

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

New Zealand Government Railways Department,
Head Office, Wellington, 24th May, 1943.

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, 1943.

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

WORKING RESULT (Whole Undertaking)

	1943.	1942.	Variation, 1943 with 1942.	
				Per Cent.
Revenue	£14,128,993	£11,938,338	+ £2,190,655	18·35
Expenditure	£11,302,413	£10,056,034	+ £1,246,379	12·39
Net revenue	£2,826,580	£1,882,304	+ £944,276	50·17
Return on average capital invested in open lines, per cent. .. .	4·31	2·90	+ 1·41	48·62
Interest charges	£2,622,713	£2,756,146	— £133,433	4·84
Surplus of net revenue over interest charges	£203,867	£873,842*	+ £1,077,709	..

* Deficit.

Revenue.—The gross revenue earned established a new record, exceeding the previous record figure established last year by no less a sum than £2,190,655 (18·35 per cent.). Conditions arising from the war were again responsible for the major portion of the increase in revenue. The effects of the restriction on the sale of petrol, the movement of the armed forces, the carriage of war equipment and supplies, and the longer haulages consequent on the centralization of shipping continued to benefit the receipts; to these factors there were added during the year the development of an acute tire shortage, a large increase in both export and import trade, and a general increase in industrial activity connected with the intensification of the war in the Pacific area.

Expenditure.—The increase in expenditure during the year was due chiefly to the cost of handling the additional traffic. Other important causes were the payment of the second cost-of-living bonus from 5th April, 1942, the payment of an increase of 1d. per hour to the lower-paid employees for the full year as against only three months of the previous year, and payment of higher overtime rates as from 1st October, 1942. The ratio of operating expenditure to revenue was 80·71, the lowest since 1925.

Net Revenue.—The net revenue amounted to £2,826,580, an improvement of £944,276 (50·17 per cent.) compared with last year. This more than satisfactory result was achieved notwithstanding that in the twelve months under review the sum of £1,751,599 was set aside from the revenue account for depreciation, renewals, and other reserves, and superannuation subsidy prior to arriving at net revenue.

The net revenue for the year is the highest ever earned in the history of the Department.

INTEREST CHARGES

Interest charges for 1942–43 totalled £2,622,713, a decrease of £133,433 compared with the previous year.

Up to 31st March, 1942, the interest rate on capital moneys was 4½ per cent. As from 1st April, 1942, the rate of interest was reduced to 4 per cent. in accordance with the decision of the Minister of Finance under section 6 (5) of the National Development Loans Act, 1941. This accounts for the reduction in the interest charges.

The net revenue for the year was sufficient to pay the interest charges in full, with a surplus of £203,867. In the year 1941–42 the net revenue fell short of the interest charges by £873,842.

This is the first time since the present accounting system (which, unlike the previous system, makes proper provision for depreciation, renewals, and reserves) was introduced on 1st April, 1925, that the actual earnings have been sufficient to meet the interest charges in full. In the year 1925–26 the interest was also met in full, but this was made possible only by the receipt in that year from the Consolidated Fund of a subsidy on branch lines amounting to £359,540. Without that subsidy the net earnings in that year fell short of the interest charges by £280,518.