

struction of railways. It is perhaps scarcely necessary to point out that settlers in all parts of the colony take an especial and not unnatural pride in their own particular district and in the progress it has made, and that they are prone to attach a greater value to its existing resources, and to take a more sanguine view of its future, than can be acquiesced in by a dispassionate and unprejudiced observer.

8. At the outset of our investigation we were met by the fact that the already-constructed railways of New Zealand do not, as a whole, yield a return sufficient to pay one-half of the interest upon their cost; and we felt it to be necessary, before we could take upon ourselves the responsibility of recommending the extension of existing or the construction of new lines, that we should endeavour to learn the causes to which this unsatisfactory state of things is attributable, and the extent, if any, to which those causes may be removed or their operation modified.

9. One leading cause is sufficiently apparent, and can only be remedied by time and the gradual progress of settlement which the resources of the colony will undoubtedly secure—we refer to the making of railways in some parts of the colony far in advance of existing settlement, and consequently of an amount of traffic adequate to their support.

10. The extent to which this fatal mistake has been made may be in some degree realized by a comparison of the relations between railways and population in this and other countries. In Great Britain the amount of population to each mile of railway is 1,961; in the United States, 580; in New South Wales, 1,108; in Victoria, 924; while in New Zealand we have only a population of 362 to each mile of railway already made. It should, however, be borne in mind in the consideration of these figures that our exports per head of the population are much larger than those of the neighbouring colonies, and that the country traversed by the railways of New Zealand is generally of a more fertile character than that served by the lines of Victoria and New South Wales, and is therefore calculated to provide a greater amount of traffic per mile of railway, although more thinly peopled.

11. In search of other and more immediately removable causes of the unprofitable results hitherto obtained from our constructed railways, we availed ourselves of the authority contained in our Commission to take evidence upon “the actual working and cost of lines of railway already constructed.”

12. From the evidence thus taken, and by our personal observation and experience upon almost every mile of railway now open for traffic in the colony, we are led to the conclusion that the present expenditure may be, and ought to be, largely diminished by converting many small and unremunerative stations into flag-stations, by greatly reducing the train-mileage on many of the lines—the smaller branches especially—and by making the rates of wages more in accord with those paid by private employers of labour in the colony.

13. All the heavy, and almost all the paying, traffic of the branch lines in purely agricultural and pastoral districts is confined to the grain and wool seasons, which are almost concurrent; and during what may be termed the dull season—comprising about six months in each year—trains running during three or four days in each week would, in our opinion, meet all the requirements of the traffic, and would neither materially affect the receipts nor cause any serious inconvenience to the inhabitants of the districts affected by the change.

14. Our recommendation in reference to train-mileage, in short, amounts to this—that the running of trains should everywhere be reduced to the number that actually pay; and the results would be found not only in the reduction of what is, strictly speaking, current expenditure, but probably still more in diminution of wear and tear of the permanent way and rolling-stock of the lines thus relieved.

15. It is only right that we should say that action has recently been taken in some of the directions we have above indicated, and with good effect; but much more remains to be done.

16. We have thus pointed out in brief terms the leading reforms by which, in our opinion, the current expenditure of our working railways could be safely reduced, apart from the question of reduction in the number and pay of the officers employed in the service, in reference to which we have not felt it to be within the