

Goods-wagons between the terminal stations will be taken by these trains provided punctuality does not suffer thereby, but, as before stated, shunting at intermediate stations will be prohibited.

In consequence of the stationary character of the tourist traffic in the cold-lake district, the Government has been considering the advisability of running, during the summer months, an improved service between Dunedin and Kingston; but much cheaper steamer-fares between Kingston and Queenstown, and between Queenstown and the head of the lake, are necessary to make this a success, as it is useless to expect the business to rapidly expand unless popular prices are charged.

I have given instructions to provide with all possible speed second- as well as first-class lavatory accommodation on all trains outside the suburban areas, and to materially improve the second-class seating accommodation, more especially for the long-distance journeys.

With a view to improving the train services still further, and to make proper provision for meeting the public demands for improved communication and better attention to traders' requirements, more especially in the supply of railway-wagons, I have appointed a Traffic Superintendent for each Island—viz., Mr. A. Grant, of Wellington, for the North Island, and Mr. W. H. Gaw, of Dunedin, for the South Island. It will be the duty of these gentlemen to supervise the running of the train services and outdoor work generally, so as to insure punctuality as well as suitable and satisfactory train services, and also to distribute the rolling-stock in such a manner as to meet the public requirements in the best and most economical manner possible.

Tickets at the Auckland, New Plymouth, Wanganui, Napier, Palmerston North, Wellington, Te Aro, Lyttelton, Christchurch, Ashburton, Timaru, Oamaru, Dunedin, Gore, and Invercargill booking-offices are to be on sale the day prior to as well as on the day required for use, so as to avoid any cause of complaint on account of the limited time allowed in which to procure tickets, and also on account of the crowded state of the booking-offices at these centres.

The Pintsch gas system adopted for lighting our railway-carriages continues to give satisfactory results, and meets with the approval of the travelling public. Five gas-making plants have been erected, seven travelling storeholders built, and 439 cars fitted up, at a cost of £33,450. The total quantity of gas produced amounted to a million and a half cubic feet for the year ending 31st March last.

It has been ascertained that, after providing for working all installations, including interest on and depreciation of fixed plant and car equipment, a saving as compared with kerosene has been effected. The annual charge in the case of gas computed on this basis amounted to £5,550, as compared with kerosene costing £6,160. This result is considered satisfactory, and will improve as the gas-consumption increases.

In order to provide for greater safety and punctuality, the Government has determined to gradually equip the whole of the rolling-stock with the most modern type of the Westinghouse automatic continuous brake. A contract has been let for the North Island stock, to be completed within three years. The express trains in the South Island are simultaneously to be so fitted.

As a further provision of safety, it has also been decided to adopt the electric and ordinary staff systems for train-working, in lieu of the present "train-despatcher" system.

Bills are in course of preparation providing for a consolidation of previous enactments relating to "working railways," for the classification and pay of the staff, and for a superannuation fund on lines similar to those in existence at Home.

Additions to rolling-stock and additions and improvements to the lines and structures at a cost of £247,544 have been made during the year, charged as follows: £218,357 to Capital Account, and £29,187 to working-expenses. (See Return No. 7 for details of capital expenditure.)

Of the 2,361 casual labourers employed in the Traffic Branch and insured against accident at the cost of working-expenses, 58 were injured and received compensation during the year. The cost of premium amounted to £420.