

REVENUE.

The gross revenue for the year amounted to £2,929,526. It exceeded the estimate by £94,526, and the gross revenue for the previous year by £167,588. Passenger revenue shows an increase of £85,937; season tickets, £12,743; coaching, £10,165; goods and live-stock, £48,376; miscellaneous and rents, £10,367. The receipts per train-mile amounted to 94·00d., as against 93·75d. for the previous year. The earnings of the Lake Wakatipu steamers amounted to £6,438, as against £6,637 last year. The net earnings gave a return of 3·13 per cent. on the capital cost.

EXPENDITURE.

The expenditure for the year, including £5,058 incurred in connection with the Lake Wakatipu steamers, amounted to £2,114,815, an increase of £165,057 over the previous year, and absorbed 72·19 per cent. of the revenue, as against 70·59 per cent. for the previous year:—

			Expenditure.		Per Cent. of Revenue.	
			1908-9.	1907-8.	1908-9.	1907-8.
			£	£		
Traffic	605,940	534,634	20·73	19·40
Locomotive	794,260	733,403	27·17	26·62
Maintenance	656,154	638,560	22·45	23·18
Management	92,445	76,082	3·16	2·76
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			2,148,799	1,982,679	73·51	71·96
Less credit recoveries	39,042	38,297	1·33	1·39
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			2,109,757	1,944,382	72·18	70·57
Lake Wakatipu steamers	5,058	5,377	0·01	0·02
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			£2,114,815	£1,949,759	72·19	70·59
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The cost of maintenance of line, buildings, and structures has increased from £638,560 to £656,154, representing an average expenditure of £257·63 against £258·31 per mile of railway for the previous year. The increased expenditure has been incurred on the Kawakawa Section, £383; Whangarei, £73; Gisborne, £563; North Island main line and branches, £29,221; Picton, £3,247. The cost of maintenance has decreased on the Kaihu Section, £203; South Island main line and branches, £8,699; Westland, £477; Westport, £5,720; Nelson, £794.

The increased cost of maintenance is a natural corollary of the demand created by the expanding traffic for engines of greater power, cars and wagons of increased carrying-capacity, and faster train-services. The relaying of the main lines and branches with heavier rails, respacing of sleepers, strengthening of structures, and provision of many other works calculated to increase the efficiency of the lines and enable them to meet all the existing and prospective requirements for a considerable time to come had necessarily to be undertaken and, where possible, completed. During the ten years intervening between 1899 and 1909, a total of 929 miles of track has been relaid, 768 miles with new materials and 161 miles of branch line with rails taken out of main lines, and the expenditure on track-renewals, including relaying and new sleepers, amounted to £1,678,526. The enhanced price of materials, increased rates of wages, and expenditure incurred on the works enumerated has had a marked effect on the maintenance expenditure, which has steadily increased during the past ten years. Our railway-lines are, however, in a better condition than at any other period during their history. I confidently anticipate that as a result of the expenditure incurred in connection with betterments during the past few years a diminution of maintenance expenditure is now within measurable distance. I observe that the effect of high-priced material on the maintenance of railroads is not confined to the Dominion, but has been making itself felt in the United States and United Kingdom, where the cost of materials is assigned by some of the leading companies as the reason for the advance in their operating expenses.

Additions and improvements to lines and structures costing £13,308, which might fairly have been debited to capital, have been made during the year and charged to working-expenses.