

In the Locomotive Branch £149,081 was expended in the provision of additional rolling-stock, Westinghouse brake, steam-heating gear, and workshops machinery. The rolling-stock in respect of which the charges were incurred under the head "Additions to Open Lines" included 20 locomotives, 9 carriages, 4 brake-vans, 30 bogie and 107 four-wheeled wagons completed on the 31st March, and 15 locomotives, 37 carriages, 12 brake-vans, 175 bogie and 849 four-wheeled wagons incomplete but in hand on that date.

As mentioned in last year's report, the operations in both the Maintenance and Locomotive Branches are greatly retarded owing to the difficulty in obtaining materials from abroad in fulfilment of orders given at various periods before and since the war commenced, with the result that a number of important works for which authority has been given have had to be held in suspense until material and labour can be obtained.

#### RAILWAY REFRESHMENT-ROOMS.

During the year the running of dining-cars on the express trains was discontinued, and with a view of meeting the requirements of the travelling public the Department took over the refreshment-rooms at Mercer, Frankton Junction, Marton, Palmerston North, and Hawera in the North Island, and Ashburton and Oamaru in the South Island. In addition, a refreshment-room was opened at Christchurch, and the Dunedin room was also reopened during the Christmas and Easter holiday periods. This alteration has increased the capacity of each train on which dining-cars were previously run by one passenger-car, thereby providing accommodation for additional passengers. At the same time a total of 16 cars were released for fitting up as ordinary passenger-vehicles, providing immediate seating-accommodation for 500 passengers. Haulage charges were saved, and the public requirements in respect to meals better met.

#### FUTURE RAILWAY REVENUE AND EXPENDITURE.

The restrictions on overseas shipping created by war conditions materially affected the volume and movement of railway traffic. Manufacturing industries were unable to obtain essential materials from abroad, and freezing-works and stores became glutted with meat and other local products for export. Although additional storage-space was provided by some of the freezing companies, the margin between the normal and increased accommodation was insufficient to counterbalance the loss of room resulting from want of ships.

Passenger traffic was also affected by the falling-off in the number of overseas passengers arriving at and departing from New Zealand. The absence of so many young men on military service, and restrictions to travel imposed under the coal- and staff-saving time-tables have also had an adverse effect on the passenger business.

Shortage of labour and inability to procure essential materials from abroad have seriously restricted the operations of manufacturing and other important local industries. This condition is reflected in the decline of the railway-goods business.

There has been a further hardening of prices in essential railway materials, and it is impossible at the present juncture to form any opinion as to when this condition will alter. The extent to which the expenditure of the Railway Department is affected by the present prices will be apparent from a perusal of the following figures, which give the pre-war prices of 1914 and the rates ruling to-day for the same material:—

Material.	Rates.		Increased Cost to Railway Department at Normal Rate of Consumption.
	1914.	1918.	
	£ s. d.	£ s. d.	£
Canvas for tarpaulins, per yard .. ..	0 1 1	0 5 2	24,500
Spring steel, per ton .. ..	11 15 0	60 0 0	6,600
Steel plates, per ton .. ..	8 10 0	84 0 0	28,400
Bar iron, per ton .. ..	10 0 0	24 0 0	23,600
Cotton-waste, per ton .. ..	30 0 0	70 0 0	5,000
Boiler-tubes, per foot .. ..	0 0 5	0 2 1	27,200
Galvanized iron, per ton .. ..	14 0 0	80 0 0	19,100
Pig-iron, per ton .. ..	4 0 0	16 0 0	24,200
Drawbar springs, each .. ..	0 5 0	0 10 3	2,500
Copper plate, per ton .. ..	90 0 0	236 0 0	3,400
Copper ingot, per ton .. ..	80 0 0	135 0 0	6,600
Tin ingot, per ton .. ..	170 0 0	300 0 0	2,200
Gasmaking-oil, per gallon .. ..	0 0 10½	0 1 11¼	3,600
Valve-oil, per gallon .. ..	0 1 11	0 3 0	1,400
Castor-oil, per gallon .. ..	0 2 9	0 5 3	8,000
Linseed-oil, per gallon .. ..	0 3 0	0 7 8	5,600
Carbide of calcium, per ton .. ..	14 0 0	64 0 0	7,000
			£198,900

Although the foregoing statement does not by any means exhaust the list of materials used by the Department in carrying out its everyday operations, it represents an additional war expenditure of £198,900 per annum. There are many other lines of material used in large quantities in railway workshops the prices of which have advanced in practically the same ratio as those in the examples given above. While the present unsettled conditions exist it is practically impossible to forecast with any certainty to what extent the railway expenditure will be affected by the end of the year and afterwards.