ANNUAL REPORT OF THE GENERAL MANAGER OF THE NEW ZEALAND GOVERNMENT RAILWAYS.

New Zealand Government Railways Department,
Head Office, Wellington, 26th June, 1942.

The Hon. the MINISTER OF RAILWAYS.

SIR,—

I have the honour to submit my annual report on the working of the New Zealand Railways for the financial year ended 31st March, 1942.

The report covers only the more important aspects of the year's operations, the usual comprehensive review of activities having been dispensed with on this occasion in view of the urgent need to conserve paper-supplies.

WORKING RESULT (Whole Undertaking).

—	Estimate.	Actual.		Variation 1942 with 1941.	
		1942.	1941.		Per Cent.
Revenue	£11,085,000	£11,938,338	£11,160,218	+£778,120	6·97
Expenditure	£9,585,000	£10,056,034	£9,465,574	+£590,460	6·24
Net revenue	£1,500,000	£1,882,304	£1,694,644	+£187,660	11·07
Return on average capital invested in open lines, per cent.	..	2·90	2·64	+ 0·26	9·85
Interest charges	..	£2,756,146	£2,746,544	+ £9,602	0·35
Excess of interest charges (at 4¼ per cent.) over net revenue	..	£873,842	£1,051,900	—£178,058	16·93

Revenue.—The gross revenue earned, £11,938,338, was a record and exceeded the previous record figure established in the previous year by no less a sum than £778,120 (6·97 per cent.). The increased revenue was mainly due to conditions arising from the war—*i.e.*, limited use of motor transport as a result of restrictions on the sale of petrol, movement of the armed forces, carriage of war equipment and supplies, and to longer haulages of goods consequent upon the centralization of shipping at main ports.

Expenditure.—The expenditure for the year amounted to £10,056,034 and exceeded last year's figure by £590,460 (6·24 per cent.). Most of the increase was in maintenance and transportation expenses and was brought about by the greater volume of traffic handled. The payment of the cost-of-living bonus to the lower-paid staff for a full year, as against only seven months of the previous financial year, absorbed an additional £97,000.

The ratio of operating expenditure to revenue was 85·73, compared with 86·72 in 1941 and 90·66 in 1940.

Net Revenue.—The net revenue amounted to £1,882,304, an improvement of £187,660 compared with the preceding financial year. This satisfactory result was achieved notwithstanding that in the twelve months under review the sum of £1,378,461 was set aside from the revenue account for depreciation, renewals and other reserves, and superannuation subsidy prior to arriving at net revenue.

INTEREST CHARGES.

The net revenue fell short of the full interest charge for the year by £873,842. Interest charges for 1941–42 amounted to £2,756,146, compared with £2,746,544 in the previous year, an increase of £9,602.

MILEAGE OF LINES OPEN FOR TRAFFIC.

The total mileage of lines open for traffic on 31st March, 1942, was 3,389 miles 74 chains.

CAPITAL ACCOUNT.

On the 31st March, 1942, the capital invested in the lines open for traffic, including the steamers and plant on Lake Wakatipu and other subsidiary services, was £64,904,020. This represents an increase of £141,226 as compared with the previous year.

RENEWALS, DEPRECIATION, AND EQUALIZATION RESERVE FUNDS.

The position with regard to the renewals, depreciation, betterments, and equalization accounts is as under:—

Account.	Credit Balance brought forward from 1941.	Contributions, 1941–42.	Expenditure, 1941–42.	Credit Balance at 31st March, 1942.
	£	£	£	£
Renewals (track)	637,856	217,544	167,739	687,661
Depreciation	1,390,837	885,355	842,240	1,433,952
Betterments	3,766	2,800	600	5,966
Slips, floods, and accidents	21,223	19,881	15,000	26,104
Workers' compensation	71,424	53,621	65,446	59,599
Insurance	100,281	8,451	17,297	91,435
	2,225,387	1,187,652	1,108,322	2,304,717