

increase of £61,321; and this despite the fact that the farmers enjoyed during the year a considerable concession upon the rates of freight for grain, reductions having been made in 1881, amounting to about £40,000 per annum, which mainly affected last year's receipts, and over 112,000 tons receiving the advantage of the further reduction which I made last year. The use of the railways is steadily growing, the increase in the number of passengers carried during last year, as compared with the previous year, being 371,901, and 1,157 season-ticket-holders; the increase in the tonnage hauled being 127,079 tons, and in the number of live stock carried, 136,020. Only a small part of the rolling-stock material ordered in England to keep pace with the requirements of a traffic growing so rapidly has yet arrived; but I may say here that the cost of the locomotives and ironwork to be imported, together with that of building in the colony the carriages and wagons, will, when all are ready to be placed on the lines, exceed £205,000. The expenditure out of loan upon further improvements to opened lines was £145,000; so that honourable members will, I think, recognize that, for their own information and guidance, it will be extremely convenient that a Minister of Railways should bring forward separate estimates of his requirements out of loan for further equipment and improvement, and that the amount asked for under the head of construction should in fact be for construction only. If the railways were paid for performing services for other departments, such as the carriage of mails for the Postal Department, and the conveyance of Volunteers for the Defence Department, the receipts would be increased by about £18,000.

The increase last year in railway expenditure absorbed rather more than the increase in receipts. In 1881-82 the expenditure was £523,099; last year it was £592,821, or £11,525 more than the estimate; the difference between the two years being £69,722. The principal items of this increase are for maintenance of permanent-way, £29,701, owing principally to the greater age of the line, and partly to increased mileage, to the rise in wages, to exceptional renewals upon the Duntroon branch, to heavy repairs of the Rakaia and Gore bridges, to damages from floods on the Napier and Wanganui sections. The cost of repair of fences has increased by nearly £6,000, which is chiefly due to the department having undertaken the maintenance of the whole length along the line; the repairs and renewals of the rolling-stock cost about £7,000 more than in the preceding year. The increase in the running and traffic expenses, caused mainly by the increase of traffic, was £28,360. Of the total increase in the wages account the increase owing simply to the operation of the scale of pay, which improves with length of service, was £5,675. For the current year I have estimated the expenditure at £634,000, an increase over that of last year of £52,704. After careful inquiry I have not thought it right to ask for less, with the exceptional expenditure which must take place upon the Duntroon, Ngapara, and Makarewa branches, and with the usual increase of traffic which I do not doubt will take place. The receipts I have estimated at £1,020,000, or £66,653 more than they amounted to last year, being about the average increase for the last three years.

The working accounts are made out as usual to show the cost of working and revenue due to the year's transactions, in accordance with the provisions of the Public Works Act. They differ, therefore, slightly from the Treasury accounts, but the railway accounts contain a statement and explanation of the difference.

The total expenditure upon the opened lines to the 31st March last was £10,478,898; the net revenue derived therefrom was £360,526, or at the rate of £3 8s. 10d. per cent. Seeing that, whilst during the last year only 40 miles additional have been opened for traffic, and, consequently, not a very large sum thereby added to the cost of the opened lines, the net revenue of 1881-82, which amounted to £369,000, or nearly the same as that of the last year, was then declared to be at the rate of £3 18s. 2d. per cent. of the capital cost, honourable members may perhaps desire to know where this great difference in the percentage arises. The reason is that last year the cost of the lines open for traffic was estimated to be only £9,443,000; so that in the calculations of to-day £1,035,000 has been added to the capital cost. The reason why so large a part of the expenditure on opened lines was in former years deducted as not contributing to revenue when computing the amount upon which the net revenue paid interest, is that it was thought right