

REVENUE.

The gross revenue, £1,974,038, exceeded the estimate by £99,038, and the revenue of the previous year by £99,452. The net revenue, £630,623, was £8,274 in excess of that of the previous year. In estimating the revenue for the year under review I had to take into consideration the fact that a considerable portion of the earnings of the year ending 31st March, 1902, resulted from circumstances of a non-recurring character; but, notwithstanding the exceptional circumstances pertaining to that year, and the large reductions made in passenger fares, wool, dairy produce, and artificial-manure rates, in October last, the revenue has fully justified the opinion which I expressed in the concluding paragraph of my Statement last year. The receipts per train mile have been 7s. 3d., as against 7s. 4½d. for the previous year.

Passenger revenue has increased by £832, season ticket revenue by £3,847, coaching traffic (including mails) by £7,712, goods and live-stock by £78,526, rents and commission by £8,877; miscellaneous revenue has decreased by £342: the net increase of revenue over previous year was therefore £99,452.

EXPENDITURE.

The total expenditure has been £1,343,415, an increase of £91,178. The expenditure for working has absorbed 68·05 per cent. of the revenue, an increase of 1·25 per cent. over the rate for the previous year.

The amounts chargeable to working expenses on account of the various branches of the service, and the ratio of expenses to revenue, are shown by the following figures:—

	Expenditure.		Per Cent. of Revenue.	
	1901-1902.	1902-1903.	1901-1902.	1902-1903.
	£	£		
Traffic	333,211	360,061	17·78	18·24
Locomotive	450,694	484,551	24·04	24·55
Maintenance	436,847	460,398	23·30	23·32
Management	56,756	62,997	3·03	3·19
	1,277,508	1,368,007	68·15	69·30
Less Credit Recoveries	25,271	24,592	1·35	1·25
	£1,252,237	£1,343,415	66·80	68·05

The expenditure for maintenance of the lines, buildings, bridges, and other structures has increased from £436,847 last year to £460,398 for the year under review, and represents an average expenditure for maintenance of £204 per mile of railway open. The increased maintenance expenditure has been incurred on Kawakawa Section, £339; Wellington-Napier-New Plymouth Section, £2,545; Hurunui-Bluff, £12,793; Westland, £1,136; Westport, £6,084; Nelson, £1,900; and Picton, £1,055.

The cost of maintenance on Kaihu, Whangarei, and Auckland Sections has decreased by £714, £223, and £1,389 respectively. £15,057 has been expended on additions and improvements to lines and structures, which might fairly have been debited to capital. £63,728 has been spent on bridge repairs and renewals, of which the sum of £10,320 was debited to capital, and the balance, £53,408, to working expenses.

The increased expenditure in the Traffic and Locomotive Branches is due principally to the additional train mileage and increased staff to meet requirements of the business, also to improvement of the wages and salaries under the Classification Act. The sum of £423,167 has been expended under the head of "Additions to Open lines" and charged to Capital Account. £157,877 has been expended in improvements to buildings, water services, respacing sleepers, fencing, relaying, bridge strengthening, sidings, creosote plant for treating sleepers, purchase of land, telegraph and telephone facilities, interlocking and safety appliances, wharves, and crossings; £265,290 on rolling-stock, cranes, tarpaulins, lavatory accommodation in cars, Westinghouse brake, cushioning second-class cars, lighting of cars, lighting workshops by electricity, machinery for workshops, and foot-warmers. The rolling-stock in connection with which the charges are made consist of 12 locomotives, 42 carriages, 17 brake-vans, 21 bogie and 469 four-wheeled wagons, 391 tarpaulins and 3 cranes completed at