

Nearly 300,000 new sleepers were laid and 306,000 cubic yards of ballast used on the track. The strengthening of a number of important bridges in various parts of the colony to enable them to carry the largest class of locomotive was put in hand during the year. Many improvements were made at stations in regard to office, goods-shed, and siding-accommodation, water-services, erection of verandahs, installation of electric and gas lighting, and houses for staff. New station-buildings were provided at Dunedin, Blenheim, Waimate, Warrington, and flag-station equipment at Mackaytown, Owharoa, Winiata, Te Kuiti, and Menzies' Ferry. A large number of other works calculated to ultimately promote the public interests and the efficiency of the railway service were undertaken. Some were completed and others are still in hand, but are being pushed on to completion as rapidly as possible.

On the 26th March an accident quite unprecedented in this colony occurred at Lyttelton, when a Fairlie engine drawing the extra express train on to the Ferry Wharf failed to stop the train, and was pushed bodily forward. The wheels and under-gear of the engine becoming detached fell into the harbour, while the remaining portion of the engine remained suspended over the end of the wharf.

On the 29th March a butting collision occurred at Bankside between a night mixed train from Christchurch to Ashburton and a special train conveying Volunteers from Timaru to the encampment at Sheffield and Racecourse Hill. The two engines, a horse-box, and a carriage were extensively damaged. The driver of the Christchurch engine and a Volunteer in the Timaru special were injured, but I am glad to say that no lives were lost. The accident resulted from the driver and guard of the Christchurch train overlooking their crossing with the special. The driver of the special acted with great promptitude. Hearing the Christchurch train whistle, he concluded it had passed Bankside and was approaching Rakaia Bridge. He at once brought his train to a stand with a view to setting back, but before he could get it in motion the Christchurch train struck it. The driver of the Christchurch train also did his best to avert the accident when he realised the position, and stuck to his post throughout. The accident blocked the line completely, but a temporary loop was promptly laid, through which all trains were enabled to pass without delay.

REVENUE.

The gross revenue for the year amounted to £2,624,600, and exceeded the estimate by £174,600 and the gross revenue for the preceding year by £274,896. The net revenue, £812,118, was £83,653 in excess of the previous year. Passenger revenue shows an increase of £99,201, season tickets £5,980, coaching traffic £9,270, goods and live-stock £152,648, miscellaneous and rent £7,797. The receipts per train-mile amounted to 93·00d. as against 87·75d. for the previous year. The earnings of the Lake Wakatipu steamers amounted to £6,159, as against £5,986 last year. The net return was equal to 6·55 per cent. on the capital cost.

EXPENDITURE.

The expenditure, including the sum of £5,082 incurred in connection with the Lake Wakatipu steamers, amounted to £1,812,482, an increase of £191,243 over the previous year, and absorbed 69·06 per cent. of the revenue, as against 69 per cent. for the previous year.

	Expenditure.		Per Cent. of Revenue.	
	1906-7.	1905-6.	1906-7.	1905-6.
	£	£		
Traffic	494,942	442,063	18·90	18·86
Locomotive	657,893	587,752	25·13	25·08
Maintenance	613,890	546,805	23·45	23·33
Management	73,376	70,539	2·80	3·01
	1,840,101	1,647,159	70·28	70·28
Less credit recoveries ..	32,701	31,147	1·25	1·33
	1,807,400	1,616,012	69·03	68·95
Lake Wakatipu steamers ..	5,082	5,227	0·03	0·05
	£1,812,482	£1,621,239	69·06	69·00

The cost of maintenance of line, buildings, and other structures has increased from £546,805 to £613,890, representing an average expenditure of £252·78 per mile of railway, against £228·67 for the previous year. The increased expenditure has been incurred on the Whangarei Section, £171; Kaihu, £21; Auckland, £16,111; Gisborne, £772; Wellington - Napier - New Plymouth, £10,798; Hurunui-Bluff,