

I think honourable members will agree with me that this result is very favourable. It is 10s. 1d. per cent. more than that earned during the previous year.

The rates of profit were highest on the Brunner and the Napier lines, amounting in those cases to £4 16s. 0d. and £4 0s. 5d. per cent. respectively, while on the Hurunui-Bluff line, with all its branches, the profit was £3 13s. 1d., on the Auckland lines £2 12s. 0d.; on the Wellington-Masterton line £2 2s. 0d., and on the Foxton-New Plymouth line £0 18s. 6d. The rates for the other railways vary considerably, and descend in one case to £0 3s. 5d. per cent. on the Picton line, which was the lowest for the year, the average result being, as I have before stated, £3 0s. 3d. per cent.

A very large number of alterations have been made in the tariff of charges, as also in the classification, the object kept in view having been to assist local production by lowering the charges on all goods which it has been found would help the settlement of the country. A return is attached to this statement showing the changes made during the year. Many more would have been made, which would have had the effect of bringing a large amount of traffic to the railways, had it not been found that the moment any change was made in one direction, where it could be done advantageously, both to the railway and to the owners of the goods, claims were made for similar changes on other lines, where such would have resulted in heavy loss to the railways.

I have not been able to inspect all the railways, but those I have travelled over have been kept up in a good state of efficiency, and the rolling-stock on the whole is in a better condition than it was at the commencement of the year.

I have visited the workshops at Newmarket, Addington, and Hillside, and in all cases have found them in full work and in good order. The returns of work done show good results and fair prices.

It must be very satisfactory to honourable members to hear that we are erecting two large locomotives in the Government workshops, being aided in this by using, so far as practicable, duplicate parts of other locomotives that have been for a long time in stock, having been received here with engines previously imported. There is every reason to believe that these engines will be completed in a satisfactory manner at a cost not much exceeding that of those imported.

The reports which have from time to time appeared in the newspapers of the colony regarding the bad quality of a large quantity of material for wagon-work, as also wheels and axles, will no doubt have attracted the attention of honourable members, and it has been considered desirable that the correspondence which has taken place between the department and the Agent-General on this subject should be laid before the House, which will be done. From this correspondence it will be seen that the difficulty in getting redress from the English contractors has been so great that I have thought it necessary to discontinue getting these articles from England at all, a course which I hope will meet with general satisfaction.

Tenders were called in the colony for a large number of axles to supply the place of those condemned, but with little response; it therefore became absolutely necessary for the department to commence making them, and the result has been that we are now making not only axles but wheels also, and at a price not exceeding that of those which were being imported. These wheels and axles on being tested are also found superior to many, and equal to the best, sent out from England, thus proving that we need import no more of this class. The manufacture of these items alone is providing work for a very large number of workmen, and is also keeping fully employed the very expensive machinery at Hillside and Addington, which had not previously been in full work. The work is as fairly divided between these shops as it can be, with due regard to economy, and the other railway-workshops throughout the colony will be engaged in fitting up the new stock as fast as the wheels, &c., are sent to them.

The whole of the new stock will, I hope, henceforth be made in New Zealand, excepting perhaps certain of the heavier class of locomotive, which may from time to time be required, and such other articles as cannot at present be made in the colony. Amongst these will be some steel axles, which have recently been ordered by way of experiment.