

ton to New Plymouth, and the Government trains running through between New Plymouth and Wellington. This arrangement, obviating as it does the necessity for changing carriages at Palmerston North, has been much appreciated, and has given great satisfaction to the travelling public.

The Westinghouse brake, which has now been introduced on the Auckland Section, is working satisfactorily, and has been found of great assistance in controlling trains on the steep grades in that district.

Further extension of the electric tablet system has been completed during the year between Featherston and Masterton, Longburn and Turakina, Waitati-Port Chalmers-Mosgiel, Wingatui and Ida Valley, and Christchurch and Rolleston, adding greatly to the safe and expeditious working of the traffic.

The system should be extended to other portions of the line as soon as possible, notably between Auckland, Newmarket, and Henderson; Newmarket and Frankton; and Addington and Rangiora.

The Lake Wakatipu steamers were purchased by the Government and taken over by the Department on the 1st November last.

The working of the steamers as an adjunct to the railways, at reduced fares and charges, has given general satisfaction throughout the southern districts.

The percentage of traffic expenditure to revenue for the year is 18·24, previous year's percentage being 17·78.

The increase is due to the large addition in the train mileage, caused by increase of traffic and improvements to the train services, increase in passenger business at low fares, and the increased salaries and wages paid to the staff under the Classification Act.

The prospects for the ensuing year are most promising, and it may confidently be anticipated that there will be a considerable increase of business.

The General Manager,  
New Zealand Railways, Wellington.

I have, &c.,  
W. H. GAW,  
Chief Traffic Manager.