ix D.—2.

Another important departure proposed is the making of adequate provision for depreciation as a charge against earnings, and the creation of a Reserve Fund. In addition to this a Betterments Fund will be provided out of profits to meet expenditure for improvements of a non-capital nature. In South Africa all charges to Betterments Fund are subject to parliamentary appropriation, and the same course would be followed here.

With reference to the accounts: these would be kept on double-entry principles and in commercial form. I have already expressed the opinion that given reasonable facilities, and with the finances placed on a more satisfactory footing, our railways can be made to pay their way. In the event of the system being worked at a loss, however, the adoption of the foregoing proposals would enable the accounts to show the true extent to which the Railway service was a burden on the taxpayer. Provision will also be made for deferred expenditure to be debited in the Working Account for the year in which it takes place, and be transferred to Renewals Fund, so that when the works are undertaken the funds will be available to meet the expenditure, and thus the accounts for the particular year in which it is actually affected will not bear more than their normal quota.

OTIRA TUNNEL.

The tunnel through Arthur's Pass was opened for public traffic on the 4th August, 1923. The portion of the line between Arthur's Pass and Otira was not handed over to the Railway Department until 25th May, 1924, consequently from the date of the opening of the line until the end of the financial year on 31st March, 1924, the line was worked by the Public Works Department.

From the date of the opening of the line special rates were charged for conveyance of passengers and goods through the tunnel. These tunnel rates were,—

			Passe	ngers.				s.	d.
First-class		• •			• •			3	6
Second-class			• •	• •		• •		2	6
			Parc	els.				s.	d.
Up to 14 lb.								0	6
15 lb. to 28 lb.								0	9
29 lb. to 112 lb.	• •	• •		• •				1	0
			Good	ods.			s. d.		
Anthracite or bits	uminou	s coal					5 3 p	er to	n.
Native brown coa	ıl				• •	• •	3 9	,,	
All other goods	At ordinary railway rates for 9 miles, plus 50 per cent.								

The above rates remained in operation until the 17th February, 1924, inclusive. On and after Monday, the 18th February, 1924, all passenger-fares, and parcels, and goods rates were charged on ordinary through-mileage rates in operation on the New Zealand Railway system. The effect of this alteration is shown in the following statement:—

······A-reside			At Rates charged prior to 18th February, 1924.	At Rates charged subsequent to that Date.	Difference.	
Christchurch to Greymouth-			£ s. d.	£ s. d.	s. d.	
Passengers, first-class			147	1 2 3	2 4	
Passengers, second-class			0 16 10	$0\ 15\ 2$	1 8	
Parcels, 56 lb			0 4 9	0 3 9	1 0	
Benzine, per ton			4 16 9	4 4 10	11 11	
Sugar, per ton	• •		3 3 2	$2\ 13\ 11$	9 3	
Reefton to Christchurch—						
Native brown coal, per ton			0 18 11	$0\ 12\ 4$	6 7	
Ngahere to Christchurch—						
Timber, per 100 sup. feet		••	$0 \ 5 \ 2$	0 4 1	1 1	
	·					