

The revenue from coaching, goods, and miscellaneous traffic showed increases aggregating £83,719. The revenue from the North Island lines increased by £128,680, of which sum £122,104 was from the North Island main lines and branches, the balance being from the smaller sections.

The receipts per train-mile from the North Island main lines and branches decreased by $\frac{1}{2}$ d. per train-mile in gross receipts, the returns being 8s. 1d. per train-mile for 1914 against 8s. 1 $\frac{1}{2}$ d. per train-mile for 1913, while the net revenue per train-mile was 2s. 4 $\frac{84}{100}$ d. against 2s. 7 $\frac{30}{100}$ d., a decline of 2 $\frac{46}{100}$ d.

On the South Island main line and branches the gross receipts per train-mile were 9s. 1d. for 1914, against 9s. 2 $\frac{3}{4}$ d. for 1913, a decrease of 1 $\frac{75}{100}$ d. The net return per train-mile was 2s. 4 $\frac{84}{100}$ d., against 2s. 9 $\frac{59}{100}$ d. for the preceding year, a decrease of 4 $\frac{75}{100}$ d.

For all lines the gross receipts per train-mile were 8s. 8d. against 8s. 9 $\frac{1}{2}$ d. for 1913, a decline of 1 $\frac{50}{100}$ d. per train-mile.

The net earnings per mile of railway decreased to the extent of £38 per mile for the average number of miles open for traffic, the return for 1914 being £408, as against £446 for the preceding year. The net revenue, £1,163,005, gave a return of 3 $\cdot$ 61 per cent. on the capital (£32,355,087) invested in the lines open for traffic.

The earnings of the Lake Wakatipu steamers amounted to £6,790, a decrease of £231 on the previous year's business.

Having regard to the paralysing effect the unfortunate labour crisis had on the trade of the Dominion, and the consequences arising out of the very unforeseen circumstances that occurred during the year, the revenue derived from the railways can only be regarded as satisfactory.

EXPENDITURE.

The expenditure for the year, including £7,046 representing cost of working Lake Wakatipu steamers, amounted to £2,880,323, an increase of £174,714. The ratio of expenditure to earnings was 71 $\cdot$ 24 per cent., against 68 $\cdot$ 13 per cent. for the preceding year, an advance of 3 $\cdot$ 11 per cent.

	Expenditure.		Per Cent. of Revenue.	
	1913-14. £	1912-13. £	1913-14.	1912-13.
Traffic	838,222	768,937	20 $\cdot$ 73	19 $\cdot$ 40
Locomotive	1,154,309	1,059,292	28 $\cdot$ 55	26 $\cdot$ 73
Maintenance... ..	763,207	765,860	18 $\cdot$ 87	19 $\cdot$ 32
Management... ..	113,539	104,902	2 $\cdot$ 91	2 $\cdot$ 64
	<u>2 873,277</u>	<u>2,698,991</u>	<u>71$\cdot$06</u>	<u>68$\cdot$09</u>
	7,046	6,618	0 $\cdot$ 18	0 $\cdot$ 04
	<u>2,880,323</u>	<u>2,705,609</u>	<u>71$\cdot$24</u>	<u>68$\cdot$13</u>

The increased expenditure in the Traffic Branch is mainly due to the advances in wages resulting from the increased scale of pay which came into operation on the 1st April, 1913, and also to the increases in the train services and the employment of additional staff as a consequence of the extension of the tablet system, and the hours during which the business of the Department is carried on. The more extended period of the day over which trains are run the heavier the expense of staffing. But for the fact that the train services were materially curtailed as a result of the falling-off in traffic due to the strike the expenditure of the Traffic Branch would have been considerably higher than it was; but the net result of working would undoubtedly have been more favourable. In the Locomotive Branch the increased expenditure is due to the advances in the rates of pay and the prices paid for fuel, stores, and material, the advances in the expenditure in the Head and Departmental Offices incidental to the inclusion in the Head and Departmental Offices of items previously charged to sections, and also to a considerable extent by increases in salaries under the Classification Act.

The expenditure per mile of railway in the Maintenance Branch amounted to £267, against £271 per mile for the previous year. In this branch there is a decrease of £2,653 on the expenditure for the preceding year. Large numbers of miscellaneous works forming additions to lines, structures, and rolling-stock, costing £38,613, which would be a reasonable and proper charge against capital, have been carried out during the year and charged against working-expenses. £198,401 was spent by the Maintenance Branch in carrying out works under the head of "Additions to open lines." These comprise extensions to the signalling, interlocking, block-working, extension of station-yards and siding accommodation, additional water-services, dwellings for staff, grade improvements, overbridges, reclamation of land, provision of stock-yards, new wharves, engine-depots, new tablet stations, improved sanitary arrangements, new district offices, additional duplication at Auckland, wharf-extension at Nelson, &c. In the Locomotive Branch £299,644 was expended in the provision of additional rolling-stock, tarpaulins, fitting cars and locomotives with steam heating-gear, Westinghouse brake, pneumatic coaling-cranes, and workshops machinery. The total expenditure under additions to open lines was £498,045. The rolling-stock in respect to which the charges were incurred consists of 22 locomotives, 80 carriages, 22 brake-vans, 34 bogie wagons, 677 four-wheeled wagons, and 2,050 tarpaulins completed on the 31st March, 1914, and 52 locomotives, 60 carriages, 17 brake-vans, 89 bogie wagons, and 1,237 four-wheeled wagons in hand incomplete on the 31st March, 1914.

HUTT ROAD.

In May and August, 1913, slips occurred on the Hutt Road near Ngahauranga, involving considerable work to clear the road for traffic. This was subsequently effected, and the value