

Auckland to Bluff. Of the total number of officered stations, 305 are equipped with fixed signals, 97 are interlocked, and 90 have yet to be dealt with. This important work has been carried out under considerable difficulties owing to scarcity of labour and materials, but its completion increases the safety of the everyday operations.

Special switch-locks have been fitted at 11 additional stations during the year. The electrical tablet system is now operating at 376 stations, controlling 1,657 miles of single track, and the lock-and-block system operates over 43 miles of double line.

The railway telegraph and telephone systems were extended during the year, and now comprise 281 Morse sets, 1,633 telephones, 280 electric bells, 2,606 miles of poles, and 7,077 miles of wire. Automatic warning-bells have been installed at 7 additional level crossings, making a total of 30 crossings so equipped.

Electric lighting has been installed at a number of stations, workshops, railway dwelling-houses and offices.

REVENUE.

The gross revenue for the year amounted to £4,687,700, a decrease of £113,110 when compared with last year's earnings, but £487,700 above the estimated revenue. The particulars are as follow:—

	1918.	1917.
	£	£
Passengers, ordinary	1,663,922	1,717,847
Season tickets	138,675	155,201
Parcels, luggage, and mails	254,110	243,832
Goods	2,465,241	2,498,862
Miscellaneous, rents, &c.	165,752	185,068
	<u>£4,687,700</u>	<u>£4,800,810</u>

The gross receipts per train-mile for all lines were 150·50d., as against 125·75d. for the previous year, an increase of 24·75d. per train-mile.

The North Island main line and branches produced 150·25d. per train-mile, against 123·00d. for the preceding year, an increase of 27·25d.

The South Island main line and branches gave a return of 149·25d., against 124·75d. last year, an increase of 24·50d. per train-mile.

The earnings from the Lake Wakatipu steamers amounted to £6,810, a decrease of £374 on last year's earnings.

The net earnings per average mile of railway open for traffic was £555, against £632 last year, a decrease of £77.

The net revenue, £1,644,793, was equal to a return of 4·60 per cent. on the capital invested in the lines open for traffic (£36,001,432), and 4·24 per cent. on the capital invested in the open and unopened lines (£38,798,163).

EXPENDITURE.

The working expenditure for the year, including £7,664, the cost of working the Lake Wakatipu traffic, amounted to £3,042,907, an excess of £116,043 over the expenditure for last year. The ratio of expenditure to earnings was 64·91 per cent., against 60·97 per cent. for the preceding year, an increase of 3·94 per cent.

	Expenditure.		Per Cent. of Revenue.	
	1917-1918.	1916-1917.	1917-1918.	1916-1917.
	£	£		
Traffic	954,142	904,318	20·38	18·87
Locomotive	1,245,470	1,176,647	26·61	24·54
Maintenance	710,655	720,840	15·18	15·04
Management	124,976	118,457	2·67	2·47
	<u>3,035,243</u>	<u>2,920,262</u>	<u>64·84</u>	<u>60·92</u>
Lake Wakatipu steamers	7,664	6,602	0·07	0·05
	<u>£3,042,907</u>	<u>£2,926,864</u>	<u>64·91</u>	<u>60·97</u>

The expenditure for 1917-18 includes the war bonus granted to the staff in 1916 and the extra war allowance granted to the lower-paid married members of the service, operative from the 9th December, 1917. The war bonus for the year 1916-17, which amounted to £189,606, was, as mentioned in last year's statement, charged to a special vote, and was not included in the working-expenses for that year; whereas this year that amount, as well as the war allowance of £34,000, has been charged against working-expenses. The war bonus and allowance are estimated to cost £350,000 per annum.

The increased expenditure in the Traffic Branch, Head and Departmental Offices, resulted mainly from regulation scale increases under the Classification Act, and the war bonus and allowance granted to the members of the staff.

The increase in the Locomotive Branch is due to increases in wages, war bonus, and war allowances, and the advance in the cost of fuel, stores, and materials for repairs, and upkeep of plant and appliances.

The expenditure in the Maintenance Branch shows a decrease when compared with the previous year, this being due to inability to obtain rails and other materials for carrying out works authorized, consequently the works are in abeyance meantime. The expenditure per mile of railway was £239, as against £244 for last year.

The sum of £53,049 was expended in the Maintenance Branch and charged to capital account under the head "Additions to open lines." These comprise additions to station buildings, extension of station-yards, additions to workshops, tablet installation, telegraph and telephone facilities, interlocking of points and crossings, deviations and duplications, additions to wharves, and purchase of land.