

The rate of interest earned on the capital cost of the open railways (£16,703,887) has been £3·42 per cent., against £3·29 per cent. last year, as compared with Victoria, £2·96; Queensland, £3·15; South Australia, £3·12; Tasmania, £1·07; New South Wales, £3·83; and Western Australia, £4·55. (See Return No. 15.)

The loss on the Kawakawa Section has been somewhat reduced, viz., from £475 for 1899 to £171 for 1900; and that on the Nelson Section from £3,283 to £1,648. The loss on the Picton Section—£1,723 for 1899—has been converted into a small gain of £145 for 1900.

The net earnings of the following sections have decreased, viz., Whangarei, Kaihu, Auckland, Wellington–Napier–New Plymouth, Grey–Hokitika, and Westport; whilst the net earnings of the Hurunui–Bluff and Grey–Brunner Sections have increased.

Extensions were opened for traffic as follows: Gorge Road to Waimahaka, 6 miles 40 chains, on 9th June, 1899; and Winton to Hedgehope, 12 miles 66 chains, on 17th July, 1899. (See Return No. 22.)

The extension of the line from Paeroa to Thames, opened on 19th December, 1898, is developing business in a satisfactory manner. The land adjoining the railway is being taken up for settlement, and there is every reason to expect an increase of traffic from year to year. The outwards and inwards passengers on this extension realised a revenue of £8,461 12s. 4d.; inwards parcels and goods, £3,396 16s. 11d.; and outwards parcels and goods, £1,074 18s. 11d.

In consequence of the dredging industry, railway receipts from the Otago Central Railway have since 1896 doubled.

The free carriage of lime used on farming lands has now had two years' trial, but, apart from Otago and Southland, where the consumption has doubled, very little advantage has been taken of the concession. The total quantity carried free last year was 12,455 tons. The Government has decided to extend the period of the concession for another year.

The reduction of 20 per cent. in the rates for agricultural produce determined upon last year amounted to a rebate on previous charges of £44,234 for the year.

With a view of improving the train services, I have given instructions that the undermentioned mixed, passenger, and goods services are, so far as intermediate stations are concerned, to be confined as far as possible to purely passenger business, so that shunting at intermediate stations may be restricted. To enable this to be done I have authorised a through goods service between Christchurch and Invercargill, and additional trains between Lumsden and Kingston, Heriot and Waipahi, Christchurch and Southbridge, Waipara and Waikari, Gore and Lumsden, Palmerston North and Waipukurau.

Throughout the colony, all suburban trains arriving at the centres between the hours of 7.30 a.m. and 9.30 a.m., those returning from the centres between the hours of 4 p.m. and 6.30 p.m., and those leaving the centres between 1 p.m. and 2 p.m. on Saturdays, to be purely passenger trains.

The express services between Auckland and Rotorua, and the morning train from Auckland to Waikato, and afternoon train from Waikato to Auckland; the mail trains between Te Aro and Napier, New Plymouth and Palmerston North; the expresses between Christchurch and Dunedin, and Dunedin and Invercargill; the morning train from Masterton to Wellington, and the evening train from Wellington to Masterton, to do no goods-shunting *en route*.

The morning train from Waikari to Christchurch, and the evening train from Christchurch to Waikari, and the 8 a.m. train from Christchurch to Ashburton, except at Rolleston, to do no shunting for goods traffic *en route*.

The morning train from Balclutha to Dunedin, and the evening train from Dunedin to Balclutha, subject to increasing and decreasing the load as required at Mosgiel, to do no goods-shunting *en route*.

The morning train from Riverton to Invercargill, and the evening train from Invercargill to Riverton; the morning train from Winton to Invercargill, and evening train from Invercargill to Winton, to do no goods-shunting *en route*.