

standard of 100 miles per annum, but in view of the impossibility of obtaining materials from abroad owing to the war, and the necessity for husbanding the very limited stock of rails on hand, it was impracticable to do more. When normal conditions again prevail it will be prudent to raise the standard distance for a year or two until the arrears are overtaken. During the year 158,223 sleepers and 406,544 cubic yards of ballast have been placed in the track. The cost of relaying the track, including respacing and replacing sleepers, is being charged to revenue.

Difficulty has been experienced in obtaining the steel required for strengthening some of the bridges. This, although unavoidable, is unfortunate, as it will retard the work in hand and delay the removal of restrictions to the use of the heavier type of locomotive on certain portions of the main lines.

A considerable number of improvements have been made in the accommodation at various stations throughout the railway system. Interlocking and signalling appliances have been extended; water-services, engine-depots, goods-sheds, and sidings and station-yards enlarged or improved to suit requirements; grade easements have been carried out in the Auckland District and between Feilding and Marton as part of the general scheme of improvement. Fixed signals have been installed at 5 additional stations, and distant signals at 52 stations. Of the total number of officered stations, 285 are equipped with fixed signals, 92 are interlocked, and 118 have yet to be dealt with.

Special switch-locks which prevent signals from being lowered unless the facing-points to which the signal applies are correctly set have been fitted to 40 stations during the year—viz., 30 in the North Island and 10 in the South Island.

The interlocking of points and signals was brought into operation at Waikumete, New Lynn, Avondale, Khandallah, Sockburn Crossing, and Port Chalmers, and additions and rearrangement made at Kioreroa Bridge, Henderson, Linwood, and Sockburn. Flag stations and sidings have been interlocked with the tablet system. The electric tablet system is now operating at 367 stations, controlling 1,620 miles of single track, and the lock-and-block operates over 44 miles of double line.

The railway telegraph and telephone systems were extended during the year and now comprise 276 Morse sets, 1,535 telephones, 253 electric bells, 2,588 miles of poles, and 6,964 miles of wire.

Automatic warning-bells have been installed at 6 level crossings, and the work for 50 more crossings is in hand.

Electric lighting has been installed at a number of stations, railway dwellinghouses, offices, and yards. An electric traverser has been installed at the new locomotive depot, Linwood, and an overhead crane at Petone Workshops.

REVENUE.

The gross revenue for the year amounted to £4,548,356, and exceeded the earnings of the previous year by £412,899 and the estimated revenue by £548,356. The particulars are as follows:—

	1916.	1915.	Increase.
	£	£	£
Passengers	1,722,702	1,482,383	240,319
Parcels, luggage, and mails	236,705	227,521	9,184
Goods	2,423,493	2,249,399	174,094
Miscellaneous, rents, &c.	165,456	146,154	19,302
	<u>4,548,356</u>	<u>4,105,457</u>	<u>442,899</u>

On the North Island main line and branches the receipts per train-mile amounted to 112.25d., against 96.75d. for the preceding year. The net revenue per train-mile amounted to 43.62d., against 28.14d. last year.

The gross receipts per train-mile on the South Island main line and branches advanced from 110.50d. last year to 117.25d. for the current year, giving a net return of 35.73d. For all lines the gross earnings per train-mile advanced from 104.75d. for 1915 to 116.50d. for the current year, an increase of 11.75d. per train-mile. The net earnings per train-mile were 42.00d., against 30.21d. for last year. The gross earnings per average mile of railway increased by £130.

The earnings from the Lake Wakatipu steamers amounted to £7,243, an increase of £392 on the earnings of the previous year.

The net revenue, £1,637,473, was equal to 4.72 per cent. on the capital invested in the lines open for traffic (£34,857,882), and 4.39 per cent. on the capital invested in the open and unopened lines (£37,335,080).

In September, 1915, the rates and charges for the conveyance of parcels and goods traffic (except timber) were increased by 10 per cent., and ordinary passenger-fares by 8½ per cent. At the same time week-end excursion tickets available from Saturday to midnight Monday were brought into operation. The latter afford opportunity for cheap travel every week-end, and there are indications that the arrangement will become popular and induce traffic; it is desirable, however, to stress the fact that the restrictions as to the use of these cheap tickets are essential to protect the Department's ordinary passenger business, and they cannot be departed from.

It is estimated that approximately £220,000 of the increase in revenue may be ascribed to the additional rates, the balance, £222,899, representing the advance that would have accrued from the traffic in the ordinary course. In view of the abnormal conditions prevailing during the past two years I do not regard it as prudent to anticipate that normal pre-war conditions will reassert themselves in the immediate future. The tendency will, I consider, be in the direction of further enhancement of prices for all railroad commodities, and to provide for this the earning-power of the service must at least be maintained at its present standard.