

so far as general merchandise, passenger, import, and export trade is concerned, I feel satisfied that substantial increases may be expected.

Owing to continued increase in trade the additions made to our allotment of rolling-stock during the year have not afforded perceptible relief from the almost constant struggle to supply orders. To expeditiously meet demands, without incurring extra mileage and expenditure, a further and immediate addition of at least 300 trucks to our present allotment is an absolute necessity.

The express service which was inaugurated between Dunedin and Invercargill on the 1st December is much appreciated by the travelling public.

I have, &c.,

THOMAS ARTHUR.

District Traffic Manager.

The General Manager, New Zealand Railways, Wellington.

SIR,—

District Traffic Manager's Office, Invercargill, 5th May, 1898.

I have the honour to report on the working of the Southland District New Zealand railways for the financial year ending the 31st March, 1898.

The traffic has been the heaviest yet recorded, being an increase of £8,892 8s. 7d. over that of last year; and, seeing that the traffic for the latter year was exceptionally heavy, the results must be considered most satisfactory. The increase would have been far heavier had not the very bad weather experienced in Southland for the last five months of the year caused the harvest to be late. The most noticeable features of the year's traffic were the exceptional expansion of the timber trade and general merchandise. The rabbit business was also very extensive, and is no doubt accountable for some of the increases in other branches of traffic. The passenger traffic has also been the largest yet reached in this district. The only decrease worth noticing has been in the carriage of sheep, the number carried showing a large falling-off.

Notwithstanding the favourable nature of the past year's traffic, I consider the current year will prove even more successful.

The timber traffic still continues to increase, and the large extent of new country lately taken up in various parts of Southland and Tapanui districts will cause an extensive increase of the areas under grain, and, given a satisfactory season, the returns should be greatly in excess of any yet received. The prices for all kinds of cereal this season will cause extensive cropping, and it is very rarely that this district has two bad harvest seasons running.

All branches of traffic are now very busy, and the number of rabbits carried by train continues to increase. There is no doubt that this new branch of industry is a very important one, as, besides absorbing the major portion of the unemployed, it brings to us, both directly and indirectly, a large increase of business.

The late alterations in the train-services, especially the quickened running of the expresses between Dunedin and Invercargill, and *vice versa*, have resulted in an increase of the passenger traffic between these points, and given general satisfaction.

There have been no accidents of any kind to our trains, and everything has worked satisfactorily.

I have, &c.,

S. F. WHITCOMBE.

District Traffic Manager.

The General Manager, New Zealand Railways, Wellington.