

*Greymouth to Brunner.*—This is also a coal railway, and is already doing a good business, although the trade is only in its infancy.

*Canterbury Railways.*—These lines have been worked at a great disadvantage, as there is a break of gauge at Christchurch; and although both gauges have been taken on to Lyttelton, the station yard there is so confined that a great deal of shifting from the wagons of one gauge to those of the other has been necessary, causing both loss of time and money. As it is now proposed to make the gauge uniform, the working expenses will be reduced, and the profit correspondingly increased.

The quantity of land placed under crop along the railway is increasing rapidly, and the traffic will next year be very great. Last year's receipts amounted to £260,198.

*Otago Railways.*—The receipts last year were £141,631, which will be increased this year by the opening of new sections. By the end of next year the system of main trunk lines will be completed, when a great improvement in the revenue may be expected.

#### GENERAL.

The railways in Otago and Canterbury were last year worked by the Provincial Governments, each Government having a separate system of accounts and book-keeping. The General Government had also a different system in use on the lines worked by them. In order to arrange a uniform system, a Commission was appointed by the Hon. the Minister for Public Works, who, on the 12th December last, reported generally on the subject of the management of New Zealand railways, and recommended a system of account and book-keeping which was approved by you, and was brought into operation on the 1st instant. A uniform system of charges was also recommended and approved, being somewhat higher than the rates formerly charged in Canterbury and the North Island, and lower than those charged in Otago.

These rates are lower than would be adopted if only the maximum returns were looked to, being lower than English rates where there is no competition. They are perhaps, on the whole, somewhat higher than those formerly in force, but the total increase is not very great.

I enclose the following tables for the railways which have always been worked by the General Government. Similar tables will in future be prepared for the Canterbury and Otago lines, but the change of management is too recent to allow it to be done this year.

Statement of Classified Expenditure.	...	...	...	Table A.
Statement of Passenger Traffic	...	...	...	" B.
Proportion of Expenditure to Mileage and Receipts	...	...	...	" C.
Summary of Goods and Cattle	...	...	...	" D.
Summary of Goods and Cattle on Railway Wharves	...	...	...	" E.
Statement of Rolling and Miscellaneous Stock	...	...	...	" F.
Return of Accidents	...	...	...	" G.
Statement of estimated and actual Earnings for Year 1876-77	...	...	...	" H.
The following tables are enclosed for all lines:—				
Statement of Account	...	...	...	" I.
Balance Sheets, &c., Christchurch, Dunedin, Invercargill, and Oamaru	...	...	...	" J, K.
Sections, for 6 months	...	...	...	"

I have the honor to be,

Sir,

Your most obedient Servant,

JOHN CARRUTHERS,  
Engineer-in-Chief.