

EXPENDITURE.

The working expenditure for the year, including £6,377 representing the cost of working Lake Wakatipu steamers, amounted to £2,910,883, a decrease of £9,572 on last year's figures. The ratio of expenditure to earnings was 64·00 per cent., against 71·14 per cent. for the preceding year, a decrease of 7·14 per cent. :—

	Expenditure.		Per Cent. of Revenue.	
	1915-16. £	1914-15. £	1915-16.	1914-15.
Traffic	889,991	870,392	19·60	21·20
Locomotive	1,160,705	1,183,013	25·56	28·82
Maintenance	740,349	738,550	16·30	17·99
Management	113,461	122,415	2·50	2·98
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Lake Wakatipu steamers	6,377	6,085	0·04	0·15
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	2,910,883	2,920,455	64·00	71·14

The increased expenditure in the Traffic Branch, Head and Departmental Offices, resulted mainly from scale increases in salaries under the Classification Act.

There has been a decrease in the Locomotive expenditure resulting from a decrease in the train-mileage consequent on the use of larger engines and completion of grade easements on busy parts of the road where heavy grades ruled heretofore.

The gross expenditure in the Maintenance Branch is slightly in excess of last year, although the expenditure per mile of railway was £251, as against £254 for the preceding year. A considerable number of works of a miscellaneous nature, and representing additions to lines, structures, and rolling-stock, costing £11,129, which might reasonably have been charged to capital, having been carried out and debited to working-expenses.

The sum of £65,444 was expended in the Maintenance Branch and charged to Capital Account under the head "Additions to open lines." These comprise additions to station buildings, workshops, and dwellings, extension of station-yards, tablet installation, telegraph and telephone facilities duplication of line, purchase of land, water-services, stock-yards, &c.

In the Locomotive Branch £324,551 was expended in the provision of additional rolling-stock, Westinghouse brake, workshops machinery, steam-heating gear, and electric light for cars. The rolling-stock in respect to which the charges were incurred include 35 locomotives, 53 carriages, 31 brake-vans, 238 bogie and 1,296 four-wheeled wagons completed on the 31st March, and 52 locomotives, 36 carriages, 3 brake-vans, 148 bogie and 643 four-wheeled wagons in hand but incomplete on that date.

The expenditure was affected by the inability of the Department to obtain delivery of supplies of material from the United Kingdom. This militated against the operations of the Department and prevented the execution of works that had been authorized. The enlistment of a considerable number of railway men for service at the front is also responsible for some of the reduction in the expenditure.

DUPLICATIONS AND GRADE EASEMENTS.

The duplication of the Parnell Tunnel was completed early in the year, and has been of considerable advantage and materially assisted traffic operations during the busy periods. The grade easements between Auckland and Mercer are well advanced, and the work has been practically completed from Runciman to Mercer, a distance of about 23 miles. The alteration of the gradients between Otahuhu and Runciman is in hand. The Kakariki deviation between Feilding and Marton is also practically completed.

The expenditure incurred in connection with these works was £37,289.

RECLAMATION AT AUCKLAND.

The reclamation of land at St. George's Bay is well in hand, the new engine-shed is in an advanced state, and extensive sidings which form a part of the new station scheme have been laid.

The expenditure incurred in connection with this work was £73,424. Negotiations with the owners of land who have been or will be disturbed by the Department's working scheme are in progress, and a number of claims have been settled by mutual arrangement.

ADVERTISING.

The control of advertising on stations by the Department is proving satisfactory. A considerable improvement is gradually being brought about in the display of notices and advertisements at stations, and satisfactory results are accruing from the point of view of business and revenue.

RAILWAY IMPROVEMENTS.

Further experience impels me to again refer to the urgent necessity that exists for proceeding with the various works referred to in my special report of 1914 and Railway Report of 1915 without