

must be expected in railway revenue. On present indications, apart from a decrease which must occur during 1947 in Army fares (particularly furlough passes) and freights, there are grounds for the anticipation of a high volume of traffic during the current financial year. Thus it is hoped that a substantial portion of the anticipated loss in Armed Services' receipts will be made good from other sources.

Expenditure, however, is expected to increase, mainly due to the granting of additional concessions to employees, with contributory causes in higher costs of materials and stores and higher superannuation subsidy.

The net result is that it is anticipated that revenue will no more than meet expenditure, and the question immediately arises as to whether or not rates and fares should be increased to meet the interest bill. This problem has been given full consideration, having special regard to the present-day situation and the need to avoid inflation. Any such increase would have a widespread effect and a tendency to "snowball," resulting in an increase in costs of production and in retail prices. Having regard to all the factors involved, it is considered that the interest bill should at the present time be met from the Consolidated Fund rather than by an increase in rates and fares.

CONCLUSION

Now that the war is over, the record would not be complete without a final word of appreciation. The railways have, ever since their inception, been of paramount importance to New Zealand, but never more so than during the past six years. To the railways--and in that word I include all the men and women who work on the railways and who went from the railways to the Armed Forces, some of them there to give their lives--I want to pay, on behalf of the Government and the people of New Zealand, a sincere tribute for their loyal service to this country.
