

## THE COAL INDUSTRY.

Almost every month brings new discoveries of coal in some part of the colony, and it has become apparent that New Zealand is exceptionally rich in this mineral.

Our most important lines of steamers are now almost wholly supplied from the coal mines of the colony; and the more extended use of Native coals will effect a saving of £8,500 on our railways in the Middle Island for the current year, in addition to an almost equal amount heretofore saved on those in the North Island.

## WORKING RAILWAYS.

During the recess, the management of the working railways has been the subject of inquiry by the Royal Commissioners appointed by His Excellency the Governor to report on the Civil Service of the colony, and also to some extent by the Royal Commissioners on Railways. The reports of these gentlemen are calculated to be of great service, and point out many defects in organization and practice, some of which have been already removed or are in course of removal; and the whole question of the management of the railways is under consideration in connection with the reports of the Commissioners.

The Working Railways Department began the last financial period under circumstances exceptionally unfavourable; heavy floods in the South having interrupted traffic over more than a hundred miles of line, causing loss of revenue, as well as a large expenditure for repairs.

Amongst the first effects of the commercial depression from which we have been suffering has been a diminution of our railway traffic. This result was to be expected, and the efforts of the department were directed to attaining greater economy in our system of railway management.

By working with a smaller staff of officers and men, and by reducing the number of trains and the speed at which they were run, a considerable saving has been accomplished, while the convenience of the public has not been very materially curtailed. The train-service has already been reduced by 370,000 miles a year, the staff has been reduced by 266 men, and it is estimated that these and other economies which have up to this time been effected will save on the year upwards of £44,000. Serious and constant attention is still being given to economise charges, and I am satisfied that the working expenses will be much further reduced.

As these alterations to which I have referred can hardly be said to have commenced until after the prorogation of Parliament, they had but a small portion of the last financial period wherein to operate; and I am sorry to say that, for the nine months ending the 31st March, the railways only gave us a return equal to slightly under  $2\frac{1}{4}$  per cent. per annum, while the rate of interest which we have to pay is over 5 per cent. The loss, therefore, on the cost of the lines, which stands at £8,629,402, was at the rate of £237,730 per annum, and had to be furnished from taxation. In the prosperous years through which we have just passed we did not seriously regard the railway deficit, but thought only of the immense advantages of railways in settling and developing the resources of the country. We pointed to these advantages as justifying the expenditure, and spoke of our railways as remunerative undertakings, whether they contributed interest on their cost or not.

Now, if the colonists were a large joint-stock company, with equal shares, and an entire community of interests, this view might be correct; but the benefits of railways are very unequally distributed, many districts being quite unprovided with them, while all have to contribute to the taxation from which the loss is made up.

This charge on the colonial revenue is so great, that it is a serious element in the expenditure of the colony; and it becomes questionable whether a desirable outlay in some of the departments of Government can be continued if our railways be not made more nearly self-supporting.

The failure to obtain a greater direct return from our railways, such as is looked for in ordinary commercial enterprises, is no doubt mainly attributable to