

The total number of ordinary passengers carried was 8,826,382, an increase of 312,270 over the previous year. Season tickets numbered 147,989, an increase of 7,536. The number of workers' twelve-trip tickets was 38,029, and of workers' weekly tickets available on suburban lines 77,556. These tickets continue to maintain their popularity, and the steady increase in the issue points to the fact that the workers for whose benefit they were introduced are forsaking in greater numbers the overpopulated city areas and making homes in the suburbs where more healthful conditions prevail.

Holiday-excursion tickets issued numbered 737,675, an increase of 44,222 over the previous year. School, factory, and friendly societies' excursion tickets numbered 120,220, an increase of 6,561. The number of school, factory, and friendly societies' excursions run in the principal districts was—Auckland, 24; Wanganui, 54; Wellington—Napier, 50; Christchurch, 161; Dunedin, 90; Invercargill, 39.

The coaching and goods traffic show large increases under each of the various headings under which the traffic is grouped, sheep, firewood, and merchandise excepted.

In coaching traffic the increases have been—parcels, 66,569; horses, 1,357; carriages, 148; dogs, 1,505; and in "Live-stock and goods traffic"—cattle, 8,387 head; pigs, 14,934 head; chaff, lime, &c., 13,170 tons; wool, 8,462 tons; timber, 41,206 tons; grain, 39,778 tons; minerals, 132,188 tons. The decrease in the firewood carried is 2,664 tons, merchandise, 2,230 tons, and sheep, 64,299 head. The decrease in the merchandise traffic is attributable to the increasing number of Home boats which now proceed direct to Dunedin instead of discharging all or part of their cargoes at Port Chalmers, and the consequent diversion of shipping traffic from Port Chalmers to Dunedin.

The decrease in sheep traffic is traceable to the mortality among the flocks in Otago and Canterbury during the severe winter of 1902, and to the depletion of flocks by over-export of ewe lambs during the years 1902 and 1903. There are, however, indications of a return to a more satisfactory condition of affairs in regard to sheep, the high prices of wool acting as an incentive to farmers to increase their flocks instead of selling for freezing.

The average number of men employed was 9,795, against 9,361, an increase of 434.

During the year 166 members of the permanent staff resigned, 70 retired on superannuation, 33 died, 62 were dismissed, and 658 engaged.

Six appeals against decisions of the Department were heard by the Railway Appeal Boards, all of which were disallowed.

Twenty-three members of the Second Division were promoted to the First Division during the year.

The sum of £4,833 has been paid as compensation and compassionate allowance to members retired from the service and to relatives of members deceased. This sum includes £4,603 paid under the Workers' Compensation for Accidents Act.

Steady progress continues to be made in the Railway workshops in the matter of building rolling-stock for the equipment of the lines of the colony, and profitable employment is thus found for a large number of artisans.

During the year 5 new locomotives, 42 47½ ft. bogie cars, 10 bogie brake-vans, and 238 wagons were built in the Railway workshops for the Working Railways in addition to 45 wagons for use by Public Works Department in railway-construction work. The additions thus made to the plant during the year have increased the tractive power by 3·81 per cent., passenger seating accommodation by 7·04 per cent., wagon carrying capacity by 3·54 per cent.

On the 31st March there were 13 locomotives, 91 bogie passenger-carriages, 18 bogie brake-vans, 143 bogie and 508 four-wheeled wagons under construction in the workshops of the colony. Ninety-two miles of main line were relaid with 70 lb. steel rails, and twenty miles of branch line were relaid with second-hand 53 lb. and 56 lb. steel rails taken out of main line.

REVENUE.

The gross revenue for the year amounted to £2,349,704, and exceeded the estimate by £109,704, and the gross revenue for the preceding year by £140,473. The net revenue, £728,465, was £12,134 in excess of that for the preceding year.