The Wellington new station has exceeded the most sanguine expectations of the advocates of a modern transport headquarters at Wellington for the convenience of travellers to and from the capital city. The new station supplies an outstanding example of the ready response the public make to the present-day progressive developments of the railways, and, as honourable members are aware, it has become virtually a new civic centre. So much have expectations been exceeded that, despite a generous margin in the space provided to allow for future expansion, the station is already working to maximum capacity in certain branches, and further extensions will be required to cope with the anticipated traffic of the Centennial year and the normal development which may reasonably be expected to follow later.

The first of the seven powerful electric locomotives for the Wellington–Paekakariki section of the North Island main lines has already been tested and has met all requirements, and when the others of the same type now under construction at the Hutt Valley Railway Workshops are completed and all trains to and from the Main Trunk line are electrically operated between Wellington and Paekakariki, a further stage in the modernization of the railways will have been achieved.

The steam locomotive power has been improved by building six new-type heavy engines of the G class for the South Island, and a number of additional K engines are under construction. Passenger rolling-stock has been improved, and more and better wagons have been provided for the conveyance of goods. Bridges and viaducts have been strengthened, heavier tracks laid, grades and curves improved, duplications extended, and innumerable other improvements on a considerable scale have been carried out during the year. The leeway of the past years is being steadily made up, and the cost of arrears of maintenance has been borne out of the current year's earnings.

THE FINANCIAL ASPECT.

The revenue for the year ended 31st March, 1938, was £8,634,186, the highest amount yet earned by the Department in any financial year, representing an increase of £843,535, or 10·83 per cent., over the gross earnings of the previous year and £1,629,870, or 23·26 per cent., more than the earnings for the year ended 31st March, 1936.

This increase of 23·26 per cent. in the gross revenue of the railways during the two years of the present Administration is a remarkable proof of the earning-capacity of the railways when trading and the conditions of the country generally are favourable for their operation, particularly as there have been no increases in the rates for passengers or goods during this two-year period. Bearing this in mind, it may reasonably be claimed that in the past two years the New Zealand Railways have come well out of the doldrums into the fair trade-wind of present-day conditions, and that the Government's policy has been the power which has helped them to achieve these results.

The actual financial results of the year's work compare with the Budget objectives as follow :—

	Budget Estimate.	Actual.	Variation.	
	£	£	£	Per Cent.
Revenue	8,253,500	8,634,186	+380,686	4·61
Expenditure	7,651,198	8,001,389	+350,191	4·58
Net revenue	602,302	632,797	+ 30,495	5·06

The gross earnings for the year—namely, £8,634,186—are the true earnings of the Department, no device having been adopted to swell the gross revenue. This should be remembered when comparison is made with, say, the financial years ended 31st March, 1926, 1927, 1928, and 1929, when the railways were provided with subsidies from the Consolidated Fund amounting to £359,540 in 1926, £445,221 in 1927, £489,568 in 1928, and £490,735 in 1929, which amounts were included in the gross revenue of the respective years, and the net revenue return increased correspondingly.

The expenditure for the year totalled £8,001,389, an increase of £1,114,596 upon the previous year's figures. The main items of this increase are additional expenditure upon maintenance, rolling-stock, and locomotive and traffic transportation, which together accounted for £905,163 of this amount.