

poses for which the several loans were raised or have been voted. Many disturbing elements exist which prevent a true analysis being made within the time at my disposal; I need only mention the numerous conversions which have taken place as an illustration of the difficulties. Sufficient is shown to give you, with reasonable accuracy, a general idea of the character of the services upon which our borrowed money has been spent.

To the year 1870, out of loans of the General Government amounting to over seven millions, nearly £6,700,000 was for non-productive expenditure; during the succeeding twenty years this non-productive expenditure was increased by nearly fifteen millions; while out of the five millions and a half raised during the administration of the present and preceding Liberal Governments less than one million has been applied to unproductive services; and it must not be forgotten that during their administration £200,000 of permanent debt has been paid off.

Reckoning interest at 5 per cent., the annual charge upon the first series of non-productive debt was close upon £335,000, or, say, a charge of £1 7s. 7d. per head of population; upon the second series it was, say, £675,000, taking the interest at $4\frac{1}{2}$ per cent., or £1 1s. 6d. per head; while during our own term, with interest at $3\frac{1}{2}$ per cent., the annual charge is, say, £32,000, or about 11d. per head of population—and a large amount of this £32,000 is certainly diminished by the excess interest earned by some of the directly reproductive services.

Differences of opinion will naturally arise with regard to the insertion of some of the heads of expenditure within the two columns: I do not desire to be dogmatic, but I venture to express the opinion that they have been correctly placed.

RAILWAYS.

The remarkable increase in the traffic returns of our railways during the year is a very pleasing feature indeed, the increase in revenue on the previous year being £104,860. The expenditure increased to the extent of £33,077, the excess of revenue over expenditure for the year being £510,392, or £71,783 more than last year, notwithstanding the fact that the train-services were largely added to in Auckland, Taranaki, Southland, and elsewhere, besides additional workmen's trains between Christchurch and Islington. The cost of these additional train-services has been calculated at £11,405. Additions and improvements to the lines and structures, together with additions to rolling-stock, have cost £92,624 during the year. The increase in the traffic has been very general, and the receipts per train-mile have increased from 7s. 1 $\frac{1}{2}$ d. last year to 7s. 6 $\frac{1}{2}$ d. this year. The returns show £3 3s. 10d. per cent. on the capital cost of £15,577,392, as against £2 16s. per cent. last year. The traffic expenditure for 1895–96 was 17·52 per cent. of the revenue, as against 16·63 per cent. this year. There has been a slight reduction in the cost of locomotives per train-mile, and an increase in the cost of maintaining the permanent-way and rolling-stock. 101,992 more train-miles have been run this year. The increased cost on account of maintenance of cars and wagons is accounted for by the amount of new work done, and charged to working-expenses. Higher prices had to be paid for steel rails, and more money had to be spent on the lines and structures with a view to bringing about a greater state of efficiency. The locomotive charges have increased, owing to the additional tonnage hauled, additional miles run, and to replacement of light locomotives by engines of heavier type and increased capital value.

The travelling public will appreciate the improved lighting of the passenger-cars on the Hurunui-Bluff Section, and I am pleased to inform members that arrangements have been made for introducing the Pintsch light system on all the other principal lines in the colony.

The revenue for the current year is estimated at £1,275,000, and the expenditure at £810,000. Notwithstanding the disastrous floods which occurred in the Hawke's Bay District and in other parts of the colony, necessitating an increased expenditure for the current year, the Minister for Railways has seen his way, on further consideration, to reduce by the sum of £10,000 the estimate (£820,000) which he made in the Railway Statement lately laid on the table of the House.