

When it is remembered that the late running includes delays from all causes, the excellent time kept by the trains generally will be at once apparent.

The passenger traffic is assuming large proportions. The increase of 1,112,543, with concomitant increase of £72,646 in revenue, being a record.

Holiday excursion tickets maintain their popularity, the year's business under this head showing an increase of 55,273 passengers, and £33,880 9s. 4d. School and factory excursions show an increase of 6,934 passengers, and £232 0s. 1d. over the business for the previous year. School, factory, &c., and holiday excursion tickets were introduced by the Government in 1896, and have been a most pronounced success, as although the number of school children carried at school excursion rates has slightly fallen off since the first year, the holiday excursion traffic has grown rapidly, the number of passengers being nearly double, and the revenue two and half times greater than in 1896.

Workers' weekly tickets on suburban lines have again been largely availed of, the number issued during the year being 49,444.

With a view to increasing the comfort of passengers who travel on the southern lines during the winter months, 1,000 additional foot-warmers have been provided during the year for use in the various trains, as circumstances render necessary, and the requisite heating-furnaces are being built. The fitting of second-class cars with cushions is still being proceeded with as rapidly as possible; 102 cars have been so fitted during the year, making the total number of cars in use for which cushions are provided 305.

164 locomotives, 263 carriages, 65 brake-vans, and 1,747 wagons have now been fitted with the Westinghouse brake. The major portion of the vehicles so fitted are on the Wellington-Napier-New Plymouth Section, where the brakes are in daily use on all the principal trains, and give satisfaction. The equipment of the rolling-stock on the Auckland Section will be put in hand very shortly.

The additions made to the rolling-stock during the year consisted of 59 locomotives, 101 bogie cars, 27 bogie brake-vans, 52 bogie and 1,562 four-wheel wagons; 810 tarpaulins were also added to the stock. A total of 607 cars and brake-vans were equipped with Pintsch gas. The cost of making the gas for the year was 14·03 per cent. less than for the preceding year. The heavy traffic which has of late years had to be dealt with by our railways has necessitated the use of a rail of greater weight and strength than hitherto laid in the track, it has therefore been decided to adopt as the standard for all the principal lines a 70 lb. rail. During the year just ended 40½ miles of track were relaid with this class of metal.

The average number of men employed was 8,313, against 7,793 for the previous year.

During the year 145 members of the permanent staff resigned, 33 died, 52 were retired, 44 were dismissed, and 643 engaged.

Three appeals against decisions of the Department were heard by the Railway Appeal Boards during the year, two of which were allowed and one dismissed.

The sum of £2,240 has been paid as compensation and compassionate allowances to members retired from the service and the relatives of members deceased during the year.

Twelve members of the Second Division were promoted to the First Division during the year.

One caretaker has been placed in charge of a flag-station during the year, making the total number of caretakers now employed 102. During the year considerable progress has been made in the erection of fixed signals, interlocking of points and signals, fitting up train-tablet system of block working, and provision of additional telephone and telegraph facilities, with very satisfactory results.

REVENUE.

The gross revenue, £1,874,586, has exceeded the estimate by £114,586, and the net revenue, £622,349, exceeds that of the previous year by £22,961. These results are all the more satisfactory when considered in conjunction with the phenomenal increases that have taken place in the earnings of the lines during the last four years, and the large concessions made in passenger fares and freights, and additional facilities provided in the way of train services. The