to the Government.

The increase in the traffic last year is to a considerable extent due to the Exhibition at Dunedin, which attracted visitors from Australia, as well as from distant parts of our own colony. The tourist traffic increased last year in a marked degree, and promises considerable expansion in the future. During the four months from November to February, 6,350 tourists were landed in this colony from Australia. Not only did these people expend considerable sums of money on their trip, but some of them acquired a permanent stake in the country. New Zealand has been aptly called the recreation-ground of the antipodes, and it is not unreasonable to assume that, before