

The expenditure for the year amounted to £5,636,601, an increase of £1,531,534 over the previous year, and exceeded the estimate by £1,024,101.

The percentage of working-expenses to earnings was 81·59, as against 71·36 for the preceding year, an increase of 10·23 per cent.

The sum of £421,315 was expended under the head "Additions to open lines" in providing additional rolling-stock, tarpaulins, Westinghouse brake, workshop machinery, foot-warmers; improvement to workshops, engine-depots, station facilities, water-services; additional dwellings; signal, tablet, and telephone installation; interlocking; gasworks extension; and purchase of land.

During the year thirty-four bogie and 127 four-wheeled wagons were constructed in the railway workshops and put into traffic. Eighty-five engines, thirty-five carriages, thirteen brake-vans, eighty-three bogie, and 2,887 four-wheeled wagons were on order or under construction at the close of the financial year.

His Royal Highness the Prince of Wales made an extensive tour of the Dominion in April and May, 1920. Landing at Auckland, he travelled by rail to Rotorua, returning to Auckland; thence by rail to New Plymouth, Wanganui, Napier, and via Wairarapa line to Wellington. From Wellington he crossed to Picton, and travelled by railway and motor-cars to Nelson, Westport, and Hokitika; thence to Otira by train, and Otira to Arthur's Pass by special coaches. Taking the train from Arthur's Pass he journeyed to Christchurch, and thence to Invercargill, and back to Lyttelton, from which port he sailed in the "Renown" on the 21st May, 1920.

The railway-trains stopped *en route* at a number of stations, at each of which His Royal Highness was warmly welcomed by large and enthusiastic gatherings of the people from the surrounding districts, who had in numerous cases travelled long distances to do honour to His Royal Highness and show their loyalty to the King and Empire.

The whole of the arrangements for the transport of His Royal Highness and his entourage by railway, motor-cars, and coaches were carried out in a highly satisfactory manner. The rapidity with which the Royal party moved added greatly to the difficulties of catering for their requirements. Such difficulties were, however, surmounted by the Controller of Railway Refreshment Services, and the staff gave very capable assistance, working under his direction throughout the tour. The excellence of the arrangements throughout was much appreciated by His Royal Highness and his party.

In view of the continued unsettled conditions prevailing throughout the world, and the large drop in the imports and decline in the prices for our staple products, principally meat and wool, it would not be prudent to take other than a conservative view in making a forecast of the Railway revenue for the coming year. I anticipate that the revenue will reach £7,250,000, and the expenditure will amount to not less than £6,490,000.

SUPERANNUATION FUND.

The total amount standing to the credit of the Government Railways Superannuation Fund at the close of the financial year ended 31st March, 1921, was £464,490, an increase of £56,258 on the balance to the credit of the fund for the previous year. The gross income for the year was £219,923, and the outgoing £163,665. Of the latter amount, £109,982 represents grants to 1,152 members of the Railway service who have either retired voluntarily or have been retired medically unfit, and allowances amounting to £12,753 were paid in respect to 413 widows and 561 children dependants of deceased contributors to the fund who were members of the service at the time of their death. The income from the actual contributions of members of the fund totalled £118,889, or £11,110 less than the estimated annual liability. The receipts are, however, augmented by the Government subsidy of £75,000 and amounts received by way of interest on funds invested and fines imposed under the regulations, together with a donation. These amounted to £22,396.